Comprehensive Annual Financial Report

District School Board of Lake County
Tavares, Florida

Fiscal Year Ended
June 30, 2014

Comprehensive Annual Financial Report

of the

District School Board of Lake County, Florida
Tavares, Florida

for the

Fiscal Year Ended June 30, 2014

Issued By: The Finance Department

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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LAKE COUNTY SCHOOLS, TAVARES FLORIDA

INTRODUCTORY SECTION

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS

Leading our Children to Success

201 West Burleigh Boulevard · Tavares · FL 32778-2496
(352) 253-6500 · Fax: (352) 343-0198 · *www.lake.k12.fl.us*

Superintendent:
Susan Moxley, Ed.D.

School Board Members:
District 1
Bill Mathias
District 2
Rosanne Brandeburg
District 3
Marc Dodd
District 4
Debbie Stivender
District 5
Stephanie Luke

December 19, 2014

Dear Chair, Members of the School Board and the Citizens of Lake County:

The Comprehensive Annual Financial Report of the District School Board of Lake County, Florida (the "District") for the fiscal year ended June 30, 2014, is submitted herewith. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and the changes in financial position of the District as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the District's financial affairs have been included. The responsibility for the preparation of the accompanying financial statements and other information contained in this report, based on the above standards, rests with the District's management.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been independently audited by the independent certified accounting firm, Purvis Gray and Company, CPA's. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a

test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report on financial statements is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the School District

The District and its governing body were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered and supervised by the District school officials in accordance with Chapter 1001.30, Florida Statutes. The District School Board consists of five elected officials responsible for the adoption of policies, which govern the operation of public schools in Lake County. The Superintendent of Schools is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules and District policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts in the District, as prescribed by the State Board of Education. The geographic boundaries of the District are those of Lake County.

This report contains the audited financial statements for all operations over which the School Board is financially accountable. Various potential component units were evaluated to determine whether they should be considered as a part of the District's reporting entity. Accordingly, included are all funds of the District, the Financing Corporation for the School Board of Lake County, Florida, Inc., the Educational Foundation of Lake County, Inc., (the "Foundation") and ten charter schools, which comprise the reporting entity. The Financing Corporation for the School Board of Lake County, Florida, Inc., was formed by the School Board to be the lessor in connection with financing the acquisition and/or construction of certain educational facilities. The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization. The Foundation's purpose is exclusively educational and charitable for the constituents of Lake County. The charter schools are public schools operating under performance contracts with the District. The Foundation and charter schools are included in the CAFR as discretely presented component units.

The District provides a full range of educational programs in Lake County. These include early childhood, kindergarten through 12th grade, basic and enriched programs, exceptional education, vocational and adult education. During the 2013-14 fiscal year, the District operated 40 schools, including 21 elementary schools, 10 middle schools, 8 high schools and 1 specialized school. In addition, there are 10 charter schools that are component units of the District. In total, the District reported serving approximately 40,971 unweighted full-time equivalent students. State projected enrollment for the 2014-15 fiscal year is 40,977. In the prior fiscal year, the State of Florida changed the reporting of FTE by limiting the base funding for any unweighted student enrolled to one FTE regardless of any enrollment in excess of one FTE. This change in reporting is reported as "Recalibrated FTE " and is the result of the Legislative appropriation process.

The annual budget serves as the foundation for the District's financial planning and control. The District establishes and maintains budgetary controls. The objective is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District. Activities of all governmental fund types are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the fund-function-object level for all funds.

Budgetary information is integrated into the accounting system; and, to facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored in the subsequent year's appropriations.

In order to provide budgetary control for salaries the District utilizes a centralized position control system. On an annual basis, the District adopts a District staffing plan that establishes teaching positions based generally on student populations served. Additionally, support and administrative positions are created based on established criteria. See further discussion of future changes to the budgeting process under "Long-term Financial Planning".

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Economy. While the District is heavily reliant upon state funding for the core of the educational programs within the District, and while the economic conditions of the nation and state interact with state funding adequacy and availability, the economic outlook for the District is consistent with the national situation. The State of Florida is heavily dependent upon sales tax collections and tourism. In addition, the community within the District is wholly supportive of the educational program, as evidenced by the contribution of money, time and effort. Any funding fluctuations will mean that new programs, innovative initiatives and educational

enhancements may not be available within the desired time frames, but the positive improvements will continue to occur. In addition, the Board, Superintendent and staff are acutely aware of the perils of interrupted revenue receipts. Prudent business practices, accompanied by statutes mandating balanced budgets, result in a continual review of the financial condition of the District.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County and that an excellent system of public education is a significant factor in attracting new business and industry to the County. The District remains Lake County's largest employer, employing in the General Fund 5,614 full and part-time employees, including 2,871 Instructional personnel during the 2013-14 fiscal year.

Long-term Financial Planning. Funding for school districts in the State of Florida is set by the Florida Legislature annually through the General Appropriations Act.

In June 2013, Lake County Schools was one of four school districts selected to participate in the "Spending Money Smartly" Initiative sponsored by the Bill and Melinda Gates foundation. Locally the project called, "EngageLCS" has the mission of aligning resources to support key teacher-, leader-, and student-directed initiatives in order to develop students who are "C2 Ready"–prepared for college and a career. It embraces a bold set of initiatives that hold the promise of meeting the need of redefining how to grow student achievement. It aligns resources to instructional priorities and outlines a long-term plan to make these priorities a reality.

At the onset of the process, the district focused on identifying instructional priorities in key areas, including Compensation & Staffing, Professional Development, Technology, and Teaching and Learning. Through careful analysis of our resource allocation, additional needs for English Language Learner students and students struggling with less than proficient FCAT scores were identified. Together, a course was charted to improve academics and accelerate student achievement

On December 16, 2013, the Board approved the first Three-Year Strategic Finance Plan (SPF) for the District that identified the Investment Opportunities to provide funding for the Instructional Priorities identified. The SFP earmarks an investment of approximately $21.1 million for the instructional priorities in 2015 through 2017.

The SFP will serve to guide our annual budgeting process to ensure our instructional priorities are being funded and budget gaps are closed. The plan will be updated each year on a rolling basis, evaluating activities of the prior year and adding one year onto the plan. The plan's extended time horizon and rolling nature increase our ability to spend money smarter—so that every dollar is used to support the community's educational vision and priorities.

These changes in budgeting process are to be memorialized in Board policy during the 2014-15 fiscal year.

Relevant Financial Policies. The District follows procedures established by Board Policy, Florida Statutes and the State Board of Education rules in establishing and adopting annual budgets for each of the governmental fund types. Budgets are prepared using the same modified accrual basis as is used to account for governmental funds. Appropriations are controlled at the object level (e.g. salaries, benefits, and purchased services) within each function activity (e.g. instruction, pupil personnel services, and school administration) and may be amended at any Board meeting prior to the due date for the annual financial report.

Unassigned fund balance in the general fund (4.32 percent of total general fund revenues) exceeds the District policy of 4.0 percent of recurring expenditures. During the initial planning for the budget, the District each year sets aside 4.0 percent of its revenues in order to ensure compliance with this policy.

Major Initiatives

Enterprise Resource Program: In November 2012, the Board approved the purchase of a District-wide Enterprise Resource Program (ERP) computer system to replace the legacy system that has been used by the District since the late 1970's. The new ERP system consists of two major components, the Business Suite and the Student Suite. The Business Suite became operational on October 1, 2014 and is now generating all Financial, Payroll and Human Resource records for the District. The Student Suite installation began with Student Scheduling in April 2014 and is continuing to convert all student records. It is expected that the installation and conversion will be completed by the end of the 2014-15 fiscal year.

Capital Outlay Program. Following several years of continued decline in property value, the county is beginning to see an increase in both property value and new construction. However, due to the continuing decline in the ad valorem levy as the result of State Legislative action, the suspension and subsequent partial reinstatement of Impact Fees by the Board of County Commissioners, future capital outlay programs will be somewhat limited to maintenance, renovations, and additions to District capital facilities. Of further concern is a change in enrollment projections from an estimate of continued stable slow growth to one of enrollment increases in excess of 1% per year.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to District School Board of Lake County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the eleventh consecutive year that the District received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this CAFR was made possible by the dedicated service of the entire staff of the District's Finance Department, whose hard work and excellence is apparent. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would like to thank the School Board for their leadership and support in planning and conducting the financial operations of the District in an accountable and progressive manner. We also thank the citizens of Lake County, whose cooperation, support, and assistance have contributed greatly to the operation of this innovative school system.

Respectfully submitted,

Susan E. Moxley, Ed.D.
Superintendent of Schools

Carol J. MacLeod, CPA
Chief Financial Officer

Karen C. Briggs, CPA
Director of Finance

DISTRICT SCHOOL BOARD
OF
LAKE COUNTY, FLORIDA

Elected Officials
As of December 19, 2014

School Board Members

Bill Mathias, Vice-Chairman……District 1
Term 2014-2018

Rosanne Brandeburg ……..……District 2
Term 2012-2016

Marc Dodd……..……District 3
Term 2014-2018

Debbie Stivender, Chairman……..……District 4
Term 2012-2016

Stephanie Luke……..……..……District 5
Term 2014-2018

District School Board of Lake County, Florida

Appointed Officials
As of December 19, 2014

Dr. Susan E. Moxley……Superintendent of Schools

Dr. David Christiansen.....Chief Academic Officer

Dr. Marilyn Doyle.....Chief of Administration

Ms. Carol MacLeod……Chief Financial Officer

Mr. William Davis……Chief of Operations (Interim)

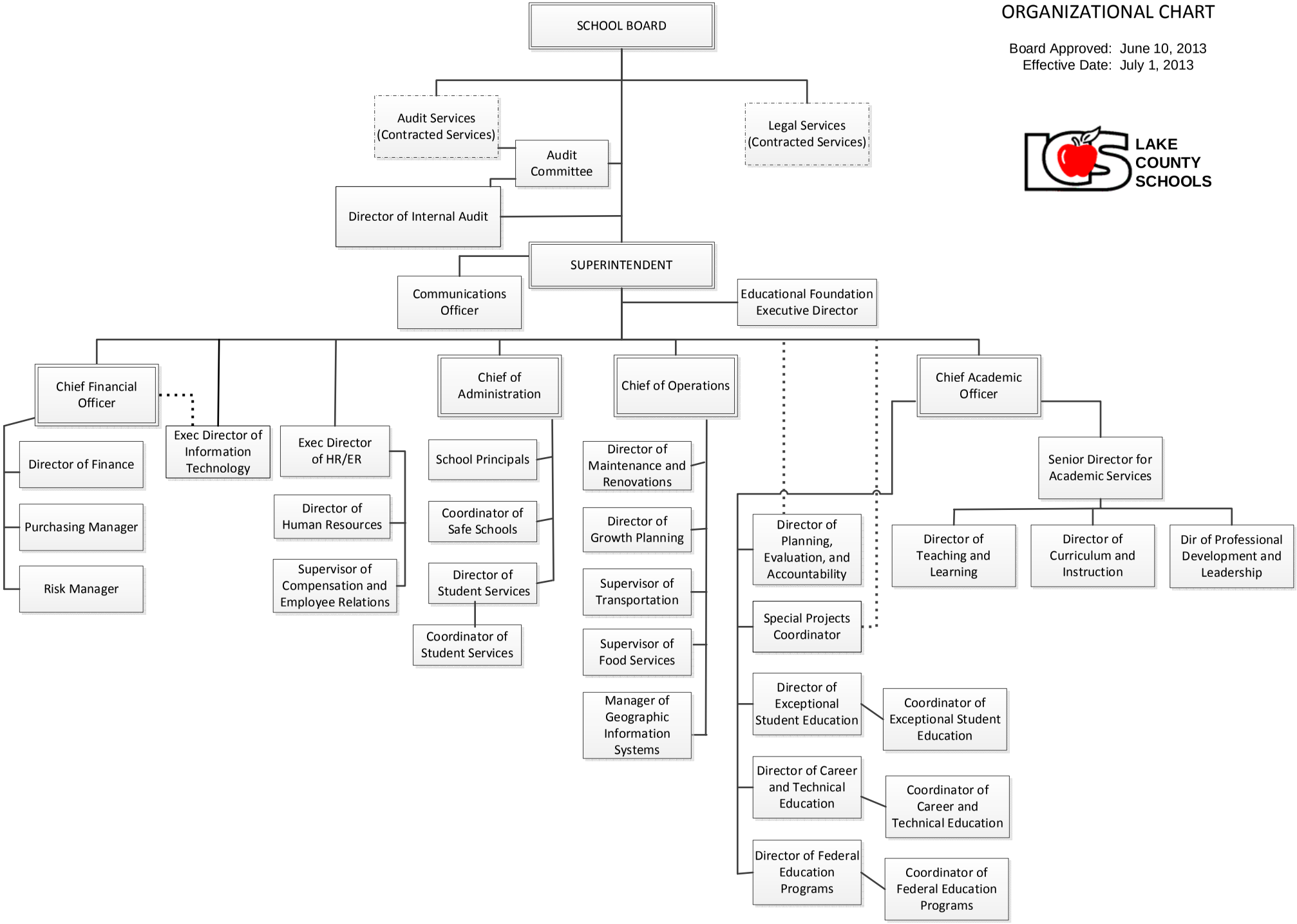
Ms. Laurie Marshall……. Chief of Staff

Dr. Creed Wheeler……Executive Director of Information Technology

2013 - 2014
ORGANIZATIONAL CHART

Board Approved: June 10, 2013
Effective Date: July 1, 2013

LAKE COUNTY SCHOOLS



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District School Board of Lake County, Florida

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

INDEPENDENT AUDITOR'S REPORT

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

Purvis Gray & Company

INDEPENDENT AUDITORS' REPORT

District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Lake County, Florida (the District), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units (identified in Note 1) of the accompanying financial statements. The aggregate discretely presented component units' financial statements were audited by other auditors whose reports have been provided to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the District's aggregate discretely presented component units, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 and the report of the other auditors are sufficient and appropriate to provide a basis for our audit opinions.

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions
In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, 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.

Adoption of New Accounting Standards
As described in the notes to the financial statements in 2014, the District adopted new accounting guidance, Governmental Accounting Standard Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for other postemployment benefits and major fund budgetary comparison schedules, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedule of funding progress for other postemployment benefits 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedule of funding progress for other postemployment benefits because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The major fund budgetary comparison schedules are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters *(Concluded)*

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other budgetary comparison schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Purvis, Gray and Company, LLP

December 19, 2014
Ocala, Florida

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY DISTRICT SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the District School Board of Lake County, Florida, (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with our financial statements.

Financial Highlights

Key financial highlights for the fiscal year 2013-14 are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $444,420,394
- The District's total Net Position increased by $2,733,316.
- As of the close of the current fiscal year, the District's governmental funds reported combined fund balances of $97,247,952, a decrease of $8,335,026 in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $12,022,308 or 4.30 percent of total General Fund Revenues. The unassigned fund balance is available for spending at the District's discretion.
- The District's total long-term liabilities decreased by $18,062,750 or approximately 5.22 percent during the current fiscal year. The key factor in this decrease was the repayment of outstanding debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements Reporting the District as a Whole

The government-wide financial statements provide both long-term and short-term information about the District's overall financial status. The subsequent statements are fund financial statements that focus on individual parts of the District and provide greater detail of the District's operations than the government-wide statements.

Additionally, the basic financial statements include notes, which explain some of the information in the statements and provide more detailed data.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of Net Position presents information on all of the District's non-fiduciary assets and liabilities, with the difference between the two reported as Net position. Over time, increases or decreases in Net Position may serve as useful indicators of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include such functions as instruction, pupil personnel services, administration, pupil transportation, maintenance, and other items. The business-type activities of the District include the Extended Learning Center Program.

The government-wide financial statements include not only the District itself (known as the primary government), but also 10 charter schools and the Educational Foundation of Lake County, Inc., for which the District is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Financing Corporation for the School Board of Lake County, Florida, Inc. (Financing Corporation), although also legally separate, was formed to facilitate financing for the acquisition of facilities and equipment. Due to substantive economic relationship between the District and Financing Corporation, the Financing Corporation has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 22 through 24 of this report.

Fund Financial Statements

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 evaluating 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Revenue - Federal Economic Stimulus Funds, and one Capital Projects fund which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 73 through 76 of this report. The basic governmental fund financial statements can be found on pages 25 through 30 of this report.

Proprietary Funds. The District maintains two different types of proprietary funds. The enterprise fund is used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its Extended Learning Center (before-and after-school child care) Program. Internal service funds are an accounting device used to accumulate and allocate cost internally among the District's various functions. The District uses three internal service funds to account for its self-funded health insurance program, employee flexible spending program, and copy center. Because these services predominantly benefit the governmental rather than the business-type functions, they have been included within the governmental activities in the government-wide

financial statements. Individual fund data for each of these internal service funds is provided in the form of combining statements found on pages 88 through 90 of this report.

Proprietary funds provide the same type of information as the government-wide financial statement, only in more detail. The proprietary fund financial statements provide separate information for the Extended Learning Center Program. The Extended Learning Centers provide before- and after-school care to elementary and middle school students enrolled in Lake County Schools. Expenses incurred for the operation of these programs are paid totally by fees collected for services. The basic proprietary fund financial statements can be found on pages 31 through 33 of this report.

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 Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position can be found on pages 34 through 35 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found following the basic financial statements on pages 36 through 71 of this report.

Required Supplementary Information

The District adopts an annual budget for its General Fund. A budgetary comparison schedule and required note disclosure have been provided for the General Fund and the Special Revenue – Federal Economic Stimulus Funds on pages 71A through 71D to demonstrate compliance with this budget.

Notes to the Required Supplementary Information

The notes provide additional information that is essential to fully understand the data provided in the required supplementary information. The notes to required supplementary information can be found following the basic financial statements on page 71E of this report.

Government-Wide Financial Analysis

As noted earlier, Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by $444,420,394 at June 30, 2014.

By far, the largest portion of the District's Net position (approximately 86.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to educate the students of Lake County, Florida; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position was implemented during the 2012-13 fiscal year. Statement 63 specifies that the statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position By presenting deferrals separately from assets and liabilities, the statement of net position will provide users of governmental financial statements with information about transactions that have already occurred but should be recognized as revenues or expenses in future periods.

The following is a summary of the District's Net Position as of June 30, 2014 compared to the Net Position as of June 30, 2013.

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Current and Other Assets	$ 132,147,631	$ 137,484,457	$ 1,421,389	$ 1,443,876	$ 133,569,020	$ 138,928,333
Capital Assets	$ 668,850,695	$ 679,555,354			$ 668,850,695	$ 679,555,354
Total Assets	$ 800,998,326	$ 817,039,811	$ 1,421,389	$ 1,443,876	$ 802,419,715	$ 818,483,687
Deferred Outflow of Resources	$ 3,379,431	$ -	$ -	$ -	$ 3,379,431	$ -
Current Liabilities	$ 33,325,011	$ 28,666,000	$ 19,204	$ 59,632	$ 33,344,215	$ 28,725,632
Noncurrent Liabilities	$ 327,885,039	$ 345,957,843			$ 327,885,039	$ 345,957,843
Total Liabilities	$ 361,210,050	$ 374,623,843	$ 19,204	$ 59,632	$ 361,229,254	$ 374,683,475
Deferred Inflow of Resources	$ 131,557		$ 17,941		$ 149,498	$ -
Net Position						
Invested in Capital (net of related debt)	$ 381,271,147	$ 376,152,850			$ 381,271,147	$ 376,152,850
Restricted	$ 74,689,386	$ 78,577,667			$ 74,689,386	$ 78,577,667
Unrestricted (deficit)	$ (12,924,383)	$ (12,304,549)	$ 1,384,244	$ 1,384,244	$ (11,540,139)	$ (10,920,305)
Total Net Position	$ 443,036,150	$ 442,425,968	$ 1,384,244	$ 1,384,244	$ 444,420,394	$ 443,810,212

A portion of the District's Net position, $74,689,386, represents resources that are subject to external restrictions on how they may be used. A decrease of $3,888,281 in restricted net position reported in connection with the District's governmental activities was the result of construction expenses during the fiscal year from restricted capital funds.

The remaining deficit net position, $12,924,383, reflects the shortfall that the District would have faced in the event that it would have had to liquidate all of its non-capital liabilities at June 30, 2014. The most significant liabilities (claims) against the unrestricted assets include the compensated absence liability of $18,787,008 and the other post-employment benefits (OPEB) liability of $9,836,999. Of the compensated absence liability, $17,387,008, will be due more than one year from the date of the financial statements and does not require the use of current funds.

The key elements of the changes in the District's Net position for the fiscal years ended June 30, 2014 and June 30, 2013 are as follows:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenues:						
Program Revenues						
Charge for Services	$ 5,297,559	$ 6,220,382	$ 2,837,515	$ 2,568,624	$ 8,135,074	$ 8,789,006
Operating Grants and Contributions	15,435,995	14,876,571			15,435,995	14,876,571
Capital Grants and Contributions	2,627,495	1,500,630			2,627,495	1,500,630
General Revenues:						
Property Taxes	114,946,404	116,249,381			114,946,404	116,249,381
Other Taxes	12,158,522	11,266,759			12,158,522	11,266,759
Grants and Contributions (FEFP etc.)	207,545,391	188,905,815			207,545,391	188,905,815
Unrestricted Investment Earnings	19,159	53,890	646	790	19,805	54,680
Miscellaneous	7,540,539	4,325,192	(511,307)	(293,755)	7,029,232	4,031,437
Total Revenues	365,571,064	343,398,620	2,326,854	2,275,659	367,897,918	345,674,279
Expenses:						
Instruction	192,465,779	187,740,245			192,465,779	187,740,245
Pupil Personnel Services	16,093,486	16,191,197			16,093,486	16,191,197
Instructional Media Services	3,277,822	3,242,448			3,277,822	3,242,448
Instruction and Curr Development	7,710,547	8,232,173			7,710,547	8,232,173
Instructional Staff Training Services	6,002,273	6,479,677			6,002,273	6,479,677
Instruction Related Technology	1,994,896	2,516,538			1,994,896	2,516,538
Board of Education	833,945	855,214			833,945	855,214
General Administration	1,581,653	1,659,231			1,581,653	1,659,231
School Administration	16,804,142	16,554,207			16,804,142	16,554,207
Facility Services	4,521,695	7,937,827			4,521,695	7,937,827
Fiscal Services	1,700,875	1,636,310			1,700,875	1,636,310
Food Services	17,841,157	19,259,048			17,841,157	19,259,048
Central Services	8,133,693	7,362,386			8,133,693	7,362,386
Pupil Transportation Services	16,047,770	17,447,933			16,047,770	17,447,933
Operation of Plant	24,250,418	23,745,175			24,250,418	23,745,175
Maintenance of Plant	6,858,011	6,875,276			6,858,011	6,875,276
Administrative Technology Services	2,979,728	1,375,321			2,979,728	1,375,321
Community Services	71,989	131,004			71,989	131,004
Interest on Long-Term Debt	11,589,897	13,102,556			11,589,897	13,102,556
Depreciation - Unallocated	22,077,972	18,632,121			22,077,972	18,632,121
Extended Learning Center Program			2,326,854	2,120,355	2,326,854	2,120,355
Total Expenses	362,837,748	360,975,887	2,326,854	2,120,355	365,164,602	363,096,242
Increase(Decrease) in Net Position	2,733,316	(17,577,267)	-	155,304	2,733,316	(17,421,963)
Net Position, Beginning as Restated	440,302,834	460,003,235	1,384,244	1,228,940	441,687,078	461,232,175
Net Position, Ending	$ 443,036,150	$ 442,425,968	$ 1,384,244	$ 1,384,244	$ 444,420,394	$ 443,810,212

The District's Net Position increased by $2,733,316 during the current fiscal year.

Governmental Activities. Governmental activities increased the District's Net Position by $2,733,316, thereby accounting for all of the total increase in the Net Position of the District. For the most part, increases in expenses closely paralleled inflation and reduced growth in the number of students.

Business-Type Activities. Business-type activities did not change the District's Net Position.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major Governmental Funds

The focus of the District 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $97,247,952, a decrease of $8,335,026 comparison with the prior fiscal year.

As more fully discussed in the Notes to Basic Financial Statements, the Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints, as follows:

- Restricted
- Committed
- Assigned
- Unassigned

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was $12,072,536 while total fund balance reached $15,571,306. As a measure of the General Fund's liquidity, it may useful to compare both unassigned fund balance and total fund balance to total revenues. Unassigned fund balance represents approximately 4.30 percent of total General Fund revenues, while total fund balance represents approximately 5.57 percent of that same amount. The remainder of fund balance is spendable subject to the level of restriction. The assigned fund balance includes, encumbrances of $954,547 which are not available for new spending because it has already been assigned to liquidate contracts and purchase orders outstanding. Funds related to specific State required carryover programs of $883,042 are reported as restricted; inventory valued at $1,680,003 and prepaid instructional material items totaling $31,406 are reported as nonspendable.

Special Revenue Fund – Federal Economic Stimulus Funds is used to account for the financial resources received from the American Recovery and Reinvestment Act (ARRA) of 2009 program, the Race to the Top Grant, and the Education Jobs Fund Act, which require separate accountability in accordance with legal and regulatory restrictions. Revenues and expenditures totaled $1,120,142.

The Capital Projects - Other Capital Projects Fund is used to account for the financial resources generated by various capital funding sources. Included in this fund were Certificate of Participation Proceeds, Impact Fees, and other capital outlay-funded projects. The fund balance for this fund at the fiscal year end, which is restricted for capital projects, was $46,216,447, a decrease of $6,077,850 from the prior fiscal year. The decrease is partially reflected by the increase of $7,712,748 in Invested in Capital Assets, Net of related Debt.

Proprietary Funds

The District's proprietary funds provide the same type of information as business-type activities found in the government-wide financial statements.

General Fund Budgetary Highlights

During the fiscal year, the District's revenue and expenditure projections remained similar to original budgeted amounts.

The actual change in fund balance of the General Fund was more than the budgeted change by approximately $4.3 million. This was due to a reapportionment of state funding that reduced the per student base funding during the fiscal year and transfers in from Capital Outlay funds to support capital expenditures made through the General Fund.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for the governmental activities as of June 30, 2014, amounted to $668,850,695 (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; audio visual materials and computer software; and construction in progress. The total decrease in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was approximately 0.16 percent.

	Governmental Activities	
	June 30, 2014	June 30, 2013
Land	$ 19,454,943	$ 19,508,735
Improvements Other Than Buildings, Net	6,598,323	618,806
Buildings and Fixed Equipment, Net	654,423	626,619,752
Furniture, Fixtures, and Equipment, Net	620,842,359	9,601,736
Motor Vehicles, Net	7,844,870	7,996,129
Construction in Progress	6,163,876	7,369,622
Property under Capital Lease	4,998,186	5,853,913
Audio Visual Materials and Computer Software, Net	2,293,715	1,986,661
	$ 668,850,695	$ 679,555,354

Additional information on the District's capital assets can be found in note 5 of this report.

Long-Term Debt. At the end of the current fiscal year, the District had total long-term debt outstanding of $299,261,032 as follows:

State Board of Education Bonds	$ 9,012,000
Certificates of Participation	259,861,668
Sales Tax Revenue Bonds	6,595,000
Capital Leases	7,962,364
Sales Tax Notes Payable	15,830,000
Total	$ 299,261,032

During the current fiscal year, the District paid $20,841,859 for principal payments on existing long-term debt as follows:

State School Bonds	$ 855,000
Sales Tax Revenue Bonds	5,110,000
Certificates of Participation Payable	13,325,000
Property under Capital Lease	1,551,859
	$ 20,841,859

The District began the process to refund two outstanding Certificates of Participation Issues during the current fiscal year which will be completed and reflected in the 2014-15 Financial Statements. The refunding will not provide additional capital, but instead were issued for the sole purpose of reducing future interest payments. The

net value of the future savings related to the refunded debt will total approximately $4.1 million over the remaining life of the debt.

Additional information on the District's long-term debt can be found in notes 6 through 11 of the notes to the basic financial statements.

Requests for Information

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Lake County Schools, 201 West Burleigh Boulevard, Tavares, Florida 32778.

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

BASIC FINANCIAL STATEMENTS

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 80,638,922	$ 1,421,389	$ 82,060,311	$ 27,801,452
Investments	37,057,770		37,057,770	1,290,515
Accounts Receivable	6,342,149		6,342,149	107,605
Prepaid Items				38,871
Due from Other Agencies	5,311,516		5,311,516	555,027
Inventories	2,175,586		2,175,586	
Other Current Assets	31,406		31,406	599,050
Issuance Costs	590,282		590,282	
Capital Assets:				
Land and Construction in Progress	26,053,266		26,053,266	637,134
Depreciable Capital Assets	866,652,743		866,652,743	5,598,947
Accumulated Depreciation	(223,855,314)		(223,855,314)	(2,249,015)
Other Non-Current Assets				2,812,570
TOTAL ASSETS	$ 800,998,326	$ 1,421,389	$ 802,419,715	$ 37,192,156
DEFERRED OUTFLOWS OF RESOURCES				
Net Carrying Amount of Debt Refunding	$ 3,379,431	$	$ 3,379,431	$ 57,106
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 3,379,431	$	$ 3,379,431	$ 57,106
LIABILITIES				
Salaries and Benefits Payable	$ 22,112,515	$	$ 22,112,515	$ 535,818
Payroll Deductions and Withholdings	5,872,873		5,872,873	
Accounts Payable	4,257,683	19,204	4,276,887	585,643
Construction Contracts Payable - Retainage	531,361		531,361	
Accrued Interest Payable	174,206		174,206	41,560
Deposits Payable	176,419		176,419	19,779
Due to Other Agencies	199,954		199,954	4,290,050
Long-Term Liabilities:				
Portion Due Within One Year	28,927,757		28,927,757	2,211,289
Portion Due After One Year:	298,957,282		298,957,282	1,064,460
TOTAL LIABILITIES	$ 361,210,050	$ 19,204	$ 361,229,254	$ 8,748,599
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	$ 131,557	$ 17,941	$ 149,498	$ 338,912
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 131,557	$ 17,941	$ 149,498	$ 338,912
NET POSITION				
Invested in Capital Assets, Net of Related Debt	$ 381,271,147		381,271,147	2,578,152
Restricted for:				
State Required Carryover Programs	883,042		883,042	
Debt Service	11,307,463		11,307,463	201,429
Capital Projects	50,820,457		50,820,457	
Special Revenue - Food Service	11,678,424		11,678,424	
Other Purposes (Assigned & Nonspendable)				7,339,327
Scholarships, Endowments, and Other Programs				18,043,043
Unrestricted	(12,924,383)	1,384,244	(11,540,139)	
TOTAL NET POSITION	$ 443,036,150	$ 1,384,244	$ 444,420,394	$ 28,161,951

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities:			
Instruction	$ 192,465,779	$	$
Pupil Personnel Services	16,093,486		
Instructional Media Services	3,277,822		
Instruction and Curriculum Development Services	7,710,547		
Instructional Staff Training Services	6,002,273		
Instruction Related Technology	1,994,896		
Board of Education	833,945		
General Administration	1,581,653		
School Administration	16,804,142		
Facility Services	4,521,695		
Fiscal Services	1,700,875		
Food Services	17,841,157	5,039,804	15,435,995
Central Services	8,133,693		
Pupil Transportation Services	16,047,770	257,755	
Operation of Plant	24,250,418		
Maintenance of Plant	6,858,011		
Administrative Technology Services	2,979,728		
Community Services	71,989		
Interest on Long-Term Debt	11,589,897		
Unallocated Depreciation Expense	22,077,972		
Total Governmental Activities	362,837,748	5,297,559	15,435,995
Business-Type Activities:			
Extended Learning Center Program	2,326,854	2,837,515	
Total Business-Type Activities	2,326,854	2,837,515	
Total Primary Government	$ 365,164,602	$ 8,135,074	$ 15,435,995
Component Units			
Charter Schools	$ 44,396,629	$ 3,007,944	$ 3,989,671
Educational Foundation	1,738,204		1,229,952
Total Component Units	$ 46,134,833	$ 3,007,944	$ 5,219,623

General Revenues:
- Taxes:
  - Property Taxes, Levied for Operational Purposes
  - Property Taxes, Levied for Capital Projects
  - Local Sales Taxes
- Grants and Contributions Not Restricted to Specific Programs
- Investment Earnings
- Transfers
- Miscellaneous

Total General Revenues

Change in Net Position

Net Position - July 1, 2013 As Restated

Net Position - June 30, 2014

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
$	$ (192,465,779)	$	$ (192,465,779)	$
	(16,093,486)		(16,093,486)	
	(3,277,822)		(3,277,822)	
	(7,710,547)		(7,710,547)	
	(6,002,273)		(6,002,273)	
	(1,994,896)		(1,994,896)	
	(833,945)		(833,945)	
	(1,581,653)		(1,581,653)	
	(16,804,142)		(16,804,142)	
1,324,179	(3,197,516)		(3,197,516)	
	(1,700,875)		(1,700,875)	
	2,634,642		2,634,642	
	(8,133,693)		(8,133,693)	
	(15,790,015)		(15,790,015)	
	(24,250,418)		(24,250,418)	
	(6,858,011)		(6,858,011)	
	(2,979,728)		(2,979,728)	
	(71,989)		(71,989)	
1,303,316	(10,286,581)		(10,286,581)	
	(22,077,972)		(22,077,972)	
2,627,495	(339,476,699)		(339,476,699)	-
		510,661	510,661	
		510,661	510,661	
$ 2,627,495	(339,476,699)	510,661	(338,966,038)	
$ 52,760				(37,346,254)
				(508,252)
$ 52,760				(37,854,506)
	90,899,334		90,899,334	
	24,047,070		24,047,070	
	12,158,522		12,158,522	
	207,545,391		207,545,391	38,507,045
	19,159	646	19,805	
	511,307	(511,307)		
	7,029,232		7,029,232	2,097,386
	342,210,015	(510,661)	341,699,354	40,604,431
	2,733,316		2,733,316	2,749,925
	440,302,834	1,384,244	441,687,078	25,412,026
	$ 443,036,150	$ 1,384,244	$ 444,420,394	$ 28,161,951

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DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Special Revenue Fund - Federal Economic Stimulus Funds
ASSETS		
Cash	$ 29,743,729	$
Investments		
Accounts Receivable	5,789,648	
Due from Other Funds	2,486,542	
Due from Other Agencies	307,824	255,207
Inventories	1,680,003	
Prepaid Items	31,406	
TOTAL ASSETS	$ 40,039,152	$ 255,207
LIABILITIES AND FUND BALANCES		
Liabilities:		
Salaries and Benefits Payable	$ 16,552,451	$
Payroll Deductions and Withholdings	5,872,873	
Accounts Payable	1,841,670	41,797
Construction Contracts Payable - Retainage		
Due to Other Funds		213,410
Deposits Payable		
Accrued Interest Payable		
Due to Other Agencies	199,954	
Unearned Revenue	898	
Total Liabilities	24,467,846	255,207
Fund Balances:		
Nonspendable	1,711,409	
Spendable:		
Restricted	883,042	
Assigned	954,547	
Unassigned	12,022,308	
Total Fund Balances	15,571,306	
TOTAL LIABILITIES AND FUND BALANCES	$ 40,039,152	$ 255,207

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

Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ 9,784,914	$ 34,601,639	$ 74,130,282
36,818,119	239,651	37,057,770
350,000		6,139,648
		2,486,542
755,592	3,770,133	5,088,756
	467,011	2,147,014
		31,406
$ 47,708,625	$ 39,078,434	$ 127,081,418
$	$	$ 16,552,451
		5,872,873
960,817	1,149,474	3,993,758
531,361		531,361
	2,273,132	2,486,542
	176,419	176,419
	15,675	15,675
		199,954
	3,535	4,433
1,492,178	3,618,235	29,833,466
	467,011	2,178,420
46,216,447	34,993,188	82,092,677
		954,547
		12,022,308
46,216,447	35,460,199	97,247,952
$ 47,708,625	$ 39,078,434	$ 127,081,418

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Total Fund Balances - Governmental Funds		$97,247,952
Amounts reported for *governmental activities* in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Non-Depreciable Assets	26,053,266	
Depreciable Assets	642,797,429	
		668,850,695
Unamortized Deferred Loss of Bond Refundings are not expensed in the government-wide statements, but are reproted as deferred charges and amortized over the life of the debt.		3,379,431
Debt Issuance Costs of Bond Refundings are not expensed in the government-wide statements, but are reproted as deferred inflows and amortized over the life of the debt.		590,282
Internal Service Funds are used by management to charge the costs of it's self-funded employee health insurance and printshop to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
Total Assets - Internal Service Funds	6,962,473	
Less, Total Liabilities - Internal Service Funds	(5,951,113)	
		1,011,360
Premiums paid on long-term debt issuances are reported as revenues in the governmental funds but as unamortized premiums in the government-wide statements and amortized over the life of the debt.		(10,491,668)
Long-term liabilities are not due and payable in the current period and, therefore are not reported as liabilities in the governmental funds. Long term liabilities at year-end consist of:		
Bonds Payable	(15,830,000)	
Certificates of Participation Payable	(249,370,000)	
Capital Lease Payable	(7,962,364)	
Note Payable	(15,607,000)	
Compensated Absences Payable	(18,787,008)	
Other Postemployment Benefits Payable	(9,836,999)	
		(317,393,371)
Matured Interest Payable on long- term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds		(158,531)
Total Net Position - Governmental Activities		$443,036,150

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Fund - Federal Economic Stimulus Funds
Revenues		
Intergovernmental:		
Federal Direct	$ 331,036	$
Federal Through State	1,628,451	1,120,142
State	181,681,687	
Local:		
Ad Valorem Taxes	90,899,334	
Local Sales Tax		
Impact Fees		
Food Service		
Other Local Revenue	4,965,688	
Total Revenues	279,506,196	1,120,142
Expenditures		
Current - Education:		
Instruction	181,071,347	30,827
Pupil Personnel Services	13,575,374	
Instructional Media Services	3,264,213	
Instruction and Curriculum Development Services	3,309,316	148,362
Instructional Staff Training Services	2,668,327	78,398
Instruction Related Technology	1,986,614	
Board of Education	830,483	
General Administration	834,044	34,769
School Administration	16,734,279	
Facility Services	533,637	
Fiscal Services	1,693,814	
Food Services		
Central Services	5,651,727	606,202
Pupil Transportation Services	15,901,172	
Operation of Plant	24,149,739	
Maintenance of Plant	6,829,539	
Administrative Technology Services	2,745,774	221,584
Community Services	70,810	
Fixed Capital Outlay:		
Facilities Acquisition and Construction	3,261	
Other Capital Outlay	772,390	
Debt Service:		
Principal		
Interest and Fiscal Charges		
Total Expenditures	282,625,860	1,120,142
Excess (Deficiency) of Revenues Over Expenditures	(3,119,664)	
Other Financing Sources (Uses)		
Premium on Sale of Bonds		
Refunding Bonds Issued		
Transfers In	6,020,416	
Transfers Out	(1,865,300)	
Total Other Financing Sources (Uses)	4,155,116	
Net Change in Fund Balances	1,035,452	
Fund Balances, July 1, 2013	14,535,854	
Fund Balances, June 30, 2014	$ 15,571,306	$

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

(Continued)

Capital Projects-Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$	$ 35,133	$ 366,169
	36,420,207	39,168,800
157,051	2,726,979	184,565,717
	24,047,070	114,946,404
	12,158,522	12,158,522
976,542		976,542
	5,039,804	5,039,804
418,014	69,542	5,453,244
1,551,607	80,497,257	362,675,202
	10,564,554	191,666,728
	2,451,298	16,026,672
		3,264,213
	4,220,857	7,678,535
	3,230,628	5,977,353
		1,986,614
		830,483
	706,273	1,575,086
	98	16,734,377
		533,637
		1,693,814
	17,767,086	17,767,086
	21,317	6,279,246
	79,974	15,981,146
		24,149,739
		6,829,539
		2,967,358
	880	71,690
6,260,963	8,050,229	14,314,453
	272,305	1,044,695
	20,841,859	20,841,859
	13,759,071	13,759,071
6,260,963	81,966,429	371,973,394
(4,709,356)	(1,469,172)	(9,298,192)
	206,513	206,513
	1,342,000	1,342,000
	35,282,133	41,302,549
(1,368,494)	(38,654,102)	(41,887,896)
(1,368,494)	(1,823,456)	963,166
(6,077,850)	(3,292,628)	(8,335,026)
52,294,297	38,752,827	105,582,978
$ 46,216,447	$ 35,460,199	$ 97,247,952

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
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, 2014

Net Change in Fund Balances - Governmental Funds		$	(8,335,026)
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 net capital outlays that exceeded the depreciation expense of $20,788,377			(9,479,182)
Premiums and issuance costs on new debt issues are reported when issued as other financing sources and other fiscal charges in the governmental funds, but are amortized over the life of the debt in the statement of activities.			
Deferred Charges:			
Current Year	590,282		
Less Prior Year	2,780,579		
Net reduction in expenses from Deferred Charges			(2,190,297)
Unamortized Premiums/ Deferred Loss:			
Current Year	(10,491,668)		
Less Prior Year	(11,603,905)		
Net increase in expenses from Unamortized Premiums			1,112,237
Unamortized Deferred Loss			3,379,431
Other postemployment benefit costs are recorded in the Governmental Funds under the pay-as-you-go method, but under the full accural method in the Government-Wide Governmental Activities. Current year accruals totaled:			(739,991)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.			(1,342,000)
Repayments of long-term liabilities are expenditures in the governmental funds, but repayments reduce long-term liabilities in the statement of net assets.			
Notes Payable	335,000		
Bonds Payable	5,630,000		
Certificates of Participation	13,325,000		
Obligations under Capital Lease	1,551,859		
			20,841,859
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The changes in net position of internal service funds is reported with governmental activities.			
Internal Service Funds - Change in Net Position			(731,104)
Accrued Interest Payable is reported in the statement of net position. In the governental funds, the costs are recognized as an expenditure in the year paid.			(15,675)
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned less the amount paid in the current period.			233,064
Change in Net Position - Governmental Activities		$	2,733,316

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business-Type Activities	Governmental Activities
	Extended Learning Center	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,421,389	$ 6,508,640
Accounts Receivable		202,501
Due from Other Agencies		222,760
Inventories		28,572
Total Current Assets	1,421,389	6,962,473
TOTAL ASSETS	$ 1,421,389	$ 6,962,473
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 19,204	$ 263,925
Deferred Revenue	17,941	127,124
Insurance Claims Payable		5,560,064
Total Current Liabilities	37,145	5,951,113
Total Liabilities	37,145	5,951,113
NET POSITION		
Unrestricted	1,384,244	1,011,360
Total Net Position	1,384,244	1,011,360
TOTAL LIABILITIES AND NET POSITION	$ 1,421,389	$ 6,962,473

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities	Governmental Activities
	Extended Learning Center	Internal Service Funds
OPERATING REVENUES		
Charges for Services	$ 2,837,515	$ 35,711,849
Total Operating Revenues	2,837,515	35,711,849
OPERATING EXPENSES		
Salaries	1,664,858	230,091
Employee Benefits	439,513	72,498
Purchased Services	58,415	136,076
Energy Services	13,212	18,035
Materials and Supplies	67,970	509,535
Capital Outlay	59,819	3,791
Other Expenses	23,067	36,570,092
Total Operating Expenses	2,326,854	37,540,118
Operating Income (Loss)	510,661	(1,828,269)
NONOPERATING REVENUES		
Interest Income	646	511
Transfers In		1,096,654
Transfers Out	(511,307)	-
Change in Net Position	-	(731,104)
Total Net Position, June 30, 2012	1,384,244	1,742,464
Total Net Position, June 30, 2013	$ 1,384,244	$ 1,011,360

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities	Governmental Activities
	Extended Learning Center Program	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Services	$ 2,933,780	$ 35,492,124
Cash Payments to Suppliers for Goods and Services	(1,222,483)	(33,490,129)
Cash Payments to Employees for Services	(1,104,371)	(707,071)
Net Cash Provided/(Used) by Operating Activities	606,926	1,294,924
CASH FLOWS FROM INVESTING FINANCING ACTIVITIES		
Interest Income	646	511
Net Cash Provided by Investing Activities	646	511
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other Revenues/(Expenditures)		
Transfers In/Out	(511,307)	1,096,654
Net Cash Provided/(Used) by Noncapital Financing Activities	(511,307)	1,096,654
Net Increase/(Decrease) in Cash and Cash Equivalents	96,265	2,392,089
Cash and Cash Equivalents, Beginning	1,325,124	4,045,728
Cash and Cash Equivalents, Ending	$ 1,421,389	$ 6,437,817

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

Operating Income (Loss)	$ 510,661	$ (1,828,269)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable		
Decrease in Due from Other Funds	44,248	(9,340)
Increase in Due from Other Agencies		(202,501)
Decrease in Inventory		8,876
Decrease in Accounts Payable	14,765	(54,314)
Decrease in Claims Payable		3,387,748
Decrease in Due to Other Funds		
Decrease in Unearned Revenue	37,252	(7,276)
Total Adjustments	96,265	3,123,193
Net Cash Provided/(Used) by Operating Activities	$ 606,926	$ 1,294,924

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 200,967	$ 2,582,305
TOTAL ASSETS	$ 200,967	$ 2,582,305
LIABILITIES		
Internal Accounts Payable	$	$ 2,582,305
Total Liabilities		$ 2,582,305
NET POSITION		
Assets Held in Trust for Scholarships and Other Purposes	200,967	
TOTAL NET POSITION	$ 200,967	

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Private-Purpose Trust Funds
ADDITIONS	
Investment Earnings:	
Interest, Dividends, and Other	$ 902
Total Additions	902
DEDUCTIONS	
Other Expenses	3,600
Total Deductions	3,600
Change in Net Position	(2,698)
Net Position, July 1, 2013	203,665
Net Position, June 30, 2014	$ 200,967

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➢ Reporting Entity

The District School Board of Lake County, Florida (District) has direct responsibility for the 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.

The governing body of the District is the Lake County District School Board (School Board), which is composed of five elected members and has direct responsibility for operation, control, and supervision of District schools. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Lake County.

➢ Component Units

Criteria for determining if other entities are potential component units which 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 entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States, these basic financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District:

- Blended Component Unit. The Financing Corporation for the School Board of Lake County, Florida, Inc. (Financing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment, as further discussed in Note 7. The governing board of the Financing Corporation is the Lake County District School Board. Due to the substantive economic relationship between the District and the Financing Corporation, the financial activities of the Financing Corporation are included in the accompanying basic financial statements as part of the debt service and capital projects funds. Separate financial statements for the Financing Corporation are not published.

- Discretely Presented Component Units. The component units columns in the basic financial statements include the financial data of the District's other component units that are required to be reported separately. These component units consist of the Educational Foundation of Lake County, Inc.,

as well as the following ten charter schools: Alee Academy, Inc.; Altoona School, Inc.; Imagine Schools of South Lake(dba South Lake Charter School); Humanities and Fine Arts Charter School, Inc.; Lake Technical Center, Inc.; Mascotte Elementary School, Inc.; Milestones Community School of Lake County, Inc.; Minneola Elementary School, Inc.; Round Lake Elementary School, Inc.; and Spring Creek Elementary School, Inc. These are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the District.

The Educational Foundation of Lake County, Inc. (Foundation), is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest, and administer property and to make expenditures on behalf of the District. The Foundation is considered to be a component unit of the District because the District must approve all members of the Foundation Board, and the District has the ability to impose its will on the Foundation. The financial data reported for the Foundation was derived from audited financial statements on file in the District's administrative offices.

The Charter Schools are separate not-for-profit corporations organized under Section 1002.33, Florida Statutes, to operate as public (as opposed to private) schools and are held responsible for prudent use of the public funds they receive. Charter Schools are operated under charters approved by their sponsor, the School Board, and are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for their support. The financial data reported for the charter schools was derived from audited financial statements on file in the District's administrative offices.

- **Basis of Presentation – Government-wide Financial Statements**

Government-wide Financial Statements - Government-wide financial statements, i.e., the statement of net assets and the statement of activities, present information about the District as a whole. These statements do not include the fiduciary financial activity of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services.

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. This District does not have any major component units.

Government–wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. 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. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements, except for transfers between governmental activities and business-type activities. Interfund transactions include transactions involving the internal service funds. These transactions were eliminated by allocating the change in net assets of the internal service fund in direct proportion to how they were charged as expenses to the various functions or programs.

- **Basis of Presentation – Fund Financial Statements**

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental 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 Fund-Federal Economic Stimulus Funds – To account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA) and other federal stimulus programs.

- Capital Projects – Other Capital Projects Fund - to account for the financial resources generated by various sources. Included in the Capital Projects – Other Capital Projects Fund are certificate of participation proceeds; impact fees; and effort index, class size reduction, and other capital outlay appropriations. These funds are to be used for educational capital outlay needs, including new construction and renovation and remodeling projects as specified in statute, ordinance, or contract.

The District reports the following proprietary funds:

- Enterprise Fund - Extended Learning Center Program - to account for the financial resources of the District's Extended Learning Center Program. This program provides before - and after - school care to students.

- Internal Service Funds - to account for the financial resources of the District's Self-funded Health Insurance Program, Employee Flexible Spending Program and the District Copy Center.

The District reports the following fiduciary funds:

- 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.

- Private-Purpose Trust Fund – a private scholarship fund established to account for resources that are legally restricted by the donor to the extent that only proceeds from interest, and not principal, may be used for scholarship purposes. A complete description of this Donor-Restricted Endowment is included in Note 14.

➢ **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

Governmental fund financial statements, which include the general, special revenue, debt service and capital projects funds are prepared using the current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual method of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this rule are: (a) prepaid items are generally not accrued; (b) interest on general long-term debt is recognized as expenditures when due; and (c) expenditures related to long-term liabilities are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Revenues can be classified into two kinds of transactions; (a) exchange and exchange-like transactions, in which each party receives and gives up essentially equal value and (b) non-exchange transactions, in which a government gives (or receives) value without directly receiving (or giving) equal value in exchange. Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place.

Revenues resulting from non-exchange transactions are further classified into (a) derived tax revenues, (b) imposed non-exchange revenues, (c) government-mandated non-exchange transactions, and (d) voluntary non-exchange transactions. Derived tax revenues (e.g., sales taxes) are recorded when the exchange transaction occurs. Imposed non-exchange transactions (e.g., property taxes) are recorded when the use of the resource is required or first permitted by time requirements (for example, for property taxes, the period for which they are levied.) Government-mandated and voluntary non-exchange transactions, (e.g., Federal mandates, grants, and donations) are recorded when all eligibility requirements have been met.

When applying the susceptible to accrual concept under the modified accrual basis, resources also should be available in order to be accrued. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property and sales taxes to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Agency (fiduciary) funds are purely custodial in nature (assets equal liabilities) and as such do not have a measurement focus. Agency funds use the accrual basis of accounting to recognize receivables and payables.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board prior to December 1, 1989, generally are followed in both the government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The District has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 proprietary funds are charges for services. The principal operating expenses for the proprietary funds include salaries and benefits, and

cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When restricted, assigned and unassigned resources in the governmental funds are available for use, it is the District's policy to use restricted resources first, assigned resources second, and then unassigned resources as they are needed.

The Educational Foundation of Lake County, Inc., shown as a discretely presented component unit, follows the same accounting model as the District's governmental activities.

Alee Academy, Inc.; Altoona School, Inc.; Imagine Schools of South Lake (dba South Lake Charter School); Humanities and Fine Arts Charter School, Inc.; Lake Technical Center, Inc.; Mascotte Elementary School, Inc.; Milestones Community School of Lake County, Inc.; Minneola Elementary School, Inc.; Round Lake Elementary School, Inc.; and Spring Creek Elementary School, Inc., are shown as discretely presented component units. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

- **Change in Accounting Estimate**

Changes in estimate are a normal and expected part of the ongoing process of reviewing the current status and future benefits and obligations related to assets and liabilities. A change in estimate arises from the appearance of new information that alters the existing situation. It does not require the restatement of earlier financial statements, nor the retrospective adjustment of account balances.

GASB Statement 16 – Accounting for Compensated Absences requires the District to accrue a liability on their balance sheet for leave earned by employees. Statement 16 sets forth the following two different approaches for measuring this liability:

> (1) Termination Payments Method: Under this approach, a district calculates the amount of sick leave to be paid upon termination based upon past experience in making such payments.
> (2) Vesting Method: Under this approach, a district estimates the liability for sick leave payouts by calculating the amount of sick leave expected to become eligible for payout at termination.

With the installation of the new ERP system, the estimate used to calculate the Estimate for Compensated Absence Liability at the Government-wide level has been changed from the termination method to the vesting method. The termination method focuses on several past periods. The vesting method primarily on data as of the balance sheet date.While the change in estimate did

not result in a material change requiring disclosure, the vesting method is now readily available for each eligible employee and provides a more accurate estimate.

- **Future Adoption of New Accounting Standards**

GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 27* and GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 27* are effective for the District's 2015 fiscal year ending June 30, 2015. In addition to improving the disclosures regarding pension plans in the notes to the financial statements, GASB 68 will require the District to retroactively record the District's portion of the Florida Retirement System (FRS's) Net Pension Liability on the District's Statement of Net Position, which will have the effect of decreasing the District's Net Position. The District's portion of the Florida Retirement System (FRS's) Net Pension Liability is unknown, but is expected to be significant.

- **Assets, Liabilities and Fund Balances**

  - **Deposits and Investments**

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, and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash and cash equivalents as those accounts used as demand deposit accounts.

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

Investments consist of amounts placed in the State Board of Administration Debt Service accounts for investment of debt service moneys, amounts placed with the State Board of Administration for participation in the Fund B Surplus Funds Trust Fund investment pool created by Section 218.417, Florida Statutes, and those made locally.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.11845939 at June 30, 2014. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent

of such distributions from Fund B are available as liquid balance within Florida PRIME.

Investments made locally consist of money market mutual funds, Federal instrumentalities instruments and commercial paper. Types and amounts of investments held at fiscal year-end are described in Note 3.

- **Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

- **Inventories**

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

- **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 assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,000. 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.

Normal maintenance and repair costs that do not materially increase the value of assets or extend the useful lives of assets are not capitalized.

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

Capital assets of the primary government, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Improvements Other than Buildings	10 – 40 years
Buildings and Fixed Equipment	10 – 50 years
Furniture, Fixtures and Equipment	3 – 15 years
Motor Vehicles	5 – 10 years
Property Under Capital Leases	4 years
Audio Visual Materials and Computer Software	3 – 10 years

Current-year information relative to changes in capital assets is described in Note 5.

- **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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds and certificates of participation payables are reported net of the applicable premium or discount. Debt issuance costs are reported separately as deferred charges and amortized over the term of the related debt.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of this statement is to do one of the following:

- Properly classify certain items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources
- Recognize certain items previously reported as assets or liabilities as deferred outflows of resources (expenses or expenditures) or deferred inflows of resources (revenues)

GASB 65 is effective for periods beginning after December 15, 2012.

Specifically, GASB 65 addresses two major areas that relate to the financial statements of the District; (1) the refunding of debt and (2) reporting of debt issuance costs.

- **Refunding of Debt**

  - Under existing standards, such as GASB 23, in a transaction involving current refunding or advance refunding resulting in defeasance of debt, any difference between the reacquisition price and the net carrying amount of the old debt is deferred and

amortized to interest expense over a period of time that is the shorter of the remaining life of the old debt or the life of the new debt. Under GASB 65, this difference, referred to as the deferred gain or loss on refunding, will be recognized as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense in a systematic and rational manner over the same period mentioned above.

- GASB 65 imposes similar accounting for leases. Any adjustment to the lease obligation resulting from a refunding by the lessor of tax-exempt debt should be reported as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

- **Debt Issuance Costs**

  - With the exception of prepaid insurance costs, costs related to the issuance of debt will no longer be recorded as a deferred charge and amortized over the life of the debt; they should instead be recognized as an expense in the period incurred. These include, but are not limited to, legal costs, costs of printing, insurance costs and various fees such as rating agency fees, trustee fees and administrative fees. Prepaid insurance costs should be reported as an asset and amortized to expense in a systematic and rational manner over the life of the related debt.

Accounting changes to comply with this statement are presented as a restatement of beginning net position to eliminate the deferral of any prior issuance costs from the statement of net assets for the current year and are presented as follows:

Net Position - July 1, 2013	$442,425,968
Less: Prior period deferred issuance costs	(2,123,134)
Net Position – July 1, 2013, as restated	$440,302,834

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

Changes in long-term debt for the current year are reported in Note 10.

- **Compensated Absences**

  The criteria for determining compensated absences (e.g., paid absences for employee vacation and sick leave benefit) liability are derived from Board policy, negotiated agreements and state law. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on sick leave accumulated at year-end by those employees who are eligible to receive termination payments and those employees for whom it is probable that they will become eligible to receive termination benefits in the future.

  In the government-wide financial statements, compensated absences are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the governmental fund financial statements only if it has matured (e.g., unused reimbursable leave still outstanding following an employee's resignation or retirement). The liability for compensated absences includes applicable salary-related payments for Social Security, Medicare, and retirement contributions.

  Changes in compensated absences for the current year are reported in Note 10.

- **Governmental Funds - Fund Balances**

  Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

  The District does not have a policy regarding the commitment or assignment of fund balances. As such, the District does not report any committed fund balance. In accordance with GASB 54, the District reports in the General Fund amounts for outstanding encumbrances and the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the General Fund.

  The District does have a policy which requires a minimum unassigned fund balance in the general fund equal to 4 percent of the general fund revenues.

  A schedule showing the breakdown of the fund balance for the governmental funds is presented in Note 12.

- **Revenues**

  - **State Revenue Sources**

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

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

    The State may allocate 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 Department.

    A schedule of revenue from State sources for the current year is presented in Note 15.

  - **District Property Taxes**

    The School 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 Lake County Property Appraiser and property taxes are collected by the Lake County Tax Collector.

    The School Board adopted the 2013 tax levy on September 9, 2013. Tax

bills are mailed by the Lake County Tax Collector's Office 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 Lake County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

Millages and taxes levied for the current year are presented in Note 16.

- **Local Sales Tax**

On November 6, 2001, the voters of Lake County approved a one-cent discretionary infrastructure sales surtax on sales in Lake County for fifteen years, effective January 1, 2003. This tax is split between Lake County, Lake County School District and Lake County cities. The District uses this tax to pay for the construction of certain educational facilities and other related costs, in accordance with Section 212.055(6), Florida Statutes.

- **Educational Impact Fees**

Lake County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1996. On December 11, 2007, Lake County amended Chapter 22 of the Lake County Code related to Impact Fees. Ordinance 2007-60 amended the County's Impact Fee Schedule. The educational impact fee is collected by the County for most new residential construction. The fees can only be used to acquire, construct, expand, and equip the educational sites and educational capital facilities necessitated by new development, and to pay for certain collection and legal defense costs.

  - On April 5, 2011, the Lake County Board of County Commissioners voted to retroactively suspend collection of the school impact fee from January 1, 2011, through April 1, 2012.
  - On March 13, 2012, the Lake County Board of County Commissioners voted to extend this suspension through April 1, 2013.

- On February 12, 2013, the Lake County Board of County Commissioners voted again to extend this suspension through January 1, 2014.
- On October 8, 2013, The Lake County Board of County Commissioners voted to reinstate the Impact fee at 25% of the prior rate effective January 13, 2014.

- **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.

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The Board follows procedures established by State statutes and State Board of Education 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 State Board of Education rules.

- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function level (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.

- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

- During the fiscal year ended June 30, 2014, budgets for all governmental fund types were amended to reflect adjustments to appropriations due to changes in student counts, the addition of new education programs, etc. These amendments were made as part of the routine budget process of the District, and were not deemed to be significant by management.

3. DEPOSITS AND INVESTMENTS

All cash deposits are held in banks that qualify as public depositories under Florida law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

As of June 30, 2014, the District had the following investments and maturities:

Investment	Maturities	S&P Rating	Fair Value
State Board of Administration - Fund B, Surples Funds Trust Fund	5.73 Year Avg	Unrated	$ 27,701
State Board of Administration - Debt Service Accounts	6 Months	AAAm	219,337
Money Market Mutual Funds First American Treasury Obligations	52 Days	AAAm	36,810,732
Total Investments, Primary Government			$ 37,057,770

Section 218.415, Florida Statutes, limits the types of investments that a District can invest in unless specifically authorized by District policy.

➢ Interest Rate Risk

Section 218.415(7), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. District policies limit the length of investments of bond reserves, construction funds, and other non-operating funds to a maximum of five years and the investment of current operating funds to no longer than two years.

Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 (i.e. specific identification, duration, weighted average maturity, segmented time distribution, or simulation model) is not available. An estimate of the weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL, based on expected future cash flows, of Fund B at June 30, 2014, is estimated at 3.98 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

The District has no Federal instrumentalities investments that have embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. The District also has no Federal instrumentalities mortgage pass-through securities.

Participation in Fund B is involuntary.

- **Credit Risk**

The District's investment policy authorizes the following investments:

- The Florida PRIME Investment Fund (SBA)
- United States Government securities
- United States Government agencies
- Federal instrumentalities
- Interest-bearing time deposit or savings accounts in qualified public depositories
- Repurchase agreements collateralized with a value of 102 percent, by negotiable direct obligations of the United States Government, governmental agencies, and Federal instrumentalities with maturities under five years
- Commercial paper and bankers' acceptances rated "Prime-1" by Moody's Investors Service and "A-1" by Standard & Poor's
- State and/or local government taxable and/or tax-exempt debt rated at least "Aa" by Moody's and "AA" by Standard & Poor's
- Registered investment companies (mutual funds) rated "AAm" or "AAm-G" or better by Standard & Poor's or an equivalent rating by another rating agency

Under the Board's investment policy, proceeds from debt issues are allowed to be invested in accordance with the resolutions authorizing the debt issue and approved by the bond insurer.

The District's Investments in money market mutual funds totaling $36,810,732 are reported at fair value. These funds were invested in First American Treasury Obligations Money Market Fund. The money market fund is rated Aaa by Moody's Investors Service and AAAm by Standard & Poor's.

The District's investments of $27,701 in Fund B are unrated.

The District's investments in the State Board of Administration - debt service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by the State Board of Administration for managing credit risk for this account.

- **Custodial Credit Risk**

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's $36,841,732 investments in money market funds are held by the safekeeping agent, in the name of the District.

- **Concentration of Credit Risk**

The District's investment policy has established asset allocation and issuer limits in the investment of available funds, i.e., cash and investments funds, which are designed to reduce the concentration of credit risk of the District's investment portfolio as follows:

- Florida PRIME Investment Fund ("SBA") – 25%
- United States Government securities – 100%
- United States Government agencies – 50%
    - 25% limit on individual issuers
- Federal instrumentalities – 80%
    - 40% limit on individual issuers
- Interest-bearing time deposit or savings accounts – 25%
    - 15% limit on individual issuers
- Repurchase agreements – 50%
    - 25% limit on individual issuers
- Commercial paper – 35%
    - 10% limit on individual issuers
- Registered investment companies (mutual funds) – 50%
    - 25% limit on individual issuers
- Banker's acceptances - 35%
    - 10% limit on individual issuers
- State and/or local government taxable or tax-exempt debt – 20%

Based on review of quarterly investment summary reports, the District complied with the concentration of credit risk provisions of the investment policy.

Approximately 99 percent of the District's total investments, reported as investments in the Capital Projects – Other Fund, are held with issuers that individually represent 5 percent or more of the District's investments. As the District had the following issuer concentration based on fair value:

Security Type	Fair Value	Portfolio Asset Allocation
Florida PRIME ("SBA") Pool B	$ 27,701	0.08%
Florida PRIME ("SBA") Debt Service Accounts	219,337	0.59%
Money Market - First American Treasury Oblig Fund	36,810,732	99.33%

- **Foreign Currency Risk**

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

4. RECEIVABLES

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivable are considered to be fully collectible. As such, no allowance for uncollectible accounts receivable is accrued.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2014
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	$ 19,508,735	$ 8,404	$ 62,196	19,454,943
Construction in Progress	7,369,622	5,631,203	6,402,502	6,598,323
Total Capital Assets Not Being Depreciated	26,878,357	5,639,607	6,464,698	26,053,266
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	16,766,581	35,617		16,802,198
Buildings and Fixed Equipment	750,291,216	9,228,432		759,519,648
Furniture, Fixtures, and Equipment	41,429,704	1,688,603	909,835	42,208,472
Motor Vehicles	32,030,460	108,902	379,760	31,759,602
Property Under Capital Leases	5,937,322			5,937,322
Audio Visual Materials and Computer Software	9,288,651	1,136,850		10,425,501
Total Capital Assets Being Depreciated	855,743,934	12,198,404	1,289,595	866,652,743
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(16,147,775)			(16,147,775)
Buildings and Fixed Equipment	(123,671,465)	(15,005,824)		(138,677,289)
Furniture, Fixtures, and Equipment	(31,827,967)	(3,445,470)	(909,835)	(34,363,602)
Motor Vehicles	(24,034,331)	(1,941,155)	(379,760)	(25,595,726)
Property Under Capital Leases	(437,154)	(501,982)		(939,136)
Audio Visual Materials and Computer Software	(6,948,245)	(1,183,541)		(8,131,786)
Total Accumulated Depreciation	(203,066,937)	(22,077,972)	(1,289,595)	(223,855,314)
Total Capital Assets Being Depreciated, Net	652,676,997	(9,879,568)	-	642,797,429
Governmental Activities Capital Assets, Net	$ 679,555,354	$ (4,239,961)	$ 6,464,698	$ 668,850,695

6. CAPITAL LEASE COMMITMENTS

On October 14, 2011, the District entered into a Guaranteed Energy Savings Performance Contract under a Master Lease Agreement for the design, engineering and installation of various conservation measures, including facility alterations and equipment purchases designed to reduce energy or water consumption at various school locations. The project is funded through SunTrust Equipment Financing and Leasing in the amount of $6,328,851. The Board's intent is to repay the loan and related interest through the guaranteed energy savings realized in nine (9) annual installments of $776,966 through September 14, 2020.

On August 27, 2012, the District entered into a Voice Over Internet Protocol and Infrastructure Upgrade Contract under a Master Lease Agreement for VOIP equipment purchase and infrastructure upgrade at various locations. The project is funded through Key Government Finance, Inc. in the amount of $4,914,948. The Board's intent is to repay the loan in five (5) annual installments of $982,990 through July 1, 2016.

Amounts payable for the Capital Lease are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2015	$ 1,759,956	$ 1,655,757	$ 104,199
2016	1,759,956	1,669,739	90,217
2017	1,759,956	1,684,013	75,943
2018	776,966	715,593	61,373
2019-2020	2,330,899	2,237,262	93,637
	$ 8,387,733	$ 7,962,364	$ 425,369

7. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on July 1, 1998, which was characterized as a lease-purchase agreement, with the Financing Corporation for the School Board of Lake County, Florida, Inc. (Financing Corporation), a blended component unit as described in Note 1, whereby the District secured financing of various educational facilities in the total amount of $337,005,000. The financing was accomplished through the issuance of Certificates of Participation, Series 1998 for $71,355,000; Series 2002 for $65,155,000; Series 2003 for $29,515,000; Series 2004A for $29,025,000; Series 2005A for $64,240,000; and Series 2006A for $77,715,000, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given ground leases on District property to the Financing Corporation, with a rental fee of $10 per year. The initial terms of the Series 1998 lease is 30 years commencing on July 1, 1998. The Series 2002, 2003, 2004A, 2005A, and 2006A leases each have an initial term of 25 years commencing on July 1, 2002, February 1, 2003, September 1, 2004, July 28,

2005, and December 1, 2006, respectively. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates for a period of time specified by the arrangement which may be up to 30 years from the date of the inception of the arrangement.

Certificates of participation payable at June 30, 2014, are as follows:

Certificates of Participation	Amount Issued	Amount Outstanding	Remaining Interest Rates (Percent)	Annual Maturity To
Series 2005A	$ 64,240,000	$ 59,795,000	3.375 - 5.000	2030
Series 2005B, Refunding	28,755,000	17,590,000	3.400 - 5.250	2018
Series 2005C, Refunding	25,280,000	25,280,000	5.250	2018
Series 2006A	77,715,000	64,900,000	3.500 - 5.000	2031
Series 2006B, Refunding	34,855,000	27,350,000	5.000	2023
Series 2012A Refunding	23,065,000	13,990,000	1.000 - 5.000	2027
Series 2012B Refunding	20,655,000	19,590,000	3.000 - 5.000	2028
Series 2013A Refunding	20,875,000	20,875,000	3.000 - 5.000	2029
Subtotal		249,370,000		
Plus Unamortized Premium		10,491,668		
Total Certificates of Participation		$ 259,861,668		

Note: Certificates of Participation, Refunding Series 2005B were used to advance refund a portion of the Certificates of Participation, Series 1998. Certificates of Participation, Refunding Series 2005C were used to advance refund a portion of Certificates of Participation, Series 2002. Certificates of Participation, Series 2006B were used to advance refund a portion of the Certificates of Participation, Series 1998. Certificates of Participation, Series 2012A were used to advance refund a portion of the Certificates of Participation, Series 2002. Certificates of Participation, Series 2012B were used to advance refund a portion of the Certificates of Participation 2003. Certificates of Participation, Series 2013A were used to advance refund a portion of the Certificates of Participation 2004.

The District Properties included in the ground leases under this arrangement include:

Series 1998 Certificates
Round Lake Elementary
Astatula Elementary
Lost Lake Elementary
Villages Elementary
Windy Hill Middle
Beverly Shores – Classroom Wing
Groveland Elementary – Classroom Wing
Tavares Elementary – Classroom Wing
Triangle Elementary – Classroom Wing
Eustis Middle – Classroom Wing
Tavares Middle – Classroom Wing

Series 2002 Certificates
Pine Ridge Elementary
Leesburg High
Mt. Dora High

Series 2003 Certificates
Beverly Shores Elementary
Fruitland Park Elementary
Mt. Dora Middle
Leesburg Elementary
Oak Park Bus Lot Replacement

Series 2004A Certificates
Carver Middle
Mascotte Elementary
Lake Hills

Series 2005A Certificates
Mascotte Elementary
Minneola Elementary
Lake Hills
East Ridge High Addition

Series 2006A Certificates
Sawgrass Bay Elementary
East Ridge Middle
South Lake High Addition
Gray Middle
Eustis Heights Elementary

The following is a schedule by years of future minimum lease payments under the above-referenced lease agreements together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2015	$ 26,310,900	$ 14,525,000	$ 11,785,900
2016	26,857,283	15,745,000	11,112,283
2017	27,413,359	17,035,000	10,378,359
2018	27,907,306	18,320,000	9,587,306
2019	19,300,419	10,590,000	8,710,419
2020-2024	96,432,744	60,470,000	35,962,744
2025-2029	96,457,119	76,210,000	20,247,119
2030-2031	39,206,125	36,475,000	2,731,125
Subtotal	359,885,255	249,370,000	110,515,255
Unamortized Premium		10,491,668	
Total Minimum Lease Payments	$ 359,885,255	$ 259,861,668	$ 110,515,255

On March 10, 2014, the Board entered into a Forward Lock Rate Agreement which guarantees the advance refunding of $13,970,000 of the Series 2005B COP at a future interest rate of 1.68%. The advance refunding will reduce total debt service payments in future years by $734,487 and obtain an economic gain of $695,867. The advance refunding is scheduled to close on or about March 3, 2015 and will be fully disclosed in the 2014-15 fiscal year.

8. BONDS PAYABLE

Bonds payable at June 30, 2014, are as follows:

Bond Type	Original Issue Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2005A	$ 2,375,000	$ 115,000	4.000 - 5.000	2025
Series 2005A, Refunding	1,445,000	380,000	4.000 - 5.000	2016
Series 2005B	1,840,000	910,000	5.000	2020
Series 2006A	900,000	720,000	4.000 - 5.000	2026
Series 2008A	2,990,000	2,485,000	3.500 - 5.000	2028
Series 2009A	625,000	585,000	4.000 - 5.000	2029
Series 2009A, Refunding	485,000	265,000	4.000 - 5.000	2019
Series 2010A	335,000	315,000	3.500 - 5.000	2030
Series 2010A, Refunding	1,615,000	1,285,000	4.000 - 5.000	2022
Series 2011A, Refunding	765,000	610,000	3.000 - 5.000	2023
Series 2014A, Refunding	1,342,000	1,342,000	1.000 - 5.000	2025
Sub-total State School Bonds		9,012,000		
Sales Tax Revenue Bonds:				
Series 2004	15,590,000	6,595,000	3.600 - 5.000	2018
Total Bonds Payable		$ 15,607,000		

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

State School Bonds

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

Sales Tax Revenue Bonds – Series 2003 and Series 2004

These bonds are authorized by the Constitution and Laws of the State of Florida, including, particularly Chapters 1000-1013, Florida Statutes, Chapter 212, Part I, Florida Statutes, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to the Interlocal Agreement from the levy and collection by the Lake County Board of Commissioners of the one-cent local infrastructure sales surtax. Annual principal and interest on the bonds are expected to require approximately 60 percent of such revenues. Principal and interest paid for the current year was $5,173,843. The District’s portion of the one-cent local infrastructure sales surtax revenues totaled $12,158,522 for the year.

As further discussed in notes 9 and 11, the Board entered into a Note Payable of $16,370,000 with a fixed interest rate of 1.22 percent to advance refund a portion of the District's outstanding Sales Tax Revenue Bonds, Series 2003. At year end, pledged future revenues totaled $18,476,516, which was the total amount of remaining principal and interest on the bonds and notes payable through 2018.

On February 10, 2014, the School Board approved the early repayment of the outstanding balance of the 2004 Sales Tax Bonds in October 2014. As of June 30, 2014 the outstanding principal balance totals $6,595,000 and the entire balance is reflected as due during the 2014-15 fiscal year. In addition, the balance of the interest due in October 2014 is $158,531 and has been reported as Accrued Interest Payable on the Statement of Net Assets.

Annual debt service requirements to maturity for all bonded debt as of June 30, 2014are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2015	$ 1,283,868	$ 867,000	$ 416,868
2016	1,306,880	925,000	381,880
2017	1,130,180	792,000	338,180
2018	1,153,038	853,000	300,038
2019	955,725	698,000	257,725
2020-2024	3,859,938	3,052,000	807,938
2025-2029	1,996,956	1,790,000	206,956
2030-2031	36,400	35,000	1,400
Total State School Bonds	11,722,985	9,012,000	2,710,985
Sales Tax Revenue Bonds:			
2015	6,753,531	6,595,000	158,531
Total Sales Tax Revenue Bonds	6,753,531	6,595,000	158,531
Total	$ 18,476,516	$ 15,607,000	$ 2,869,516

9. NOTES PAYABLE

On May 3, 2012, the District refunded a portion of the outstanding balance of the 2003 A Sales Tax Bonds. The fixed interest rate is 1.22% for the balance of the Note Payable. Principal and Interest payments will continue to be made from the Sales Tax Collections.

Amounts payable for the Note Payable are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2015	$ 4,054,428	$ 3,885,000	$ 169,428
2016	4,051,756	3,930,000	121,756
2017	4,058,474	3,985,000	73,474
2018	4,054,583	4,030,000	24,583
	$ 16,219,241	$ 15,830,000	$ 389,241

10. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014	Due in One Year
GOVERNMENTAL ACTIVITIES					
Long-Term Debt:					
Note Payable	$ 16,165,000		$ 335,000	$ 15,830,000	$ 3,885,000
Bonds Payable				$ -	
State School Bonds	10,010,000	1,342,000	2,340,000	9,012,000	867,000
Sales Tax Bonds	11,370,000		4,775,000	6,595,000	6,595,000
Unamortized Premium	88,845		88,845	-	
Total Bonds Payable	21,468,845	1,342,000	7,203,845	15,607,000	7,462,000
Certificates of Participation Payable	262,695,000		13,325,000	249,370,000	14,525,000
Unamortized Premium	11,515,060		1,023,392	10,491,668	
Total Certificates of Participation Payable	270,592,496	-	14,348,392	259,861,668	14,525,000
Obligations under Capital Lease	9,604,422		1,642,058	7,962,364	1,655,757
Sub-Total Long-Term Debt	317,830,763	1,342,000	23,529,295	299,261,032	27,527,757
Other Long-Term Liabilities:					
Other Postemployment Benefits Payable	9,097,008	739,991		9,836,999	
Compensated Absences Payable	19,020,072		233,064	18,787,008	1,400,000
Total Governmental Activities	$ 345,947,843	$ 2,081,991	$ 23,762,359	$ 327,885,039	$ 28,927,757

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund. Other postemployment benefits payable represents an implicit subsidy under GASB 45 and will be included in future health and life insurance premiums charged to all funds that have personnel costs. There are no long-term liabilities associated with the business-type activities.

11. DEFEASED DEBT

In prior years, the Board defeased in substance certain other outstanding certificates of participation (COPs) by placing the proceeds of new COPs in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust assets and the liability for the in-substance defeased COPs and Sales Tax Bonds have been removed from the government-wide financial statements.

As of June 30, 2014, debt considered defeased in substance by the District is as follows:

Bond Issues	Amount Outstanding
Certificates of Participation, Series 2004	20,720,000
Total Defeased Debt	$ 20,720,000

12. FUND BALANCE REPORTING

Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances for governmental funds, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District reports its inventories as nonspendable and does not have any prepaid items or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints.

- ***Restricted*** *- Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.*

- ***Committed*** *- Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The School Board would be required to take formal action to establish or rescind a fund balance commitment.*

- ***Assigned*** *- Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed.*

- ***Unassigned*** *- Fund balance of the general fund that is not constrained for any particular purpose.*

The District has classified its fund balances with the following hierarchy:

Nonspendable:

The District has inventories totaling $2,147,014 and prepaid expenditures for Instructional Materials totaling $31,406 that are classified as nonspendable.

Spendable:

The District has classified the spendable fund balances as r*estricted, assigned, and unassigned* and considered each to have been spent when expenditures are incurred. The District does not have a policy regarding the commitment or assignment of fund balances. As such, the District does not report any c*ommitted* fund balance. When restricted, assigned, and unassigned funds are available for use, the District's procedures are to use the restricted funds first, followed by the assigned funds and then the unassigned funds.

- **Restricted for State Required Carryover Programs, Food Services, Debt Service and Capital Projects:**

  Federal Laws, Florida Statutes, and local ordinances require that certain revenues be specifically designated for the purposes of State required carryover programs, food service, operations, debt service, and capital projects. These funds have been included in the restricted category of fund balance and total $82,092,677.

- **Assigned:**

  School Operations:
  The District does not have a fund balance policy regarding the assignment of fund balance. In accordance with GASB 54, the District only reports outstanding encumbrances that have not been previously reported as restricted in other funds. Encumbrances are supported by outstanding purchase orders issued through the established Board approved budget process. In the current year, General Fund unassigned fund balance of $954,547 was needed to eliminate expected expenditures over expected revenues, in the subsequent year.

- **Unassigned**

  The District has not established a contingency reserve or "rainy day fund." Instead the Board has established Board Policy – 7.12 to require the set aside 4 percent of recurring budgeted revenues at the beginning of each year to cover unforeseen events (*e.g.,* revenue shortfalls, student enrollment under projections, etc.). At the

end of the fiscal year, the unassigned general fund balance was $12,022,308 or 4.30 percent of General Fund total revenues.

Summary of Fund Balances as of June 30, 2014, are as follows:

Description	Major Funds			
	General Fund	Other Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Inventories:				
General Fund	$ 1,680,003			$ 1,680,003
Special Revenues - Food Service			467,011	467,011
Prepaid Item	31,406			31,406
Sub-total Nonspendable:	1,711,409		467,011	2,178,420
Restricted:				
Carryover Programs	883,042			883,042
Special Revenues - Food Service			11,211,413	11,211,413
Debt Service			11,465,994	11,465,994
Capital Projects		46,216,447	12,315,781	58,532,228
Sub-total Restricted:	883,042	46,216,447	34,993,188	82,092,677
Assigned:				
Encumbrances				
School Operations	954,547			954,547
Sub-total Assigned:	954,547			954,547
Unassigned:	12,022,308			12,022,308
Total Fund Balance	##########	$ 46,216,447	$ 35,460,199	$ 97,247,952

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Funds	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 2,486,542	
Special Revenue - Federal Economic Stimulus Funds		213,410
Nonmajor Governmental Funds		2,273,132
Total	$ 2,486,542	$ 2,486,542

The interfund receivables and payables represent the payment of expenditures by one fund for another fund and will be repaid within twelve months. In general, the General

Fund advances funds to Federal and capital projects funds for funding sources that are received by the District as a reimbursement of expenditures.

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

Funds	Interfund Transfers In	Interfund Transfers Out
Major Funds:		
General	$ 6,020,416	$ 1,865,300
Capital Projects-District Bonds		
Capital Projects-Other Capital Projects		$ 1,368,494
Nonmajor Governmental Funds	35,282,133	38,654,102
Subtotal	41,302,549	41,887,896
Proprietary Funds:		
Enterprise Fund		
Internal Service Fund	1,096,654	511,307
Total	$ 42,399,203	$ 42,399,203

The principal purposes of interfund transfers are the provision of funds for repayment of debt service principal and interest and the funding of certain maintenance costs.

14. DONOR-RESTRICTED ENDOWMENTS

During the 2003-04 fiscal year the District became the administrator of the Lester J. Bodley Trust Fund in the amount of $200,000. The terms of the Trust require that the income of the Trust be divided equally between a graduating male and female student from Leesburg High School. These students, who in the sole judgment of the School Board, shall have made the most overall personal improvement during the four years of his or her high school career. The gifts from the Trust each year are to be given on a one-time basis. The Trust is reported as a Private-Purpose Trust Fund in the District's basic financial statements. Any earnings received on the Private-Purpose Trust Fund investments are earnings that are held in a fiduciary capacity and are not available for general appropriation.

15. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2013-2014 fiscal year:

Source	Amount
Florida Education Finance Program	$ 128,637,748
Categorical Educational Program: Class Size Reduction	44,288,694
Workforce Development Program	5,604,087
School Recognition	566,957
Preschool Projects	1,478,305
CO&DS withheld for SBE Bonds	1,303,260
Capital Outlay - Charter Schools	853,147
Mobile Home License Tax	361,012
School Breakfast/ Lunch Supplement	256,534
Motor Vehicle License Tax (Capital Outlay and Debt Service)	165,148
Racing Commission Funds	148,833
Discretionary Lottery Funds	394,148
CO&DS withheld for Administrative Expenses	22,253
Interest on Undistributed CO&DS	57
Miscellaneous	485,534
Total	$ 184,565,717

Accounting policies relating to certain State revenue sources are described in Note 1.

16. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2013 Final Certified Taxable Value of Property in the County of $16,530,656,144 for the 2013-2014 fiscal year:

	Millages	Taxes Levied
GENERAL FUND		
Nonvoted School Tax:		
Required Local Effort	4.992	$ 82,521,035
Basic Discretionary Local Effort	0.748	12,364,931
CAPITAL PROJECTS FUNDS		
Nonvoted Tax:		
Local Capital Improvements	1.500	24,795,984
Total	7.240	$ 119,681,950

17. STATE RETIREMENT PROGRAM

All regular employees of the District are covered by the Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS. FRS is a single retirement system administered by the Division of Retirement, Department of Management Services and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

For new plan participants, employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 (65 for new plan members) or at any age after 30 years of service, which may include up to 4 years of credit for military 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, and death benefits and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in PEORP in lieu of the Plan. District employees participating in DROP are not eligible to participate in PEORP. Employer contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Elected County Officers Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service. There were 849 District participants during the 2013-14 fiscal year. Required contributions made to PEORP totaled $1,960,234.

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2013-2014 fiscal year, contribution rates were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	6.95%
Florida Retirement System, Elected County Officers	3.00	33.04%
Florida Retirement System, Senior Management Class	3.00	18.31%
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.84%
Florida Retirement System, Reemployed Retiree	(B)	(B)

Note (A): Employer contribution rates include 1.11 percent for the post-retirement health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions for the fiscal years ending June 30, 2012, June 30, 2013, and June 30, 2014, totaled $9,057,108, $9,741,444 and $14,436,924 respectively, which were equal to the required contributions for each fiscal year. Required employee contributions made to the program for the fiscal year ending June 30, 2014, totaled $5,288,380.

The financial statements and other supplementary information of FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

18. POSTEMPLOYMENT HEALTH CARE BENEFITS

Beginning with the 2007-08 fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the District. The requirements of this Statement are being implemented prospectively, with the actuarially determined liability of $30,749,335 at the October 1, 2007, date of transition amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of transition.

Plan Description.

The Postemployment Health Care Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's self-insured health and hospitalization plan for medical and prescription drug coverages. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at 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 plan on average than those of active employees. The Postemployment Health Care Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity.

Funding Policy.

The District plans to fund this postemployment benefit on a pay-as-you-go basis. The plan as established by the Board, would require Board action to amend. For the 2013-2014 fiscal year, 225 retirees received postemployment health care benefits. The District provided required contributions of $1,075,635 toward the annual other postemployment benefits (OPEB) cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums, and net of retiree contributions.

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 Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for Postemployment Health Care Benefits:

Description	Amount
Normal Cost (service cost for one year)	$ 1,094,271
Amortization of Unfunded Actuarial Accrued Liability	736,517
Interest on Normal Cost and Amortization	-
Annual Required Contribution	1,830,788
Interest on Net OPEB Obligation	363,880
Adjustment to Annual Required Contribution	(379,042)
Annual OPEB Cost (Expense)	1,815,626
Contribution Toward the OPEB Cost	(1,075,635)
Increase in Net OPEB Obligation	739,991
Net OPEB Obligation, Beginning of Year	9,097,008
Net OPEB Obligation, End of Year	$ 9,836,999

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014, and the two proceeding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011-12	$ 2,992,110	47.34%	$ 7,521,483
2012-13	2,992,110	47.34%	9,097,008
2013-14	1,815,626	59.24%	9,836,999

Funded Status and Funding Progress.

As of June 30, 2014, the actuarial accrued liability for benefits was $17,333,163, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $17,333,163. The covered payroll (annual payroll of active participating employees) was $159,035,412 for the 2013-14 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.90 percent.

Actuarial Method and Assumptions

Actuarial valuations of an ongoing 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 the healthcare cost trends. Amounts determined regarding the funded status of the 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.

Projections of benefits for financial reporting purposes are based on the substantive 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 initial OPEB actuarial valuation as of October 1, 2007, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2008, and to estimate the District's 2007-08 fiscal year annual required contribution. This method was selected because it produced the lowest OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 16 percent initially for the 2007-08 fiscal year, reduced by 6% in the first year and 0.5% thereafter to an ultimate rate of 5.58 percent after ten years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014, was 24 years.

19. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The following is a summary of major construction contract commitments remaining at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Eustis Heights Elementary Renov			
Architect	998,251	904,021	94,230
Contractor	13,419,150	4,810,422	8,608,728
Cypress Ridge Elementary Cafe Renov			
*Architect	171,500	98,200	73,300
Enterprise Resource System			
Buisness Suite	1,130,827	919,051	211,776
Student Suite	1,759,700	823,660	936,040
Totals	$ 17,479,428	$ 7,555,354	$ 9,924,074

* Construction Contract has not been approved as of 6/30/2014

Encumbrances:

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

The following is a schedule of encumbrances at year-end:

Major Funds			
General Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 954,547	$ 7,840,091	$ 6,211,676	$ 15,006,314

20. 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 District limits its exposure to these risks through its membership in the Florida Municipal Insurance Trust (Trust). The Trust provides coverage for public entities within the State of Florida. The Trust is organized to meet and fulfill a member's obligations and liabilities under the Florida Workers' Compensation Act, and to write certain other lines of coverage including property protection, money and securities, employee fidelity and faithful performance, boiler and machinery, and general and auto liability to participating members. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program.

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

On July 1, 2007, the District entered a participation agreement with five school districts to purchase property insurance coverage through the Preferred Government Insurance Trust (PGIT). Under this agreement, the District shares $100,000,000 of coverage on a per occurrence basis with a $25,000 deductible for all other perils excluding wind damage from a named storm. The deductible for a named storm is 3 percent of the Total Insured Value, per location, subject to a minimum of $35,000 deductible per occurrence. This participation agreement allowed the District to increase its coverage from $25,000,000 to a shared $100,000,000.

Life insurance coverage is being provided through purchased commercial insurance.

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

The District provides health and hospitalization under a self-funded program administered through a commercial provider. By utilizing a self-funded model, the District assumes the claims risk directly and uses a purchased stop-loss policy to mitigate those risks. The stop-loss policy covers any individual claim over $250,000, with an aggregate stop-loss of $2,000,000. The District had had only 7 claims in excess of the $250,000 in the prior 3 years. The stop-loss covers the claims directly and does not require the District to pay the claim and then be reimbursed.

Funding levels for the program and the run-out claims were actuarially determined. The District filed the required certification to the Office of Insurance Regulation which included a statement prepared by an actuary who is a member of the Society of Actuaries or the American Academy of Actuaries as to the actuarial soundness of the plan. The District reports the self-funded program in the Internal Service Funds. Amounts are charged to various funds to provide sufficient resources to cover claims incurred, to pay for the purchase of excess insurance, and to pay the insurance services agent's administrative fees.

21. LITIGATION AND CONTINGENCIES

The District is subject to potential litigation in the normal course of business. It is the opinion of management, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations on governmental liability on uninsured risks, that the amount of losses resulting from litigation, which exceed the above-mentioned limits, would not be material to the financial position of the District.

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by grantors, cannot be determined at this time. In the opinion of the management of the District, no material refunds will be required as a result of expenditures disallowed by grantors.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
Federal Direct				
ROTC	$ 330,000	$ 331,036	$ 331,036	$ -
Federal Through State				
Medicaid	750,000	792,878	792,878	-
National Forest Funds	82,500	85,273	85,273	-
Miscellaneous Federal Through State Funds	600,000	750,300	750,300	-
State				
Florida Educational Finance Program	127,950,784	128,637,748	128,637,748	-
Categorical Educational Programs	47,093,927	46,728,004	46,728,004	-
Workforce Development Program	5,309,722	5,604,076	5,604,076	-
Miscellaneous State Funds	585,852	711,859	711,859	-
Local:				
District School Tax	89,717,731	90,501,854	90,501,854	-
Investment Income	25,000	4,317	4,317	-
Miscellaneous Local Funds	4,920,000	4,169,324	5,358,851	1,189,527
Total Revenues	277,365,516	278,316,669	279,506,196	1,189,527
Expenditures				
Current - Education:				
Instruction				
Salaries	102,210,403	103,320,179	103,320,179	-
Employee Benefits	27,071,192	28,305,209	28,305,209	-
Purchased Services	40,852,042	41,814,162	41,814,162	-
Energy Services	1,800	1,046	1,046	-
Materials and Supplies	7,768,494	4,273,068	4,273,068	-
Capital Outlay	88,864	372,890	372,890	-
Other Expenditures	3,599,772	2,984,793	2,984,793	-
Pupil Personnel Services				
Salaries	9,119,331	9,297,410	9,297,410	-
Employee Benefits	2,773,938	2,727,693	2,727,693	-
Purchased Services	653,145	1,337,474	1,337,474	-
Materials and Supplies	69,057	102,807	102,807	-
Capital Outlay	44,984	56,901	56,901	-
Other Expenditures	6,217	53,089	53,089	-
Instructional Media Services				
Salaries	2,126,428	2,192,221	2,192,221	-
Employee Benefits	599,566	603,273	603,273	-
Purchased Services	69,028	99,337	99,337	-
Energy Services				-
Materials and Supplies	27,335	40,871	40,871	-
Capital Outlay	288,060	287,811	287,811	-
Other Expenditures	31,210	40,700	40,700	-
Instruction and Curriculum Development Services				
Salaries	2,360,859	2,503,123	2,503,123	-
Employee Benefits	669,687	680,214	680,214	-
Purchased Services	1,500,861	71,439	71,439	-
Energy Services	1,650	1,219	1,219	-
Materials and Supplies	40,221	37,963	37,963	-
Capital Outlay	2,577	4,974	4,974	-
Other Expenditures	2,689	10,384	10,384	-
Instructional Staff Training Services				
Salaries	1,916,802	1,815,793	1,815,793	-
Employee Benefits	446,142	450,767	450,767	-
Purchased Services	211,103	229,806	229,806	-

(Continued)

Materials and Supplies	87,242	73,947	73,947	-

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Capital Outlay	40,008	11,385	11,385	-
Other Expenditures	123,940	86,629	86,629	-
Instruction Related Technology				
Salaries	1,646,940	1,279,622	1,279,622	-
Employee Benefits	453,711	302,182	302,182	-
Purchased Services	454,015	390,035	390,035	-
Materials and Supplies		11,079	11,079	-
Capital Outlay	30,317	3,396	3,396	-
Other Expenditures	12,000	300	300	-
Board of Education				
Salaries	274,081	264,874	264,874	-
Employee Benefits	108,786	111,344	111,344	-
Purchased Services	476,622	430,489	430,489	-
Materials and Supplies	1,700	1,624	1,624	-
Other Expenditures	21,752	22,152	22,152	-
General Administration				
Salaries	568,380	595,918	595,918	-
Employee Benefits	166,770	160,287	160,287	-
Purchased Services	33,892	48,085	48,085	-
Energy Services	600	472	472	-
Materials and Supplies	6,330	7,476	7,476	-
Capital Outlay	500	403	403	-
Other Expenditures	25,607	21,403	21,403	-
School Administration				
Salaries	12,645,600	12,750,740	12,750,740	-
Employee Benefits	3,609,988	3,571,324	3,571,324	-
Purchased Services	85,859	174,753	174,753	-
Energy Services		78	78	-
Materials and Supplies	11,098	89,877	89,877	-
Capital Outlay	30,202	91,889	91,889	-
Other Expenditures	40,000	55,618	55,618	-
Facility Services				
Salaries	433,402	350,515	350,515	-
Employee Benefits	134,252	114,613	114,613	-
Purchased Services	2,448	12,299	12,299	-
Materials and Supplies	1,250	863	863	-
Capital Outlay		55,262	55,262	-
Other Expenditures	400	85	85	-
Fiscal Services				
Salaries	1,171,352	1,207,365	1,207,365	-
Employee Benefits	318,543	306,639	306,639	-
Purchased Services	225,454	140,048	140,048	-
Materials and Supplies	22,500	14,910	14,910	-
Capital Outlay	400	1,278	1,278	-
Other Expenditures	30,061	23,574	23,574	-
Central Services				
Salaries	3,097,372	3,430,972	3,430,972	-
Employee Benefits	832,284	1,076,183	1,076,183	-
Purchased Services	1,122,292	853,354	853,354	-
Energy Services	47,425	22,963	22,963	-
Materials and Supplies	134,187	198,238	198,238	-
Capital Outlay	319,035	10,593	10,593	-
Other Expenditures	64,800	59,424	59,424	-
Pupil Transportation Services				
Salaries	6,808,469	7,157,972	7,157,972	-
Employee Benefits	2,655,303	2,945,515	2,945,515	-
Purchased Services	1,166,714	1,193,567	1,193,567	-
				-

(Continued)

Energy Services	3,240,000	3,109,669	3,109,669	-
Materials and Supplies	1,166,262	1,048,631	1,048,631	-
Capital Outlay	23,500	5,675	5,675	-

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Other Expenditures	610,629	440,143	440,143	-
Operation of Plant				
Salaries	6,497,724	6,815,585	6,815,585	-
Employee Benefits	2,908,857	2,837,926	2,837,926	-
Purchased Services	5,594,013	6,112,095	6,112,095	-
Energy Services	6,559,688	7,535,321	7,535,321	-
Materials and Supplies	21,270	711,534	711,534	-
Capital Outlay	6,289	19,784	19,784	-
Other Expenditures	162,900	117,494	117,494	-
Maintenance of Plant				
Salaries	4,229,297	4,212,233	4,212,233	-
Employee Benefits	1,398,840	1,460,049	1,460,049	-
Purchased Services	1,117,405	604,321	604,321	-
Energy Services	160,000	224,325	224,325	-
Materials and Supplies	226,228	279,211	279,211	-
Capital Outlay	90,413	38,144	38,144	-
Other Expenditures	400	11,256	11,256	-
Administrative Technology Services				
Salaries	510,895	1,054,965	1,054,965	-
Employee Benefits	134,745	287,805	287,805	-
Purchased Services	671,668	858,662	858,662	-
Materials and Supplies	66,678	83,816	83,816	-
Capital Outlay	1,091,041	459,921	459,921	-
Other Expenditures	400	605	605	-
Community Services				
Salaries	45,000	47,076	47,076	-
Employee Benefits	12,799	13,107	13,107	-
Purchased Services	7,100	9,988	9,988	-
Materials and Supplies		39	39	-
Capital Outlay				-
Other Expenditures		600	600	-
Fixed Capital Outlay:				
Facilities Acquisition and Construction		3,261	3,261	
Other Capital Outlay		772,390	772,390	
Total Expenditures	280,651,381	282,625,860	282,625,860	-
Excess (Deficiency) of Revenues Over Expenditures	(3,285,865)	(4,309,191)	(3,119,664)	1,189,527
Other Financing Sources (Uses)				
Transfers In	1,000,000	6,020,416	6,020,416	-
Transfers Out	(776,966)	(1,865,300)	(1,865,300)	-
Total Other Financing Sources (Uses)	223,034	4,155,116	4,155,116	-
Net Changes in Fund Balance	(3,062,831)	(154,075)	1,035,452	1,189,527
Fund Balance, July 1, 2013	14,235,854	14,535,854	14,535,854	
Fund Balance, June 30, 2014	$ 11,173,023	$ 14,381,779	$ 15,571,306	$ 1,189,527

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - FEDERAL ECONOMIC STIMULUS FUNDS
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
Federal Through State				
American Recovery & Reinvestment Act (ARRA)				
Race to the Top	$ 1,802,889	$ 1,088,811	$ 1,088,811	$ -
Title I	43,549	31,331	31,331	-
Total Revenues	1,846,438	1,120,142	1,120,142	-
Expenditures				
Current - Education:				
Instruction				
Materials and Supplies	7,516	5,473	5,473	-
Capital Outlay	35,632	25,354	25,354	-
Instruction and Curriculum Development Services				
Salaries	9,017	81,935	81,935	-
Employee Benefits	1,386	13,076	13,076	-
Purchased Services	8,586	36,952	36,952	-
Other Expenditures	2,001	16,399	16,399	-
Instructional Staff Training Services				
Salaries		41,006	41,006	-
Employee Benefits	11,540	3,669	3,669	-
Purchased Services	20,354	27,513	27,513	-
Energy Services	46,761			-
Materials and Supplies	9,001	6,080	6,080	-
Other Expenditures	74,163	130	130	-
General Administration				
Other Expenditures	107	210	210	
School Administration				
Other Expenditures		34,559	34,559	-
Central Services				
Salaries	635,376	258,240	258,240	-
Employee Benefits	179,554	52,867	52,867	-
Purchased Services	310,670	289,483	289,483	-
Materials and Supplies	12,613	5,612	5,612	-
Capital Outlay	14,476			-
Administrative Technology Services				
Purchased Services	302,837	126,609	126,609	-
Capital Outlay	164,848	94,975	94,975	-
Total Expenditures	1,846,438	1,120,142	1,120,142	-
Net Changes in Fund Balance	-			
Fund Balance, July 1, 2013				
Fund Balance, June 30, 2014	$	$	$	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
October 1, 2007	$	$ 30,749,335	$ 30,749,335	0.0%	$ 147,423,032	20.86%
January 1, 2011		28,747,961	28,747,961	0.0%	160,163,006	17.95%
January 1, 2014		17,333,163	17,333,163	0.0%	159,035,412	10.90%

1. BUDGETARY BASIS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function level (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS AND SCHEDULES

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

Special Revenue Funds

The Special Revenue Funds account for certain revenues derived from the State of Florida, the Federal Government, and other local and private sources which are required to finance designated activities. Activities included within the non-major special revenue funds are as follows:

Food Service Fund – To account for the activities of the District's food services function. These activities are funded primarily through local charges and federal awards.

Other Federal Program Funds - To account for programs funded by Federal, State and local sources, requiring separate accountability in accordance with legal or regulatory restrictions.

Debt Service Funds

The Debt Service Funds account for the payment of interest and principal of the current portion of long-term debt.

State Board of Education (SBE) Bonds Fund – To account for and report on payments of principal and interest on various bonds issued by the State.

Other Debt Service Funds – To account for and report on payment of principal, interest and related costs on sales surtax bonds, certificate of participation issues and other bonds.

Capital Projects Funds

The Capital Projects Funds account for the financing, acquisition and construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects.

Public Education Capital Outlay Fund - To account for the financial resources generated by Public Education Capital Outlay appropriations. This fund is used for maintenance and other educational capital outlay needs, including new construction, renovation and remodeling projects.

District Bond Fund - To account for the financial resources generated by the one cent local infrastructure sales surtax to be used for educational capital outlay needs, including

new construction, renovations and remodeling projects and payments on leases for relocatable school buildings.

Capital Outlay and Debt Service Fund – To account for and report on the funds used for construction and maintenance of schools.

Local Capital Improvement Tax Funds - To account for the resources generated by the local capital improvement tax to be used for educational capital outlay needs.

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue		Debt Service	
	Food Service Fund	Other Federal Programs	State Board of Education Bonds (SBE) Fund	Other Debt Service Funds
ASSETS				
Cash	$ 11,475,228	$	$ 1,554,827	$ 9,687,191
Investments			219,337	20,314
Accounts Receivable				
Due from Other Agencies	68,405	2,754,955		
Inventories	467,011			
TOTAL ASSETS	$ 12,010,644	$ 2,754,955	$ 1,774,164	$ 9,707,505
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 155,801	$ 478,288	$	$
Construction Contracts Payable - Retainage				
Accrued Interest Payable			15,675	
Deposits Payable	176,419			
Due to Other Funds		2,273,132		
Due to Other Agencies				
Unearned Revenue		3,535		
Total Liabilities	332,220	2,754,955	15,675	-
Fund Balances:				
Non-Spendable	467,011			
Restricted for:				
Food Service	11,211,413			
Debt Service			1,758,489	9,707,505
Capital Projects				
Total Fund Balances	11,678,424		1,758,489	9,707,505
TOTAL LIABILITIES AND FUND BALANCES	$ 12,010,644	$ 2,754,955	$ 1,774,164	$ 9,707,505

(Continued)

Capital Projects					
Capital Outlay Special Act Bonds Fund	Public Education Capital Outlay (PECO) Funds	District Bond Fund	Capital Outlay & Debt Service (CO&DS) Fund	Local Capital Improvement Funds (LCIF)	Total Nonmajor Governmental Funds
$ 1,192,022	$	$ 5,170,997	$ 662,877	$ 4,858,497	$ 34,601,639
					239,651
					-
		935,437		11,336	3,770,133
					467,011
$ 1,192,022	$ -	$ 6,106,434	$ 662,877	$ 4,869,833	$ 39,078,434
$	$	$ 4,219	$	$ 511,166	$ 1,149,474
					-
					15,675
					176,419
					2,273,132
					-
					3,535
-	-	4,219	-	511,166	3,618,235
					467,011
					11,211,413
					11,465,994
1,192,022		6,102,215	662,877	4,358,667	12,315,781
1,192,022	-	6,102,215	662,877	4,358,667	35,460,199
$ 1,192,022	$ -	$ 6,106,434	$ 662,877	$ 4,869,833	$ 39,078,434

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Special Revenue		Debt
	Food Service Fund	Other Federal Programs	State Board of Education Bonds (SBE) Fund
Revenues			
Intergovernmental:			
Federal Direct	$	$ 35,133	$
Federal Through State	15,179,461	21,240,746	
State	256,534		1,303,317
Local:			
Ad Valorem Taxes			
Local Sales Tax			
Food Service	5,039,804		
Other Local Revenue	16,848		
Total Revenues	20,492,647	21,275,879	1,303,317
Expenditures			
Instruction		10,564,554	
Pupil Personnel Services		2,451,298	
Instruction and Curriculum Development Services		4,220,857	
Instructional Staff Training Services		3,230,628	
Instruction Related Technology			
General Administration		706,273	
School Administration		98	
Facility Services			
Fiscal Services			
Food Services	17,767,086		
Central Services		21,317	
Pupil Transportation Services		79,974	
Community Services		880	
Fixed Capital Outlay:			
Facilities Acquisition and Construction			
Other Capital Outlay	272,305		
Debt Service:			
Principal			855,000
Interest and Fiscal Charges			494,450
Total Expenditures	18,039,391	21,275,879	1,349,450
Excess (Deficiency) of Revenues Over Expenditures	2,453,256	-	(46,133)
Other Financing Sources (Uses)			
Premium on Sale of Bonds			206,513
Refunding Bonds Issued			1,342,000
Loans			
Proceeds of Certificates of Participation			
Premium on Certificates of Participation			
Payments to Refunding Bond Agent			
Transfers In			
Transfers Out			
Total Other Financing Sources (Uses)	-	-	1,548,513
Net Change in Fund Balances	2,453,256		1,502,380
Fund Balances, July 1, 2013	9,225,168		256,109
Fund Balances, June 30, 2014	$ 11,678,424	$	$ 1,758,489

(Continued)

ɔt Service	Capital Projects					
Other Debt Service Funds	Capital Outlay Special Act Bonds Fund	Public Education Capital Outlay (PECO) Funds	District Bond Fund	Capital Outlay & Debt Service (CO&DS) Fund	Local Capital Improvement Funds (LCIF)	Total Nonmajor Governmental Funds
$	$	$	$	$	$	$ 35,133
						36,420,207
	148,833	853,147		165,148		2,726,979
					24,047,070	24,047,070
			12,158,522			12,158,522
						5,039,804
	255		3,883	116	48,440	69,542
-	149,088	853,147	12,162,405	165,264	24,095,510	80,497,257
						10,564,554
						2,451,298
						4,220,857
						3,230,628
						-
						706,273
						98
						-
						-
						17,767,086
						21,317
						79,974
						880
		853,147	1,979,405		5,217,677	8,050,229
						272,305
19,986,859						20,841,859
13,263,791				830		13,759,071
33,250,650	-	853,147	1,979,405	830	5,217,677	81,966,429
(33,250,650)	149,088	-	10,183,000	164,434	18,877,833	(1,469,172)
						206,513
						1,342,000
						-
						-
						-
						-
35,282,133						35,282,133
			(16,822,642)		(21,831,460)	(38,654,102)
35,282,133	-	-	(16,822,642)		(21,831,460)	(1,823,456)
2,031,483	149,088	-	(6,639,642)	164,434	(2,953,627)	(3,292,628)
7,676,022	1,042,934		12,741,857	498,443	7,312,294	38,752,827
$ 9,707,505	$ 1,192,022	$ -	$ 6,102,215	$ 662,877	$ 4,358,667	$ 35,460,199

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS - FOOD SERVICE
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds - Food Service			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
Federal Through State	$ 14,751,232	$ 15,179,461	$ 15,179,461	$
State	267,178	256,534	256,534	
Local:				
Food Service Revenue	5,359,566	5,039,804	5,039,804	
Other Local Revenue	3,086	16,848	16,848	
Total Revenues	20,381,062	20,492,647	20,492,647	
Expenditures				
Current - Education:				
Food Service				
Salaries	5,374,467	5,285,936	5,285,936	
Employee Benefits	2,278,136	2,197,658	2,197,658	
Purchased Services	700,175	374,521	374,521	
Energy Services	273,241	222,425	222,425	
Materials & Supplies	10,961,786	9,151,787	9,151,787	
Capital Outlay	365,660	73,673	73,673	
Other Expenditures	619,630	461,086	461,086	
Fixed Capital Outlay:				
Other Capital Outlay		272,305	272,305	
Total Expenditures	20,573,095	18,039,391	18,039,391	
Excess (Deficiency) of Revenues Over Expenditures	(192,033)	2,453,256	2,453,256	
Other Financing Sources				
Net Change in Fund Balances	(192,033)	2,453,256	2,453,256	
Fund Balances, July 1, 2013	9,225,169	9,225,168	9,225,168	
Fund Balances, June 30, 2014	$ 9,033,136	$ 11,678,424	$ 11,678,424	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS- OTHER
For the Fiscal Year Ended June 30, 2014

	Special Revenue - Other Funds			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
Federal Direct	$ 41,164	$ 35,133	$ 35,133	$
Federal Through State	25,545,393	21,240,746	21,240,746	
State				
Local				
Total Revenues	25,586,557	21,275,879	21,275,879	
Expenditures				
Current - Education:				
Instruction	12,991,157	10,564,554	10,564,554	
Pupil Personnel Services	3,264,321	2,451,298	2,451,298	
Instruction and Curriculum Development Services	4,610,929	4,220,857	4,220,857	
Instructional Staff Training Services	3,456,141	3,230,628	3,230,628	
Instruction Related Technology				
General Administration	936,390	706,273	706,273	
School Administration	3,325	98	98	
Facility Services - Non-Capitalized				
Fiscal Services				
Central Services	246,832	21,317	21,317	
Pupil Transportation Services	68,461	79,974	79,974	
Operation of Plant	7,000			
Community Services	2,011	880	880	
Fixed Capital Outlay:				
Other Capital Outlay				
Total Expenditures	25,586,567	21,275,879	21,275,879	
Excess of Revenues Over Expenditures				
Fund Balances, July 1, 2013				
Fund Balances, June 30, 2014	$	$	$	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUNDS - STATE BOARD OF EDUCATION BONDS (SBE)
For the Fiscal Year Ended June 30, 2012

	Debt Service Funds - State Board of Education Bonds (SBE)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
State	$ 1,323,385	$ 1,303,317	$ 1,303,317	$
Total Revenues	1,323,385	1,303,317	1,303,317	
Expenditures				
Debt Service:				
Principal	855,000	855,000	855,000	
Interest and Fiscal Charges	468,385	494,450	494,450	
Total Expenditures	1,323,385	1,349,450	1,349,450	
Excess of Revenues Over Expenditures		(46,133)	(46,133)	
Other Financing Sources (Uses)				
Premium on Sale of Bonds		206,513	206,513	
Refunding Bonds Issued		1,342,000	1,342,000	
Payments to Refunding Bond Agent		-	-	
Total Other Financing Sources (Uses)		1,548,513	1,548,513	
Net Change in Fund Balances		1,502,380	1,502,380	
Fund Balances, July 1, 2013	256,109	256,109	256,109	
Fund Balances, June 30, 2014	$ 256,109	$ 1,758,489	$ 1,758,489	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUNDS - OTHER DEBT SERVICE
For the Fiscal Year Ended June 30, 2014

	Debt Service Funds - Other Debt Service			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Local:				
Other Local Revenue	$	$	$	$
Total Revenues		-	-	
Expenditures				
Debt Service:				
Principal	19,986,859	19,986,859	19,986,859	
Interest and Fiscal Charges	13,227,601	13,263,791	13,263,791	
Total Expenditures	33,214,460	33,250,650	33,250,650	
Deficiency of Revenues Over Expenditures	(33,214,460)	(33,250,650)	(33,250,650)	
Other Financing Sources				
Loans Incurred				
Certificates of Participation Issued				
Premium on Certificates of Participation				
Payments to Refunded Bond Escrow Agent				
Transfers	30,589,637	35,282,133	35,282,133	
Total Other Financing Sources	30,589,637	35,282,133	35,282,133	
Net Change in Fund Balances	(2,624,823)	2,031,483	2,031,483	
Fund Balances, July 1, 2012	7,676,022	7,676,022	7,676,022	
Fund Balances, June 30, 2013	$ 5,051,199	$ 9,707,505	$ 9,707,505	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECTS FUND - OTHER CAPITAL PROJECTS
For the Fiscal Year Ended June 30, 2014

	Capital Projects Funds - Other Capital Projects			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
Federal through State	$	$	$	$
State	100,000	157,051	157,051	
Local:				
Impact Fees		976,542	976,542	
Other Local Revenue		418,014	418,014	
Total Revenues	100,000	1,551,607	1,551,607	
Expenditures				
Current - Education:				
Facility Services				
Fixed Capital Outlay:				
Facilities Acquisition and Constructior				
Other Capital Outlay	38,579,549	6,260,963	6,260,963	
Total Expenditures	38,579,549	6,260,963	6,260,963	
Excess/(Deficiency) of Revenues Over Expenditures	(38,479,549)	(4,709,356)	(4,709,356)	
Other Financing Sources (Uses)				
Loans Incurred				
Transfers Out	(1,952,850)	(1,368,494)	(1,368,494)	
Total Other Financing Sources (Uses)	(1,952,850)	(1,368,494)	(1,368,494)	
Net Change in Fund Balances	(40,432,399)	(6,077,850)	(6,077,850)	
Fund Balances, July 1, 2013	52,294,296	52,294,297	52,294,297	
Fund Balances, June 30, 2014	$ 11,861,897	$ 46,216,447	$ 46,216,447	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUNDS - SPECIAL ACTS BOND
For the Fiscal Year Ended June 30, 2013

	Capital Outlay Funds - Special Acts Bond			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
State	$	$ 148,833	$ 148,833	$
Local		255	255	
Total Revenues	-	149,088	149,088	
Total Expenditures				
Excess of Revenues Over Expenditures	-	149,088	149,088	
Net Change in Fund Balances	-	149,088	149,088	
Fund Balances, July 1, 2012	1,042,934	1,042,934	1,042,934	
Fund Balances, June 30, 2013	$ 1,042,934	$ 1,192,022	$ 1,192,022	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS - PUBLIC EDUCATION CAPITAL OUTLAY (PECO)
For the Fiscal Year Ended June 30, 2014

	Capital Projects Funds - Public Education Capital Outlay (PECO)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
State		853,147	853,147	
Local	$	$ -	$ -	$
Total Revenues	-	853,147	853,147	
Expenditures				
Current - Education				
Facility Services		853,147	853,147	
Fixed Capital Outlay:				
Facilities Acquisition and Construction		-	-	
Other Capital Outlay				
Total Expenditures	-	853,147	853,147	
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	
Net Change in Fund Balances	-	-	-	
Fund Balances, July 1, 2012		-	-	
Fund Balances, June 30, 2013	$	$	$	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS - DISTRICT BOND FUND
For the Fiscal Year Ended June 30, 2014

	Capital Projects Funds - District Bond Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Local:				
Sales Tax Revenue	$ 9,500,000	$ 12,158,522	$ 12,158,522	$
Other Local Revenue		3,883	3,883	
Total Revenues	9,500,000	12,162,405	12,162,405	
Expenditures				
Current - Education				
Facility Services				
Fixed Capital Outlay:				
Facilities Acquisition and Construction	4,418,847	1,979,405	1,979,405	
Other Capital Outlay				
Total Expenditures	4,418,847	1,979,405	1,979,405	
Excess of Revenues Over Expenditures	5,081,153	10,183,000	10,183,000	
Other Financing Uses				
Transfers Out	(10,537,500)	(16,822,642)	(16,822,642)	
Total Other Financing Uses	(10,537,500)	(16,822,642)	(16,822,642)	
Net Change in Fund Balances	(5,456,347)	(6,639,642)	(6,639,642)	
Fund Balances, July 1, 2013	12,741,857	12,741,857	12,741,857	
Fund Balances, June 30, 2014	$ 7,285,510	$ 6,102,215	$ 6,102,215	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS - CAPITAL OUTLAY AND DEBT SERVICE (CO&DS)
For the Fiscal Year Ended June 30, 2014

	Capital Projects Funds - Capital Outlay and Debt Service (CO&DS)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Intergovernmental:				
State	$ 163,441	$ 164,434	$ 164,434	$
Local:				
Other Local Revenue		-	-	
Total Revenues	163,441	164,434	164,434	
Expenditures				
Current - Education				
Facility Services		-	-	
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Debt Service:				
Interest and Fiscal Charges				
Total Expenditures	-	-	-	
Excess/(Deficiency) of Revenues Over Expenditures	163,441	164,434	164,434	
Net Change in Fund Balances	163,441	164,434	164,434	
Fund Balances, July 1, 2012	498,443	498,443	498,443	
Fund Balances, June 30, 2013	$ 661,884	$ 662,877	$ 662,877	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUNDS - LOCAL CAPITAL IMPROVEMENT TAX FUND (LCIF)
For the Fiscal Year Ended June 30, 2014

	Capital Projects Funds - Local Capital Improvement Fund (LCIF)			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Under/ (Over)
Revenues				
Local:				
Ad Valorem Taxes	$ 23,734,850	$ 24,047,070	$ 24,047,070	$
Other Local Revenue		48,440	48,440	
Total Revenues	23,734,850	24,095,510	24,095,510	
Expenditures				
Current - Education				
Facility Services				
Fixed Capital Outlay:				
Facilities Acquisition and Construction	13,423,532	5,217,677	5,217,677	
Other Capital Outlay				
Total Expenditures	13,423,532	5,217,677	5,217,677	
Excess (Deficiency) of Revenues Over Expenditures	10,311,318	18,877,833	18,877,833	
Other Financing Uses				
Transfers	(17,922,350)	(21,831,460)	(21,831,460)	
Total Other Financing Uses	(17,922,350)	(21,831,460)	(21,831,460)	
Net Change in Fund Balances	(7,611,032)	(2,953,627)	(2,953,627)	
Fund Balances, July 1, 2013	7,612,294	7,312,294	7,312,294	
Fund Balances, June 30, 2014	$ 1,262	$ 4,358,667	$ 4,358,667	$

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014

	Governmental Activities Internal Service Funds				
	Self-Funded Employee Health Insurance	Employee Flexible Spending Program	Worker's Compensation Program	Printing Services	Total Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 5,683,023	$ 97,095	728,522	$ -	$ 6,508,640
Accounts Receivable	200,000			2,501	202,501
Due from Other Funds					-
Due from Other Agencies	222,760				222,760
Inventories				28,572	28,572
Total Current Assets	6,105,783	97,095	728,522	31,073	6,962,473
TOTAL ASSETS	$ 6,105,783	$ 97,095	728,522	$ 31,073	$ 6,962,473
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 162,026	$	70,826	$ 31,073	$ 263,925
Due to Other Funds					-
Unearned Revenue	127,124				127,124
Insurance Claims Payable	5,560,064				5,560,064
Total Current Liabilities	5,849,214	-	70,826	31,073	5,951,113
Total Liabilities	5,849,214	-	70,826	31,073	5,951,113
NET POSITION					
Unrestricted	256,569	97,095	657,696		1,011,360
Total Net Position	256,569	97,095	657,696	-	1,011,360
TOTAL LIABILITIES AND NET POSITION	$ 6,105,783	$ 97,095	728,522	$ 31,073	$ 6,962,473

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

COMBINING STATEMENT OF NET POSITION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Governmental Activities Internal Service Funds				
	Self-Funded Employee Health Insurance	Employee Flexible Spending Program	Worker's Compensation Program	Printing Services	Total Internal Service Funds
OPERATING REVENUES					
Charges for Services	$ 33,436,201	$ 192,529	$ 1,749,221	$ 333,898	$ 35,711,849
Total Operating Revenues	33,436,201	192,529	1,749,221	333,898	35,711,849
OPERATING EXPENSES					
Salaries	107,554			122,537	230,091
Employee Benefits	27,438			45,060	72,498
Purchased Services	47,157			88,919	136,076
Energy Services	6,280			11,755	18,035
Materials and Supplies	347,254			162,281	509,535
Capital Outlay	3,791				3,791
Other Expenses	35,304,713	173,847	1,091,532		36,570,092
Total Operating Expenses	35,844,187	173,847	1,091,532	430,552	37,540,118
Operating Income (Loss)	(2,407,986)	18,682	657,689	(96,654)	(1,828,269)
NONOPERATING REVENUES					
Interest Income	504		7		511
Other Miscellaneous Income					-
Transfers In/(Out)	1,000,000			96,654	1,096,654
Change in Net Assets	(1,407,482)	18,682	657,696	-	(731,104)
					-
Total Net Position, July 1, 2013	1,664,051	78,413			1,742,464
Total Net Position, June 30, 2014	$ 256,569	$ 97,095	$ 657,696	$ -	$ 1,011,360

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Governmental Activities Internal Service Funds				
	Self-Funded Employee Health Insurance	Employee Flexible Spending Program	Worker's Compensation Program	Print Shop	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Services	$ 33,216,466	$ 192,539	$ 1,749,221	$ 333,898	$ 35,492,124
Cash Payments to Suppliers for Goods and Services	(31,961,785)	(173,857)	(1,091,532)	(262,955)	(33,490,129)
Cash Payments to Employees for Services	(539,474)			(167,597)	(707,071)
Net Cash Provided/(Used) by Operating Activities	715,207	18,682	657,689	(96,654)	1,294,924
CASH FLOWS FROM INVESTING FINANCING ACTIVITIES					
Interest Income	504		7		511
Net Cash Provided by Investing Activities	504	-	7	-	511
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					511
Other Miscellaneous Income					-
Transfers In/Out	1,000,000			96,654	1,096,654
Net Cash Provided by Noncapital Financing Activities	1,000,000	-	-	96,654	1,096,654
Net Increase/(Decrease) in Cash and Cash Equivalents	1,715,711	18,682	657,696	-	2,392,089
Cash and Cash Equivalents, Beginning (as Restated)	3,967,312	78,416		-	4,045,728
Cash and Cash Equivalents, Ending	$ 5,683,023	$ 97,098	$ 657,696	$ -	$ 5,780,121
				0	
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:					
Operating Income (Loss)	$ (2,407,986)	$ 18,682	$ 657,689	$ (96,654)	$ (1,828,269)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:					
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(200,000)			(2,501)	(202,501)
Increase in Due from Other Agencies	(12,459)			3,119	(9,340)
Decrease in Inventory				8,876	8,876
Decrease in Accounts Payable	(44,820)			(9,494)	(54,314)
Increase in Claims Payable	3,387,748				3,387,748
(Decrease) in Due to/from Other Funds					-
Increase in Unearned Revenue	(7,276)				(7,276)
Total Adjustments	3,123,193	-	-	-	3,123,193
Net Cash Used by Operating Activities	$ 715,207	$ 18,682	$ 657,689	$ (96,654)	$ 1,294,924

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

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

	School Internal Accounts			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets				
Cash and cash equivalents	$ 2,394,654	$ 5,952,588	$ 5,764,937	$ 2,582,305
Total Assets	$ 2,394,654	$ 5,952,588	$ 5,764,937	$ 2,582,305
Liabilities				
Internal accounts payable	$ 2,394,654	$ 5,952,588	$ 5,764,937	$ 2,582,305
Total Liabilities	$ 2,394,654	$ 5,952,588	$ 5,764,937	$ 2,582,305

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
Combining Statement of Net Position
Component Units
For the Year Ended June 30, 2014

	Alee Academy, Inc.	Altoona School, Inc.	Humanites and Fine Arts Charter School, Inc.	Mascotte Elementary School, Inc.	Minneola Elementary School, Inc.
Assets					
Cash	$ 298,288	$ 240,856	$ 47,052	$ 3,457,541	$ 5,490,393
Investments	-				
Accounts Receivable, Net				20,025	23,927
Due from Other Agencies	-				
Prepaid Expenses	-			5,320	4,277
Other Current Assets		2,801	500		
Land	305,395				
Construction in Progress	-	286,673			
Improvements Other Than Buildings	46,166		443,982		
Buildings and Fixed Equipment	1,655,835	358,852			
Furniture, Fixtures and Equipment	405,632	87,670	80,928	5,115	112,311
Motor Vehicles	151,265	17,636	5,312	319,764	244,780
Computer Software			10,223	104,300	
Accumulated Depreciation	(1,124,483)	(184,464)	(141,922)	(129,598)	(143,255)
Other Non-Current Assets					
Total Assets	$ 1,738,098	$ 810,024	$ 446,075	$ 3,782,467	$ 5,732,433
Deferred Outflows of Resources					
Deferred Loan Costs, net	57,106				
Total Deferred Outflows of Resources	$ 57,106	$ -	$ -	$ -	$ -
Liabilities					
Accrued Payroll and Other Expenses					
Payroll deductions and withholdings					
Accounts Payable		116,831	15,028	19,440	4,678
Construction contracts payable					
Due to fiscal agent					
Accrued expenses			41,560		
Deposits payable	19,779				
Due to other agencies					
Sales tax payable					
Estimated unpaid claims					
Estimated liability for claims adjustment					
Due to Primary Government				646,563	869,261
Noncurrent Liabilities:					
Portion Due Within One Year:					
Notes Payable	179,005		178,446		
Obligations under capital leases					
Liability for compensated absences	87,533			223,466	433,201
Portion Due After One Year:					
Notes Payable	802,495		49,376		
Liability for compensated absences					
Obligations Under Capital Lease					19,897
Total Liabilities	$ 1,088,812	$ 116,831	$ 284,410	$ 889,469	$ 1,327,037
Deferred Inflows of Resources					
Deferred Revenue					
Total Deferred Inflows of Resources	$ -	$ -	$ -	$ -	$ -
Net Position					
Invested in Capital Assets, Net of Related Debt	$ 515,416	$ 566,367	$ 170,701	$ 299,581	$ 213,836
Restricted for:					
Debt Service	201,429				
Other Purposes	23,500	19,057		250,373	729,665
Unrestricted	(33,953)	107,769	(9,036)	2,343,044	3,461,895
Total Net Position	$ 706,392	$ 693,193	$ 161,665	$ 2,892,998	$ 4,405,396

(Continued)

Round Lake Elementary School, Inc.	Spring Creek Elementary School, Inc.	Lake Technical Center, Inc.	Milestones Community School, Inc.	South Lake Charter Elementary School	Total Charter Schools	Educational Foundation of Lake County, Inc.	Total Component Units
$ 6,442,725	$ 2,745,179	$ 7,589,004	$ 114,897	$ 728,527	$ 27,154,462	$ 646,990	$ 27,801,452
1,043,738					1,043,738	246,777	1,290,515
		15,898	1,018		60,868	46,737	107,605
				555,027	555,027		555,027
877			5,710	22,687	38,871		38,871
					3,301	595,749	599,050
		22,000			327,395		327,395
		23,066			309,739		309,739
81,314			83,037		654,499		654,499
148,393			393,024	209,264	2,765,368		2,765,368
164,127	127,946	160,084	36,438	25,241	1,205,492		1,205,492
		20,761	1,702	3,232	764,452		764,452
		82,500		12,113	209,136		209,136
(195,987)	(50,980)	(88,221)	(190,105)		(2,249,015)		(2,249,015)
					-	2,812,570	2,812,570
$ 7,685,187	$ 2,822,145	$ 7,825,092	$ 445,721	$ 1,556,091	$ 32,843,333	$ 4,348,823	$ 37,192,156
					57,106		57,106
$ -	$ -	$ -	$ -	$ -	$ 57,106	$ -	$ 57,106
			$ 70,029	$ 465,589	$ 535,618		$ 535,618
					-		-
12,747	55,060	41,579	1,270		266,633	319,010	585,643
					-		-
					-		-
					41,560		41,560
					19,779		19,779
					-		-
					-		-
					-		-
					-		-
					-		-
1,117,678	809,606	846,942			4,290,050		4,290,050
					-		-
					-		-
					357,451		357,451
		22,779		43,644	66,423		66,423
302,912	217,948	522,355			1,787,415		1,787,415
					-		-
					851,871		851,871
					-	-	-
72,815	51,691	45,564		22,622	212,589	-	212,589
$ 1,506,152	$ 1,134,305	$ 1,479,219	$ 71,299	$ 531,855	$ 8,429,389	$ 319,010	$ 8,748,399
		32,912		306,000	338,912		338,912
$ -	$ -	$ 32,912	$ -	$ 306,000	$ 338,912	$ -	$ 338,912
$ 125,032	$ 25,275	$ 151,847	$ 324,096	$ 183,584	$ 2,575,735	$ 2,417	$ 2,578,152
					201,429		201,429
546,683	88,899	1,850,297			3,508,474	3,830,853	7,339,327
5,507,320	1,573,666	4,310,817	50,326	534,652	17,846,500	196,543	18,043,043
$ 6,179,035	$ 1,687,840	$ 6,312,961	$ 374,422	$ 718,236	$ 24,132,138	$ 4,029,813	$ 28,161,951

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
Combining Statement of Net Position
Component Units
For the Year Ended June 30, 2014

	Alee Academy, Inc.	Altoona School, Inc.	Humanities & Fine Arts Charter School, Inc.	Mascotte Elementary School, Inc.	Minneola Elementary School, Inc.
Expenses:					
Instruction	$ 779,586	$ 1,213,167	$ 488,292	$ 3,595,924	$ 4,552,143
Pupil Personnel Services		19,260		270,288	243,662
Instructional Support Services					
Instructional Media Services				59,802	56,576
Instruction and Curriculum Development Services				57,564	84,907
Instructional Staff Training Services				26,458	126,725
Instructional Related Technology				49,209	
Board				30,227	26,281
General Administration	75,458	82,037	168,122	129,003	134,856
School Administration	367,950	231,097	150,540	532,387	542,478
Facility Services	2,122			5,117	
Fiscal Services					
Food Services		52,588			
Central Services					
Pupil Transportation Services	170,767	46,374		175,848	158,052
Operation of Plant	248,798	157,190	178,401	414,962	497,757
Maintenance of Plant		37,556		25,678	
Community Services		49,548		148,163	306,191
Interest on Long-Term Debt	60,548		16,206		
Loss on disposal of fixed assets					
Total Expenses	$ 1,705,229	$ 1,888,817	$ 1,001,561	$ 5,520,630	$ 6,729,628
Program Revenues:					
Charges for Services		$ 5,849	$ 5,688		
Operating Grants and Contributions		105,647	95,859	483,785	175,163
Capital Grants and Contributions			52,760		
Total Program Revenues	$ -	$ 111,496	$ 154,307	$ 483,785	$ 175,163
Net (Expenses) Revenues	$ (1,705,229)	$ (1,777,321)	$ (847,254)	$ (5,036,845)	$ (6,554,465)
General Revenues:					
Grants and Contributions Not Restricted to Specific Programs	$ 1,789,437	$ 1,743,368	$ 830,946	$ 5,008,069	$ 6,612,234
Miscellaneous	14,526	43,792	34,363	176,901	393,360
Total General Revenues	$ 1,803,963	$ 1,787,160	$ 865,309	$ 5,184,970	$ 7,005,594
Net Position - Beginning	$ 607,658	$ 683,354	$ 143,610	$ 2,744,873	$ 3,954,267
Prior Period Adjustment					
Net Position - Beginning, as restated	607,658	683,354	143,610	2,744,873	3,954,267
Net Position - Ending	$ 706,392	$ 693,193	$ 161,665	$ 2,892,998	$ 4,405,396

(Continued)

Round Lake Elementary School, Inc.	Spring Creek Elementary School, Inc.	Lake Technical Center, Inc.	Milestones Community School, Inc.	Imagine Schools at South Lake	Total Charter Schools	Educational Foundation of Lake County, Inc.	Total Component Units
$ 3,920,804	$ 2,645,020	$ 6,107,723	$ 682,698	$ 3,337,824	$ 27,323,181	$ -	$ 27,323,181
264,052	219,285	510,194	15,903	1,243	1,543,887	-	1,543,887
					-	-	-
88,891	57,315			15,463	278,047	-	278,047
74,248	4,790	61,434	1,250	1,387	285,580	-	285,580
72,781	15,156	14,018			255,138	-	255,138
		213,314	150		262,673		262,673
25,660	21,737	41,948	7,950	12,500	166,303	-	166,303
80,598	110,079	80,348		-	860,501	-	860,501
463,679	464,964	756,288	139,689	1,546,594	5,195,666	-	5,195,666
37,664			183,177		228,080	-	228,080
		320,369	91,275		411,644	-	411,644
			29,298	219,162	301,048	-	301,048
		61,790	12,312	62,188	136,290	-	136,290
58,323	280,604	184	107,384	175,470	1,173,006	-	1,173,006
401,270	362,355	682,575	93,578	1,782,790	4,819,676	-	4,819,676
		49,832	11,489	83,762	208,317	-	208,317
190,587	66,581			105,047	866,117	1,738,204	2,604,321
				4,721	81,475	-	81,475
				-	-		-
$ 5,678,557	$ 4,247,886	$ 8,900,017	$ 1,376,153	$ 7,348,151	$ 44,396,629	$ 1,738,204	$ 46,134,833
		$ 2,584,892		$ 411,515	$ 3,007,944	$ -	$ 3,007,944
					-		
151,662	344,429	1,775,019	97,001	761,106	3,989,671	1,229,952	5,219,623
					52,760	-	52,760
$ 151,662	$ 344,429	$ 4,359,911	$ 97,001	$ 1,172,621	$ 7,050,375	$ 1,229,952	$ 8,280,327
$ (5,526,895)	$ (3,903,457)	$ (4,540,106)	$ (1,279,152)	$ (6,175,530)	$ (37,346,254)	$ (508,252)	$ (37,854,506)
					-	-	
$ 5,546,556	$ 3,823,465	$ 5,749,129	$ 1,273,679	$ 6,130,162	$ 38,507,045	$ -	$ 38,507,045
339,699	99,601	201,260	15,529		1,319,031	778,355	2,097,386
$ 5,886,255	$ 3,923,066	$ 5,950,389	$ 1,289,208	$ 6,130,162	$ 39,826,076	$ 778,355	$ 40,604,431
$ 5,819,675	$ 1,668,231	$ 4,902,678	$ 364,366	$ 763,604	$ 21,652,316	$ 3,759,710	$ 25,412,026
					-	-	-
5,819,675	1,668,231	4,902,678	364,366	763,604	21,652,316	3,759,710	25,412,026
$ 6,179,035	$ 1,687,840	$ 6,312,961	$ 374,422	$ 718,236	$ 24,132,138	$ 4,029,813	$ 28,161,951

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

STATISTICAL SECTION

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

This part of the District School Board of Lake County, Florida's Comprehensive Annual Financial Report presents the detail information as a context for understanding what the information in the financial statements, note disclosures and other supplementary information say about the School Board's overall financial health.

Financial Trend Information

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the District's most significant local revenue sources, the ad valorem property tax.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
NET POSITION BY COMPONENT - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	$ 234,618,249	$ 275,104,412	$ 308,195,823	$ 271,111,705
Restricted	25,913,522	14,846,719	24,746,869	158,181,484
Unrestricted	(5,278,297)	(7,250,544)	4,874,751	3,236,910
Total Governmental Activities Net Position	255,253,474	282,700,587	337,817,443	432,530,099
Business-Type Activities:				
Unrestricted	357,858	433,237	603,832	528,746
Total Business-Type Activities Net Position	357,858	433,237	603,832	528,746
Primary Government:				
Invested in Capital Assets, Net of Related Debt	234,618,249	275,104,412	308,195,823	271,111,705
Restricted	25,913,522	14,846,719	24,746,869	158,181,484
Unrestricted	(4,920,439)	(6,817,307)	5,478,583	3,765,656
Total Primary Government Net Position	$ 255,611,332	$ 283,133,824	$ 338,421,275	$ 433,058,845

Source: District Records

(Continued)

June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 272,951,278	$ 329,704,774	$ 353,813,915	$ 362,431,576	$ 376,152,850	$ 381,271,147
171,884,275	125,582,246	103,376,488	92,821,950	78,577,667	74,689,386
6,359,936	19,261,207	19,513,316	4,749,709	(12,304,549)	(12,924,383)
451,195,489	474,548,227	476,703,719	460,003,235	442,425,968	443,036,150
745,738	1,054,923	1,135,239	1,228,940	1,384,244	1,384,244
745,738	1,054,923	1,135,239	1,228,940	1,384,244	1,384,244
272,951,278	329,704,774	353,813,915	362,431,576	376,152,850	381,271,147
171,884,275	125,582,246	103,376,488	92,821,950	78,577,667	74,689,386
7,105,674	20,316,130	20,648,555	5,978,649	(10,920,305)	(11,540,139)
$ 451,941,227	$ 475,603,150	$ 477,838,958	$ 461,232,175	$ 443,810,212	$ 444,420,394

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
CHANGES IN NET POSITION - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year Ending	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Expenses:				
Governmental Activities:				
Instruction	$ 148,828,939	$ 165,074,296	$ 181,376,758	$ 202,687,392
Pupil Personnel Services	12,280,991	13,073,037	14,005,254	15,169,099
Instructional Media Services	3,241,934	3,433,158	3,613,327	3,809,340
Instruction and Curriculum Development Services	5,053,152	5,653,349	6,577,283	7,301,745
Instructional Staff Training Services	5,326,898	6,608,908	7,175,881	8,032,580
Instruction Related Technology (a)		1,819,829	2,267,854	2,686,279
Board of Education	764,882	744,824	591,518	1,199,774
General Administration	1,571,086	1,396,989	1,291,510	1,437,635
School Administration	14,065,517	14,922,963	16,351,813	17,302,826
Facility Services	6,940,913	12,532,579	49,215	9,748,826
Fiscal Services	1,558,943	1,778,358	2,098,246	1,862,969
Food Services	12,533,932	13,341,653	14,111,709	15,269,624
Central Services	5,791,421	3,792,366	4,537,733	4,936,060
Pupil Transportation Services	13,657,632	16,908,646	16,027,027	17,304,697
Operation of Plant	16,286,743	20,458,568	21,920,610	23,362,272
Maintenance of Plant	6,431,966	5,863,572	6,694,281	6,600,430
Administrative Technology Services (a)		376,231	443,920	462,297
Community Services	1,016,740	862,814	704,462	594,796
Interest on Long-Term Debt	11,414,323	20,028,810	18,709,706	16,863,469
Depreciation/Amortization	14,129,628	15,210,725	17,961,240	19,046,510
Loss on Disposal of Capital Assets	8,988,237			432,930
Total Governmental Activities Expenses	289,883,877	323,881,675	336,509,347	376,111,550
Business-Type Activities:				
Extended Learning Center Program	1,667,823	1,999,377	2,033,489	2,102,235
Total Business-Type Activities Expenses	1,667,823	1,999,377	2,033,489	2,102,235
Total Primary Government Expenses	291,551,700	325,881,052	338,542,836	378,213,785

Notes:

(a) In the fiscal year ended June 30, 2006, two new function/program expense classifications were established to report technology expenses previously reported in Central Services.

Source: District Records

(Continued)

June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 192,313,386	$ 190,140,397	$ 206,581,994	185,176,901	187,740,245	192,465,779
16,391,773	14,691,305	15,268,590	15,022,695	16,191,197	16,093,486
3,555,707	3,300,094	3,550,457	3,254,266	3,242,448	3,277,822
8,555,240	7,660,339	8,378,033	7,497,574	8,232,173	7,710,547
8,264,672	6,788,821	7,193,618	6,524,557	6,479,677	6,002,273
3,014,937	3,153,920	2,892,326	2,675,147	2,516,538	1,994,896
1,062,337	929,493	991,238	847,582	855,214	833,945
1,376,414	1,512,690	1,506,187	1,315,892	1,659,231	1,581,653
17,563,599	16,420,907	17,651,051	16,363,194	16,554,207	16,804,142
3,439,352	4,708,561	8,216,240	10,597,935	7,937,827	4,521,695
1,871,890	1,909,073	1,970,019	1,735,704	1,636,310	1,700,875
15,425,111	15,933,617	16,394,223	17,842,617	19,259,048	17,841,157
4,458,428	4,387,764	5,187,313	6,874,137	7,362,386	8,133,693
16,461,927	16,158,913	16,955,865	17,731,007	17,447,933	16,047,770
23,486,694	21,829,068	22,383,280	22,756,923	23,745,175	24,250,418
6,725,548	7,044,004	7,450,390	7,099,108	6,875,276	6,858,011
463,696	477,908	517,815	735,183	1,375,321	2,979,728
137,383	119,276	99,824	146,101	131,004	71,989
16,437,148	16,516,893	15,520,442	14,325,852	13,102,556	11,589,897
25,620,360	19,018,205	18,437,812	16,776,044	18,632,121	22,077,972
366,625,602	352,701,248	377,146,717	355,298,419	360,975,887	362,837,748
2,199,535	2,007,605	2,578,188	2,577,342	2,120,355	2,326,854
2,199,535	2,007,605	2,578,188	2,577,342	2,120,355	2,326,854
368,825,137	354,708,853	379,724,905	357,875,761	363,096,242	365,164,602

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
CHANGES IN NET POSITION - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year Ending	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Program Revenues:				
Governmental Activities:				
Charges for Services				
Instruction	458,833	325,938	469,954	576,261
Food Services	6,015,368	7,817,717	7,120,958	7,007,022
Central Services				
Pupil Transportation Services		915,000	560,320	710,522
Operating Grants and Contributions	14,068,079	15,038,718	15,823,513	17,361,832
Capital Grants and Contributions	21,017,947	15,523,713	10,031,520	75,736,351
Total Governmental Activities Program Revenues	$ 41,560,227	$ 39,621,086	$ 34,006,265	$ 101,391,988
Business-Type Activities:				
Charges for Services	$ 1,857,613	$ 2,201,549	$ 2,204,084	$ 2,027,149
Total Business-Type Activities Program Revenues	1,857,613	2,201,549	2,204,084	2,027,149
Total Primary Government Program Revenues	43,417,840	41,822,635	36,210,349	103,419,137
Net (Expenses)/Revenues				
Governmental Activities	(248,323,650)	(284,260,589)	(302,503,082)	(274,719,562)
Business-Type Activities	189,790	202,172	170,595	(75,086)
Total Primary Government Net Expenses	(248,133,860)	(284,058,417)	(302,332,487)	(274,794,648)
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property Taxes:				
Levied for Operational Purposes	70,124,629	82,566,965	103,930,799	121,488,446
Levied for Capital Projects	23,378,280	27,609,765	36,794,450	42,594,552
Local Sales Taxes	10,245,226	11,817,780	11,671,365	10,796,324
Grants and Contributions Not Restricted to Specific Programs	141,749,516	158,884,150	172,782,817	172,779,838
Investment Earnings	3,695,415	7,472,606	10,860,156	7,729,815
Miscellaneous	27,096,231	28,086,298	2,150,429	14,043,243
Transfers		126,793		
Total Governmental Activities	276,289,297	316,564,357	338,190,016	369,432,218
Business-Type Activities:				
Other Revenues and Transfers		(126,793)		
Total Business-Type Activities		(126,793)		
Total Primary Government General Revenues and Other Changes in Net Position	276,289,297	316,437,564	338,190,016	369,432,218
Changes in Net Position:				
Governmental Activities	27,965,647	32,303,768	35,686,934	94,712,656
Business-Type Activities	189,790	75,379	170,595	(75,086)
Total Primary Government	$ 28,155,437	$ 32,379,147	$ 35,857,529	$ 94,637,570

Notes:

(a) In the fiscal year ended June 30, 2006, two new function/program expense classifications were established to report technology expenses previously reported in Central Services.

(Continued)

June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
28,175	468	12,404			
6,591,197	5,828,702	5,598,858	5,276,398	5,201,165	5,039,804
			1,129,748	507,210	
570,499	957,092	1,051,129	1,103,293	512,007	257,755
18,786,520	19,608,153	13,615,086	13,790,525	14,876,571	15,435,995
10,833,381	2,062,393	3,087,394	1,535,728	1,500,630	2,627,495
$ 36,809,772	$ 28,456,808	$ 23,364,871	$ 22,835,692	$ 22,597,583	$ 23,361,049
$ 2,317,062	$ 2,256,683	$ 2,656,826	$ 2,670,192	$ 2,568,624	$ 2,837,515
2,317,062	2,256,683	2,656,826	2,670,192	2,568,624	2,837,515
39,126,834	30,713,491	26,021,697	25,505,884	25,166,207	26,198,564
(329,815,830)	(324,244,440)	(353,781,846)	(332,462,727)	(338,378,304)	(339,476,699)
117,527	249,078	78,638	92,850	448,269	510,661
(329,698,303)	(323,995,362)	(353,703,208)	(332,369,877)	(337,930,035)	(338,966,038)
127,802,923	123,149,734	110,510,099	99,151,712	92,423,734	90,899,334
38,870,941	30,703,745	27,564,277	25,237,180	23,825,647	24,047,070
10,176,065	9,216,914	10,132,505	10,653,352	11,266,759	12,158,522
160,135,889	174,381,983	205,206,507	177,960,039	188,905,815	207,545,391
1,446,895	540,259	468,722	155,603	53,890	19,159
10,048,507	9,604,543	2,055,228	2,604,357	4,325,192	7,029,232
					511,307
348,481,220	347,597,178	355,937,338	315,762,243	320,801,037	342,210,015
99,465	60,107	1,678	851	(292,965)	(510,661)
99,465	60,107	1,678	851	(292,965)	(510,661)
348,580,685	347,657,285	355,939,016	315,763,094	320,508,072	341,699,354
18,665,390	23,352,738	2,155,492	(16,700,484)	(17,577,267)	2,733,316
216,992	309,185	80,316	93,701	155,304	-
$ 18,882,382	$ 23,661,923	$ 2,235,808	$ (16,606,783)	$ (17,421,963)	$ 2,733,316

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year Ending	Property Tax		Sales Tax (a)	Total
	General Purposes	Capital Projects		
June 30, 2014	$ 90,899,334	$24,047,070	$ 12,158,522	$ 127,104,926
June 30, 2013	92,423,734	23,825,647	11,266,759	127,516,140
June 30, 2012	99,151,712	25,237,180	10,653,352	135,042,244
June 30, 2011	110,510,099	27,564,277	10,132,505	148,206,881
June 30, 2010	123,149,734	30,703,745	9,216,914	163,070,393
June 30, 2009	127,802,923	38,870,941	10,176,065	176,849,929
June 30, 2008	121,488,446	42,594,552	10,796,324	174,879,322
June 30, 2007	103,930,799	36,794,450	11,671,365	152,396,614
June 30, 2006	82,566,965	27,609,765	11,817,780	121,994,510
June 30, 2005	70,124,629	23,387,280	10,245,226	103,757,135

Notes:

(a) The School Board began to receive the Sales Tax Revenues beginning January 1, 2003. The District's portion of this tax is one-third of one percent based on a seven percent total sales tax within the county.

Source: District Records

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
General Fund				
Nonspendable	$ 972,455	$ 1,141,079	$ 1,129,160	$ 1,247,935
Restricted for:				
State Required Carryover Programs	3,275,426	1,634,031	3,107,549	1,786,296
Other Purposes				
Assigned	1,794,925	1,942,713	2,499,114	3,364,244
Unassigned	10,001,351	9,334,044	19,516,393	21,386,986
Total General Fund	$ 16,044,157	$ 14,051,867	$ 26,252,216	$ 27,785,461
All Other Governmental Funds				
Nonspendable	$ 261,035	$ 235,622	$ 222,824	$ 211,512
Restricted for:				
Food Service	2,192,037	2,810,319	3,480,593	3,972,376
Debt Service	5,211,204	3,603,347	7,111,968	4,048,021
Capital Outlay	83,781,540	96,921,919	67,754,433	163,656,083
Other Purposes				
Assigned	15,866,397	44,777,942	78,361,016	21,791,307
Total All Other Governmental Funds	$ 107,312,213	$ 148,349,149	$ 156,930,834	$ 193,679,299

Source: District Records
Fund balances restated to reflect implementation of GASB 54

(Continued)

	For the Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 1,201,164	$ 1,333,842	$ 1,468,338	$ 2,848,721	$ 2,415,749	$ 1,711,409
2,214,250	3,097,922	2,232,723	291,627	465,785	883,042
3,158,632	4,046,662	1,413,481	4,478,099	1,173,298	954,547
21,364,843	31,839,989	35,015,531	19,580,402	10,481,022	12,022,308
$ 27,938,889	$ 40,318,415	$ 40,130,073	$ 27,198,849	$ 14,535,854	$ 15,571,306
$ 297,849	$ 387,223	$ 821,285	$ 778,300	$ 625,232	$ 467,011
4,781,346	5,901,039	8,188,806	7,345,348	8,599,936	11,211,413
4,249,298	4,486,047	4,739,562	4,831,474	7,932,131	11,465,994
135,595,855	101,816,268	102,802,923	92,261,016	73,889,825	58,532,228
58,836,752	29,729,174				
$ 203,761,100	$ 142,319,751	$ 116,552,576	$ 105,216,138	$ 91,047,124	$ 81,676,646

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	For the Fiscal Year Ending			
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Revenues:				
Federal Direct	$ 694,082	$ 901,623	$ 1,116,304	$ 1,230,416
Federal Through State	25,037,318	28,362,225	29,501,330	31,408,156
State	152,083,093	160,216,757	168,019,215	233,239,449
Local	139,576,729	159,540,935	195,464,324	204,946,184
Total Revenues	317,391,222	349,021,540	394,101,173	470,824,205
Expenditures:				
Current:				
Instruction	146,778,520	164,701,712	183,588,977	199,773,001
Pupil Personnel Services	11,998,218	13,035,330	14,005,255	15,169,099
Instructional Media Services	3,175,360	3,424,106	3,613,327	3,809,340
Instruction and Curriculum Development Services	4,944,841	5,638,732	6,577,283	7,301,745
Instructional Staff Training Services	5,225,873	6,593,615	7,175,881	8,032,580
Instruction Related Technology		1,815,503	2,267,854	2,686,279
Board of Education	759,832	744,225	591,518	1,199,774
General Administration	1,554,019	1,395,185	1,291,510	1,437,635
School Administration	13,729,489	14,877,138	16,351,813	17,302,826
Facility Services	7,551,353	1,947	49,215	6,752,681
Fiscal Services	1,525,544	1,773,493	2,098,246	1,862,969
Food Services	12,400,215	13,325,201	14,111,710	15,269,624
Central Services	5,682,175	3,719,145	4,537,733	4,936,060
Pupil Transportation Services	13,459,397	14,866,351	16,027,027	17,304,697
Operation of Plant	16,148,234	20,439,481	21,920,610	23,362,272
Maintenance of Plant	6,319,869	5,850,236	6,694,281	6,600,430
Administrative Technology Services		375,411	443,920	462,297
Community Services	977,060	857,565	704,462	594,796
Capital Outlay:				
Facilities Acquisition and Construction	99,935,279	73,127,148	119,710,152	67,141,609
Other Capital Outlay	4,203,667	9,135,305	7,268,295	1,825,146
Debt Service:				
Principal	7,580,000	12,935,021	13,892,829	15,142,395
Interest and Fiscal Charges	12,244,349	15,370,349	16,876,898	17,673,194
Total Expenditures	376,193,294	384,002,199	459,798,796	435,640,449
Excess of Revenues over (under) Expenditures	(58,802,072)	(34,980,659)	(65,697,623)	35,183,756
Other Financing Sources (Uses)				
Issuance of Bonds	17,965,000	4,185,000		2,990,000
Premium on Sale of Bonds	332,071	7,981,937		107,954
Discount on Sale of Bonds				
Certificates of Participation Issued	38,835,000	118,275,000	112,570,000	
Premium on Certificates of Participation	620,209		5,284,475	
Assets Acquired Under Capital Leases		4,932,825	5,058,094	
Loans Incurred				
Proceeds from the Sale of Capital Assets	458,400	620,727		
Refunded Bonds Issued				
Payments to Refunded Certificates of Participation Escrow Agent	(9,904,175)	(61,966,537)	(36,432,912)	
Payments to Refunded Bond Escrow Agent				
Transfers In	25,213,509	38,140,808	39,510,795	36,125,913
Transfers Out	(25,213,509)	(38,144,455)	(39,510,795)	(36,125,913)
Total Other Financing Sources (Uses)	48,306,505	74,025,305	86,479,657	3,097,954
Net Change in Fund Balance	(10,495,567)	39,044,646	20,782,034	38,281,710
Fund Balance, Beginning	Fund Balance, Endi	(10,495,567)	28,549,079	49,331,113
Fund Balance, Ending	$ (10,495,567)	$ 28,549,079	$ 49,331,113	$ 87,612,823
Ratio of Debt Service to Non-Capital Expenditures				
Total Debt Service	$ 19,824,349	$ 28,305,370	$ 30,769,727	$ 32,815,589
Total Non-capital Expenditures	272,054,348	304,716,232	351,117,860	369,669,839
Ratio of Debt Service to Non-Capital Expenditures	7.29%	9.29%	8.76%	8.88%

Source: District Records

(Continued)

For the Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 1,600,920	$ 1,683,721	$ 1,846,819	1,238,115	965,735	366,169
31,392,023	54,359,299	62,998,269	38,906,138	39,119,846	39,168,800
156,638,002	139,999,739	150,889,392	153,107,892	165,197,434	184,565,717
196,371,880	181,505,245	162,303,293	144,222,865	137,096,499	138,574,516
386,002,825	377,548,004	378,037,773	337,475,010	342,379,514	362,675,202
190,969,430	192,617,887	204,817,228	184,946,003	186,151,837	191,666,728
16,391,773	14,685,187	15,100,168	14,602,076	15,664,809	16,026,672
3,555,707	3,287,993	3,514,774	3,250,101	3,214,632	3,264,213
8,555,240	7,601,687	8,294,372	7,491,659	8,169,006	7,678,535
8,264,672	6,788,821	7,130,655	6,526,196	6,433,899	5,977,353
3,014,937	2,978,069	2,867,597	2,674,652	2,497,114	1,986,614
1,062,337	929,493	986,465	849,135	850,550	830,483
1,376,414	1,495,721	1,497,302	1,318,529	1,651,024	1,575,086
17,563,599	16,410,063	17,450,709	16,325,486	16,396,796	16,734,377
1,279,214	464,950	1,148,300	10,341,217	7,706,820	533,637
1,871,890	1,909,074	1,949,121	1,733,627	1,621,951	1,693,814
15,425,111	15,776,739	16,318,961	17,390,301	18,678,178	17,767,086
4,458,428	4,380,292	4,684,332	5,110,231	5,439,748	6,279,246
16,461,927	16,144,473	16,843,190	17,223,383	16,886,318	15,981,146
23,486,694	21,749,672	22,286,216	22,143,038	23,004,042	24,149,739
6,725,548	6,962,674	7,385,349	6,910,104	6,656,687	6,829,539
463,696	455,426	513,105	717,620	1,334,832	2,967,358
137,383	119,276	98,970	172,720	117,426	71,690
20,362,858	76,690,256	36,441,234	11,058,837	10,425,716	14,314,453
1,555,888	1,166,003	1,422,552	7,757,316	7,809,561	1,044,695
15,326,448	15,688,749	15,860,041	15,449,622	19,669,377	20,841,859
17,322,205	16,874,530	16,245,464	16,589,987	14,343,231	13,759,071
375,631,399	425,177,035	402,856,105	370,581,840	374,723,554	371,973,394
10,371,426	(47,629,031)	(24,818,332)	(33,106,830)	(32,344,040)	(9,298,192)
	1,110,000	335,000			1,342,000
	65,062	275,320	107,375		206,513
			43,720,000	20,875,000	
			2,878,849	1,524,979	
			6,328,851	4,914,948	
			16,370,000		
		739,553		100,000	
		1,615,000	765,000		
			(63,746,271)	(22,124,563)	
	(528,994)	(1,871,672)			
37,931,055	38,434,255	38,125,556	33,030,840	40,267,600	41,302,549
(38,067,252)	(39,884,299)	(40,355,942)	(30,615,476)	(40,045,933)	(41,887,896)
(136,197)	(803,976)	(1,137,185)	8,839,168	5,512,031	963,166
10,235,229	(48,433,007)	(25,955,517)	(24,267,662)	(26,832,009)	(8,335,026)
87,612,823	231,071,173	182,638,166	156,682,649	132,414,987	105,582,978
$ 97,848,052	$ 182,638,166	$ 156,682,649	$ 132,414,987	$ 105,582,978	$ 97,247,952
$ 32,648,653	$ 32,563,279	$ 32,105,505	$ 32,039,609	$ 34,012,608	$ 34,600,930
309,660,789	407,649,048	371,887,599	351,346,399	356,488,277	356,488,277
10.54%	7.99%	8.63%	9.12%	9.54%	9.71%

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SUMMARY OF REVENUES, EXPENDITURES (by Major Object),
AND CHANGES IN FUND BALANCES - GENERAL FUND
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending				
	June 30, 2005	**June 30, 2006**	**June 30, 2007**	**June 30, 2008**	**June 30, 2009**
Federal Direct Sources:					
Reserve Officers Training Corps (ROTC)	$ 257,044	$ 248,496	$ 256,441	$ 221,859	$ 247,728
Miscellaneous Federal Direct	775				
Total Federal Direct	257,819	248,496	256,441	221,859	247,728
Federal Through State Sources:					
Other Federal Through State Grants	1,121,752	891,342	693,633	927,880	1,057,374
Total Federal Through State Sources	1,121,752	891,342	693,633	927,880	1,057,374
State Sources:					
Florida Education Finance Program (FEFP)	95,296,980	98,375,790	102,480,811	90,807,195	79,725,273
Categorical Programs	27,560,397	38,351,363	47,891,120	57,961,164	56,347,428
District Discretionary Lottery Funds	1,894,039	1,760,682	1,505,938	1,878,825	969,683
Workforce Development	4,528,142	4,675,133	4,941,930	4,870,479	4,585,571
State Grants and Other State Sources	738,435	712,954	406,869	1,024,912	3,277,146
Total State Sources	130,017,993	143,875,922	157,226,668	156,542,575	144,905,101
Local Sources:					
Ad Valorem Taxes	70,124,629	82,161,198	103,930,753	121,448,446	125,835,016
Interest Income and Others	806,847	1,799,808	1,693,914	1,640,971	289,904
Local Grants and Other Local Sources	2,787,315	3,858,127	7,832,148	3,315,704	6,369,970
Total Local Sources	73,718,791	87,819,133	113,456,815	126,405,121	132,494,890
Total Revenues	205,116,355	232,834,893	271,633,557	284,097,435	278,705,093
Expenditures: (by object)					
Salaries	126,161,156	139,014,461	150,108,820	164,150,341	156,600,796
Employee Benefits	35,597,912	40,738,718	45,599,247	48,584,682	51,920,930
Purchased Services	31,569,356	42,617,391	50,453,715	51,850,982	51,137,233
Energy Services	6,897,564	9,291,099	9,419,484	10,341,561	10,069,557
Material and Supplies	8,098,491	8,270,816	7,068,608	7,903,653	6,504,833
Capital Outlay	6,262,477	3,402,316	8,066,235	3,079,874	3,177,934
Other Expenditures	2,712,638	6,733,916	4,775,402	6,805,764	6,495,849
Total Expenditures	217,299,594	250,068,717	275,491,511	292,716,857	285,907,132
Excess (Deficiency) of Revenues Over Expenditures	(12,183,239)	(17,233,824)	(3,857,954)	(8,619,422)	(7,202,039)
Other Financing Sources (Uses), Net	7,373,220	15,241,534	16,058,303	10,152,667	7,355,467
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(4,810,019)	(1,992,290)	12,200,349	1,533,245	153,428
Beginning Fund Balances	20,854,176	16,044,157	14,051,867	26,252,216	27,785,461
Ending Fund Balances	$ 16,044,157	$ 14,051,867	$ 26,252,216	$ 27,785,461	$ 27,938,889
Breakdown of Fund Balances:					
Nonspendable (Inventory/Prepaid)	972,455	1,141,079	1,129,160	1,247,935	1,201,164
Restricted for:					
State Required Carryforward Programs	3,275,426	1,634,031	3,107,549	1,786,296	2,214,250
Other Purposes					
Assigned for:					
School Operations	1,794,925	1,942,713	2,499,114	3,364,244	3,158,632
Health Insurance Safe Harbor					
Unassigned Fund Balance	10,001,351	9,334,044	19,516,393	21,386,986	21,364,843
Total Fund Balances	$ 16,044,157	$ 14,051,867	$ 26,252,216	$ 27,785,461	$ 27,938,889
Unassigned Fund Balance to Revenues	4.8759%	4.0089%	7.1848%	7.5280%	7.6658%

Source: District Records

(Continued)

Fiscal Year Ending				
June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 225,280	$ 256,623	$ 312,197	$ 334,483	$ 331,036
225,280	256,623	312,197	334,483	331,036
883,609	1,181,562	1,177,315	1,417,398	1,628,451
883,609	1,181,562	1,177,315	1,417,398	1,628,451
83,292,028	93,386,847	98,195,148	109,987,281	128,637,748
46,675,880	44,240,490	45,668,195	47,798,931	46,333,956
1,838,835	2,222,210	1,564,347	-	394,158
4,215,450	4,115,328	4,312,571	4,160,625	5,604,076
425,908	2,317,059	378,684	524,863	711,749
136,448,101	146,281,934	150,118,945	162,471,700	181,681,687
123,149,734	110,510,099	99,151,712	92,423,734	90,501,854
90,738	56,986	10,268	18,578	4,317
3,095,090	4,089,333	3,705,803	4,277,992	5,332,164
126,335,562	114,656,418	102,867,783	96,720,304	95,838,335
263,892,552	262,376,537	254,476,240	260,943,885	279,479,509
136,117,162	138,593,285	155,613,818	156,805,988	158,296,563
44,887,540	46,884,966	41,852,500	42,420,755	45,954,130
49,754,057	49,992,071	47,632,006	50,286,733	54,379,914
10,221,513	11,181,618	11,426,828	10,731,664	10,895,093
9,024,893	8,982,324	5,652,193	7,350,538	6,975,954
2,553,886	6,112,402	2,855,266	2,219,957	2,195,957
5,282,216	5,619,694	4,756,580	4,834,613	3,928,249
257,841,267	267,366,360	269,789,191	274,650,248	282,625,860
6,051,285	(4,989,823)	(15,312,951)	(13,706,363)	(3,146,351)
6,328,241	4,801,481	2,381,727	1,043,368	4,181,803
12,379,526	(188,342)	(12,931,224)	(12,662,995)	1,035,452
27,938,889	40,318,415	40,130,073	27,198,849	14,535,854
$ 40,318,415	$ 40,130,073	$ 27,198,849	$ 14,535,854	$ 15,571,306
1,333,842	1,468,338	2,848,721	2,415,749	1,711,409
3,097,922	2,232,723	291,627	465,785	883,042
4,046,662	1,413,481	678,099	1,173,298	954,547
		3,800,000		
31,839,989	35,015,531	19,580,402	10,481,022	12,022,308
$ 40,318,415	$ 40,130,073	$ 27,198,849	$ 14,535,854	$ 15,571,306
12.0655%	13.3455%	7.6944%	4.0166%	4.3017%

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SUMMARY OF REVENUES, EXPENDITURES (by Major Object),
AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS - FOOD SERVICE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Federal Through State Sources:				
Food Service	$ 5,717,298	$ 6,583,182	$ 7,035,669	$ 8,445,276
USDA Donated Foods	313,255	336,290	249,379	
Total Federal Through State Sources	6,030,553	6,919,472	7,285,048	8,445,276
State Sources:				
Food Services	185,193	180,767	188,493	198,667
Total State Sources	185,193	180,767	188,493	198,667
Local Sources:				
Food Service Sales	5,985,412	6,696,233	7,131,910	7,007,022
Interest Income and Others	46,617	45,338	98,849	54,015
Total Local Sources	6,032,029	6,741,571	7,230,759	7,061,037
Total Revenues	12,247,775	13,841,810	14,704,300	15,704,980
Expenditures: (by object)				
Salaries	4,201,027	4,406,303	4,654,369	4,983,214
Employee Benefits	1,941,413	2,132,563	2,321,461	2,435,895
Purchased Services	247,150	214,620	248,918	336,972
Energy Services	242,869	175,256	196,311	207,387
Material and Supplies	5,299,976	5,823,606	6,189,827	6,770,864
Capital Outlay	66,155	60,501	136,243	142,014
Other Expenditures	456,079	379,594	347,437	345,447
Total Expenditures	12,454,669	13,192,443	14,094,566	15,221,793
Excess (Deficiency) of Revenues Over Expenditures	(206,894)	649,367	609,734	483,187
Other Financing Sources (Uses), Net				
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(206,894)	649,367	609,734	483,187
Beginning Fund Balances	2,664,767	2,457,873	3,107,240	3,716,974
Ending Fund Balances	$ 2,457,873	$ 3,107,240	$ 3,716,974	$ 4,200,161

Source: District Records

(Continued)

Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 8,637,001	$ 10,518,859	$ 11,759,970	$ 12,610,485	$ 13,244,399	$ 13,773,970
767,436	1,059,445	1,630,363	932,036	1,377,603	1,405,491
9,404,437	11,578,304	13,390,333	13,542,521	14,622,002	15,179,461
203,926	206,286	226,951	248,004	254,569	256,534
203,926	206,286	226,951	248,004	254,569	256,534
6,603,298	5,828,702	5,598,858	5,288,702	5,231,628	5,042,669
20,573	10,129	9,370	6,175	4,182	13,983
6,623,871	5,838,831	5,608,228	5,294,877	5,235,810	5,056,652
16,232,234	17,623,421	19,225,512	19,085,402	20,112,381	20,492,647
4,951,974	4,639,636	4,784,467	5,060,084	5,210,154	5,285,936
2,669,394	2,384,228	2,292,500	1,957,026	2,091,311	2,197,658
328,130	393,240	431,729	482,080	459,192	374,521
219,754	223,992	233,654	224,373	237,001	222,425
6,738,748	7,594,307	8,120,678	9,063,162	9,780,366	9,151,787
50,610	143,791	291,742	2,823,131	722,012	345,978
475,591	463,208	384,069	361,989	585,033	461,086
15,434,201	15,842,402	16,538,839	19,971,845	19,085,069	18,039,391
798,033	1,781,019	2,686,673	(886,443)	1,027,312	2,453,256
103,755	69,266			74,208	
901,788	1,850,285	2,686,673	(886,443)	1,101,520	2,453,256
4,200,161	4,473,133	6,323,418	9,010,091	8,123,648	9,225,168
$ 5,101,949	$ 6,323,418	$ 9,010,091	$ 8,123,648	$ 9,225,168	$ 11,678,424

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SUMMARY OF REVENUES, EXPENDITURES (by Major Object),
AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS - OTHER SPECIAL REVENUE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Federal Direct Sources:				
Miscellaneous Federal Direct	$ 436,263	$ 653,127	$ 859,863	$ 1,008,557
Total Federal Direct	436,263	653,127	859,863	1,008,557
Federal Through State Sources:				
Other Federal Through State Grants	17,885,013	20,551,411	21,522,649	22,035,000
Total Federal Through State Sources	17,885,013	20,551,411	21,522,649	22,035,000
State Sources:				
State Grants and Other State Sources	655,249	345,701	445,296	513,641
Total State Sources	655,249	345,701	445,296	513,641
Local Sources:				
Local Grants and Other Local Sources	202,439	97,391	99,745	142,188
Total Local Sources	202,439	97,391	99,745	142,188
Total Revenues	19,178,964	21,647,630	22,927,553	23,699,386
Expenditures: (by object)				
Salaries	8,040,601	8,727,634	8,874,409	9,545,931
Employee Benefits	2,209,253	2,432,263	2,604,027	2,811,698
Purchased Services	1,471,429	1,682,868	2,188,302	2,854,293
Energy Services	19,819	1,350	1,505	3,123
Material and Supplies	2,080,395	2,899,167	3,229,271	2,999,564
Capital Outlay	3,892,496	4,641,671	5,072,667	3,868,951
Other Expenditures	1,490,855	1,296,865	957,372	1,609,744
Total Expenditures	19,204,848	21,681,818	22,927,553	23,693,304
Excess (Deficiency) of Revenues Over Expenditures	(25,884)	(34,188)		6,082
Other Financing Sources (Uses), Net	28,467	34,188	(24,892)	(6,082)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,583		(24,892)	
Beginning Fund Balances	22,309	24,892	24,892	
Ending Fund Balances	$ 24,892	$ 24,892		

Source: District Records

(Continued)

Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 1,353,192	$ 1,458,441	$ 1,590,196	$ 925,918	$ 631,252	$ 35,133
1,353,192	1,458,441	1,590,196	925,918	631,252	35,133
20,930,212	20,562,751	18,324,026	20,073,888	21,360,043	21,240,746
20,930,212	20,562,751	18,324,026	20,073,888	21,360,043	21,240,746
444,795	262,561	341,696	326,545	201,241	
444,795	262,561	341,696	326,545	201,241	-
7,446	18,879	3,276	2,003	7,519	
7,446	18,879	3,276	2,003	7,519	-
22,735,645	22,302,632	20,259,194	21,328,354	22,200,055	21,275,879
9,560,872	10,544,229	10,502,801	10,756,199	10,961,399	12,659,150
3,027,043	3,226,152	3,359,599	2,801,869	2,920,352	3,732,982
3,120,884	3,207,458	3,094,289	3,515,291	2,375,209	1,613,477
2,113	2,125	1,861	1,965	1,434	1,132
2,941,532	2,158,843	1,158,697	1,569,024	1,842,458	1,170,447
2,916,512	1,914,235	991,553	1,438,640	2,560,737	1,114,181
1,159,566	1,249,590	1,150,394	1,245,366	1,461,019	984,510
22,728,522	22,302,632	20,259,194	21,328,354	22,122,608	21,275,879
7,123	-	-	-	77,447	-
(7,123)				(77,447)	

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SUMMARY OF REVENUES, EXPENDITURES (by Major Object),
AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2005	**June 30, 2006**	**June 30, 2007**	**June 30, 2008**
State Sources:				
CO&DS withheld for SBE/COBI Bonds	$ 986,869	$ 1,298,134	$ 1,343,214	$ 979,549
SBE/COBI Bond Interest	1,994			8,954
Other State Sources	148,833			148,833
Total State Sources	1,137,696	1,298,134	1,343,214	1,137,336
Local Sources:				
Interest Income and Other	78,532	108,102	421,292	97,904
Total Local Sources	78,532	108,102	421,292	97,904
Total Revenues	1,216,228	1,406,236	1,764,506	1,235,240
Expenditures: (by object)				
Debt Service:				
Principal	7,580,000	10,775,000	11,485,000	12,775,000
Interest and Fiscal Charges	12,103,269	15,225,861	15,708,855	17,497,433
Total Expenditures	19,683,269	26,000,861	27,193,855	30,272,433
Excess (Deficiency) of Revenues Over Expenditures	(18,467,041)	(24,594,625)	(25,429,349)	(29,037,193)
Other Financing Sources (Uses), Net	18,353,384	22,986,768	28,937,970	25,973,246
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(113,657)	(1,607,857)	3,508,621	(3,063,947)
Beginning Fund Balances	5,324,861	5,211,204	3,603,347	7,111,968
Ending Fund Balances	$ 5,211,204	$ 3,603,347	$ 7,111,968	$ 4,048,021

Source: District Records

(Continued)

Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 1,266,202	$ 1,265,171	$ 1,293,760	$ 1,319,958	$ 1,308,464	$ 1,303,260
		187	(150)	5,717	57
148,833	148,833	148,833	148,833	148,833	
1,415,035	1,414,004	1,442,780	1,468,641	1,463,014	1,303,317
17,404	4,474	2,466	1,831	1,561	
17,404	4,474	2,466	1,831	1,562	
1,432,439	1,418,478	1,445,246	1,470,472	1,464,576	1,303,317
13,740,000	14,650,000	15,640,000	15,449,622	19,669,377	20,841,859
17,145,230	16,792,320	16,228,690	16,589,483	14,342,439	13,758,241
30,885,230	31,442,320	31,868,690	32,039,105	34,011,816	34,600,100
(29,452,791)	(30,023,842)	(30,423,444)	(30,568,633)	(32,547,240)	(33,296,783)
29,654,068	30,260,591	30,676,959	30,660,545	35,647,897	36,830,646
201,277	236,749	253,515	91,912	3,100,657	3,533,863
4,048,021	4,249,298	4,486,047	4,739,562	4,831,474	7,932,131
$ 4,249,298	$ 4,486,047	$ 4,739,562	$ 4,831,474	$ 7,932,131	$ 11,465,994

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SUMMARY OF REVENUES, EXPENDITURES (by Major Object),
AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending			
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
REVENUES				
State Sources:				
CO&DS Distributed to District	$ 328,689	$ 397,577	$ 232,542	$ 466,634
Interest on Undistributed CO&DS	16,389	17,756	35,467	34,850
Public Education Capital Outlay	3,699,491	4,398,086	8,432,006	16,035,551
Charter School Capital Outlay				
Classroom First Program				
School Infrastructure Trust				
Other State Sources				
Class Size Reduction and Classrooms for Kids	16,514,165	9,574,022		58,188,377
State Grants and Other State Sources	77,912	128,792	115,528	121,818
Total State Sources	20,636,646	14,516,233	8,815,543	74,847,230
Local Sources:				
Ad Valorem Taxes	23,378,280	27,609,765	36,704,437	42,594,552
Sales Taxes	10,245,226	11,817,779	11,671,365	10,796,324
Interest Income and Others	3,035,724	5,518,395	8,975,012	5,935,799
Local Grants and Other Local Sources	22,921,252	19,828,799	16,904,900	11,913,259
Total Local Sources	59,580,482	64,774,738	74,255,714	71,239,934
Total Revenues	80,217,128	79,290,971	83,071,257	146,087,164
Expenditures: (by object)				
Capital Outlay:				
Library Books	444,365	3,454	77,716	623,215
Audio Visual Materials	3,359			1,332
Buildings and Fixed Equipment	85,095,675	58,719,915	106,731,357	58,454,093
Furniture, Fixtures, and Equipment	6,728,997	3,315,590	3,256,410	9,148,321
Motor Vehicles	2,333,525	2,805,127	3,917,298	152,218
Land	3,899,863	1,509,193	183,628	74,521
Improvements Other Than Buildings	2,614,836	1,388,872	787,370	1,246,790
Remodeling and Renovations	6,258,308	5,077,942	4,057,472	3,764,647
Computer Software	12,162	226,536	85,102	242,872
Debt Service	718,233	11,733	994,956	28,053
Total Expenditures	108,109,323	73,058,362	120,091,309	73,736,062
Excess (Deficiency) of Revenues Over Expenditures	(27,892,195)	6,232,609	(37,020,052)	72,351,102
Other Financing Sources (Uses), Net	22,524,615	35,762,815	41,508,276	(33,021,877)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(5,367,580)	41,995,424	4,488,224	39,329,225
Beginning Fund Balances	104,985,824	99,618,244	141,613,668	146,101,892
Ending Fund Balances	$ 99,618,244	$ 141,613,668	$ 146,101,892	$ 185,431,117

Source: District Records

(Continued)

Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
$ 239,766	$ 198,615	$ 169,289	$ 143,091	$ 150,265	$ 158,039
6,655	16,991	17,461	16,402	13,969	7,109
9,305,174	559,337	1,584,418			
		694,403	650,580	541,107	853,147
					148,833
124,205	893,843	130,460	154,638	289,642	157,051
9,675,800	1,668,786	2,596,031	964,711	994,983	1,324,179
38,184,790	30,703,745	27,564,277	25,237,180	23,724,957	23,942,116
10,176,065	9,216,914	10,132,505	10,653,352	11,266,759	12,158,522
1,797,712	434,812	718,476	131,542	100,690	116,994
7,063,049	8,361,906	3,617,647	34,297	38,898	1,370,081
57,221,616	48,717,377	42,032,905	36,056,371	35,131,304	37,587,713
66,897,416	50,386,163	44,628,936	37,021,082	36,126,287	38,911,892
312,722	4,010	275,695	249,934		
5,845					
9,112,055	68,986,229	19,246,969	8,002,995	7,145,919	7,528,880
2,295,119	1,360,731	6,523,437	5,074,430	5,407,125	1,215,913
2,034,915	115,084	2,819,986	828,844	454,447	47,853
4,883	1,090,412	4,174,014	134,275	1,495	8,404
1,027,965	930,215	796,127	496,943	1,035,537	675,550
5,686,796	3,898,331	2,728,110	8,548,234	6,405,470	3,849,431
195,281	22,718	152,591	23,726	2,870,698	985,161
735	6,048	3,745	504	792	830
20,676,316	76,413,778	36,720,674	23,359,885	23,321,483	14,312,022
46,221,100	(26,027,615)	7,908,262	13,661,197	12,804,804	24,599,870
(37,242,364)	(37,457,115)	(36,615,625)	(24,203,104)	(31,175,995)	(39,957,467)
8,978,736	(63,484,730)	(28,707,363)	(10,541,907)	(18,371,191)	(15,357,597)
185,431,117	194,995,016	131,510,286	102,802,923	92,261,016	73,889,825
$ 194,409,853	$ 131,510,286	$ 102,802,923	$ 92,261,016	$ 73,889,825	$ 58,532,228

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year Ending	Property Tax		Sales Tax	Total
	General Purposes	Capital Projects		
June 30, 2014	$ 90,899,334	$24,047,070	$12,158,522	$127,104,926
June 30, 2013	92,423,734	23,825,647	11,266,759	127,516,140
June 30, 2012	99,151,712	25,237,180	10,653,352	135,042,244
June 30, 2011	110,510,099	27,564,277	10,132,505	148,206,881
June 30, 2010	123,149,734	30,703,745	9,216,914	163,070,393
June 30, 2009	127,802,923	38,870,941	10,176,065	176,849,929
June 30, 2008	121,488,446	42,594,552	10,796,324	174,879,322
June 30, 2007	103,930,799	36,794,450	11,671,365	152,396,614
June 30, 2006	82,566,965	27,609,765	11,817,780	121,994,510
June 30, 2005	70,124,629	23,387,280	10,245,226	103,757,135

Note: The School Board began to receive the Sales Tax Revenues beginning January 1, 2003. The District's portion of this tax is one-third of one percent with a total of seven percent sales tax within the county.

Source: District Records

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Total Taxable Assessed Value
2013-14	$15,283,843	$1,196,588	$2,104	$16,482,535
2012-13	15,159,447	1,207,153	1,751	16,368,351
2011-12	16,126,781	1,210,953	2,344	17,340,078
2010-11	17,571,454	1,272,633	3,782	18,847,869
2009-10	19,644,056	1,289,778	4,321	20,938,155
2008-09	21,504,386	1,304,608	3,807	22,812,801
2007-08	21,194,820	1,330,022	4,068	22,528,910
2006-07	17,673,743	1,297,600	4,299	18,975,642
2005-06	13,111,994	1,129,250	4,382	14,245,626
2004-05	10,672,343	1,120,028	3,858	11,796,229

Note: Taxable Assessed Values are Taxable Values after deducting allowable statutory exemptions.

Source: Lake County Property Appraiser

(Continued)

Estimated Actual Value	Total Direct Tax Rate	Ratio of Net Secondary Assessed to Estimated Actual Value
$23,240,375	7.1700	70.92%
22,899,204	7.3200	71.48%
24,429,527	7.3940	70.98%
26,501,517	7.5230	71.12%
29,703,724	7.5320	70.49%
30,429,240	7.5170	74.97%
30,639,073	7.6980	73.53%
25,280,631	7.6480	75.06%
19,316,103	7.9810	73.75%
15,889,317	7.9900	74.24%

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(per $1,000 Assessed Valuation)
(Unaudited)

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
District School Board:					
Local Required Effort	5.3210	5.2210	4.9190	4.9960	5.0820
Discretionary Local	0.5100	0.5100	0.5100	0.5100	0.4980
Supplemental Discretionary	0.1590	0.2500	0.2190	0.1920	0.1870
Capital Improvement	2.0000	2.0000	2.0000	2.0000	1.7500
Total District School Board	7.9900	7.9810	7.6480	7.6980	7.5170
Other County-Wide:					
Board of County Commissioners - Direct	6.3170	6.2970	6.5470	5.4394	5.5818
Lake County Water Authority	0.3830	0.3370	0.2530	0.2130	0.2130
Total County-Wide	14.6900	14.6150	14.4480	13.3504	13.3118
Special Districts					
Lake County Ambulance District	0.5289	0.5289	0.5289	0.4651	0.4651
South Lake County Hospital District	1.0000	1.0000	1.0000	0.8666	0.8666
Southwest Florida Water Management	0.4220	0.4220	0.4220	0.3866	0.3866
St. Johns River Water Management	0.4620	0.4620	0.4620	0.4158	0.4158
North Lake County Hospital District	1.0000	1.0000	1.0000	1.0000	1.0000
Municipalities:					
Astatula	3.4000	3.9000	4.5000	4.5000	4.5000
Clermont	3.7290	3.7290	3.7920	3.1420	3.1420
Eustis	5.8400	5.8400	5.5000	4.7083	4.7083
Fruitland Park	3.8900	4.3900	4.3900	4.1400	4.3600
Groveland	5.8500	5.7500	5.6500	3.9680	4.8205
Howey-in-the-Hills	5.4450	5.4450	5.4450	5.4450	5.9900
Lady Lake	2.2000	2.2000	2.2000	2.2000	3.0870
Leesburg	4.5000	4.5000	4.5000	4.2500	4.3179
Mascotte	5.9990	5.9990	5.9990	5.6530	5.9990
Minneola	3.3900	4.5000	4.1500	3.7370	4.4990
Montverde	2.9900	2.9900	2.9900	2.8300	2.8300
Mount Dora	6.1810	6.1050	5.9750	5.0190	5.0190
Tavares	5.4200	5.4200	5.4200	5.4200	6.2500
Umatilla	5.9900	6.2400	6.2400	5.7593	6.5000

Source: Lake County Property Appraiser.

(Continued)

Fiscal Year				
2009-10	**2010-11**	**2011-12**	**2012-13**	**2013-14**
5.2840	5.2750	5.1460	5.0720	4.9220
0.7480	0.7480	0.7480	0.7480	0.7480
0.0000	0.0000	0.0000	0.0000	0.0000
1.5000	1.5000	1.5000	1.5000	1.5000
7.5320	7.5230	7.3940	7.3200	7.1700
5.5818	5.6616	5.6616	5.7415	4.7309
0.2130	0.2405	0.2405	0.2554	0.2554
13.3268	13.4251	13.2961	13.3169	12.1563
0.4651	0.3853	0.3853	0.3853	0.3853
0.8666	0.8666	0.8000	0.8000	0.7900
0.3866	0.3770	0.3928	0.3928	0.3818
0.4158	0.4158	0.3313	0.3313	0.3283
1.0000	1.0000	1.0000	1.0000	1.0000
4.5000	4.8500	6.5000	6.2500	6.2500
3.1420	3.1420	3.1420	3.1420	3.7290
5.1266	5.6849	6.2432	6.7148	7.5810
4.3600	4.3600	4.3284	4.6442	4.7371
5.1800	5.1800	5.6000	5.6000	5.4700
6.8317	7.0000	8.0000	8.6965	9.6147
3.2808	3.2808	3.2808	3.2808	3.2808
4.3179	4.3179	4.3179	4.3179	4.3179
6.8009	7.9800	9.6147	9.6147	9.6147
4.4990	5.4826	6.5716	6.3000	6.3676
2.8300	2.8300	2.8300	2.8300	2.8300
5.0190	5.0190	5.3891	5.6667	5.6667
6.2500	6.9500	6.8900	6.4462	6.4531
6.5000	6.8795	7.6419	8.2480	8.2480

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

		Fiscal Year					
		2012-13			2003-04		
Taxpayer	Type of Business	Rank	Assessed Value	Percentage of Total Assessed Value	Rank	Assessed Value	Percentage of Total Assessed Value
Summer Bay Partnership	Real Estate Dev.	1	$ 203,715,673	1.24%	5	$ 66,590,682	0.64%
Duke Energy (Florida Power Corporation)	Public Utility	2	162,418,623	0.99%	2	108,387,867	1.04%
Sumter Electric Co-op, Inc.	Public Utility	3	129,461,074	0.79%	4	70,666,200	0.68%
Embarq (Formerly Sprint)-Florida, Inc.	Public Utility	4	86,611,008	0.53%	1	147,100,002	1.41%
Niagara Bottling, LLC	Water Bottler	5	52,057,230	0.32%			
Villages Operating Company	Real Estate Dev.	6	34,040,459	0.21%	7	53,788,345	0.51%
wal-Mart Stores East LP	Retail Stores	7	33,711,928	0.20%			
Federal National Mortgage Association	Financial Institution	8	31,172,713	0.19%			
Cutrale Citrus Juices USA Inc.	Citrus Producer	9	30,590,211	0.19%	8	43,472,280	0.42%
Lowes Home Centers, Inc	Retail Stores	10	29,980,778	0.18%			
Lake Cogen, LTD	Real Estate Dev.				2	81,661,692	0.78%
Covanta Lake Inc.	Real Estate Dev.				6	55,024,601	0.53%
SDG Macerich Properties, LP	Real Estate Dev.				9	26,377,929	0.25%
Lake Port Square	Retail Stores				10	23,097,943	0.22%
			$ 793,759,697	4.82%		$ 676,167,541	6.47%

Source: Lake County Property Appraiser - 2013 Most Current Data Available.

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

		Collected to end of School Fiscal Year			Collected in Fiscal Year	
Fiscal Year	Total Tax Levy (A)	Current Tax Collections (B)	Percent of Levy	Delinquent Collections	Total Tax Collections (C)	Percent of Levy
2013-14	$ 119,681,950	$ 114,443,970	95.62%	$ 502,434	$ 114,946,404	96.04%
2012-13	119,816,330	115,777,568	96.63%	471,813	116,249,381	97.02%
2011-12	128,212,535	123,937,198	96.67%	451,694	124,388,892	97.02%
2010-11	141,792,521	136,758,865	96.45%	1,315,511	138,074,376	97.38%
2009-10	162,940,726	152,160,566	93.38%	1,692,913	153,853,479	94.42%
2008-09	171,483,825	164,019,806	95.65%	2,654,058	166,673,864	97.20%
2007-08	172,798,584	164,042,060	94.93%	40,938	164,082,998	94.96%
2006-07	145,561,750	140,586,635	96.58%	366,568	140,953,203	96.83%
2005-06	113,694,345	109,643,322	96.44%	533,407	110,176,729	96.91%
2004-05	94,439,213	89,089,867	94.34%	4,413,042	93,502,909	99.01%
2003-04	88,354,826	83,703,771	94.74%	139,590	83,843,361	94.89%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year. Accordingly, a majority of taxes are collected in the fiscal year levied.

Source:

(A) District School Board taxes levied per Lake County Tax Collectors Office form DR-403 CC.
(B) Net of allowable discounts. From District Records.
(C) District Records.

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities (A)						
Fiscal Year	Capital Leases	Sales Tax Revenue Bonds/ Notes	State Board of Education Bonds	Certificates Of Participation	Total Primary Government	Percentage of Personal Income (B)	Per Capita (B)
2013-14	$ 7,962,364	(1) $ 22,425,000	$ 9,012,000	$ 249,370,000	$ 288,769,364	2.765%	952
2012-13	9,604,422	27,535,000	10,010,000	262,695,000	309,844,422	3.094%	1,013
2011-12	6,328,851	32,315,000	10,835,000	274,965,000	324,443,851	3.184%	1,078
2010-11		35,570,000	12,100,000	287,360,000	335,030,000	3.455%	1,125
2009-10		39,780,000	12,260,000	298,050,000	350,090,000	3.766%	1,185
2008-09		43,835,000	12,345,000	307,960,000	364,140,000	3.659%	1,240
2007-08		47,760,000	13,005,000	317,115,000	377,880,000	3.946%	1,303
2006-07		51,555,000	10,525,000	325,585,000	387,665,000	4.342%	1,378
2005-06		55,235,000	11,210,000	225,020,000	291,465,000	3.594%	1,089
2004-05		59,635,000	11,115,000	197,560,000	268,310,000	3.576%	1,054

Note: The primary government does not have any outstanding debt for business-type activities.
(1) Includes Sales Tax Bonds and Sales Tax Notes Payable

Source:
(A) District Records
(B) Total Primary Government Debt divided by Personal Income and Population from Page 120-121

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Taxable Assessed Value (A)	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage
2013-14	$16,482,535	$ 25,716,081	1.56020 Mills
2012-13	16,413,671	25,067,256	1.52722 Mills
2011-12	17,340,078	25,205,665	1.45361 Mills
2010-11	18,847,869	24,760,115	1.31368 Mills
2009-10	20,938,155	24,324,896	1.16175 Mills
2008-09	22,812,801	23,919,621	1.04852 Mills
2007-08	22,528,910	23,518,363	1.04392 Mills
2006-07	18,975,642	18,072,445	0.95240 Mills
2005-06	14,245,626	16,526,591	1.16012 Mills
2004-05	11,796,229	12,989,318	1.10114 Mills

(A) Assessed value is in thousands. See page 113.

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

Source: District Records

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population (A)	Personal Income (1)	Per Capita Personal Income (A)	Median Age (A)	Unemployment Rate (B)	Less than High School
2013-14	303,317	10,442,325	34,442	46.20	6.3%	26,162
2012-13	305,825	10,012,975	33,398	46.20	8.9%	26,162
2011-12	301,019	10,188,278	33,846	47.10	11.2%	28,229
2010-11	297,875	9,697,080	32,554	44.50	10.6%	32,024
2009-10	295,511	9,295,744	31,457	46.00	11.9%	43,002
2008-09	293,654	9,950,547	33,885	44.10	8.5%	29,579
2007-08	289,909	9,576,893	33,034	45.10	3.5%	35,191
2006-07	281,329	8,929,134	31,739	46.00	3.2%	37,391
2005-06	267,587	8,108,733	30,303	45.10	2.9%	n/a
2004-05	254,625	7,503,790	29,470	45.10	4.2%	n/a

(1) Personal income is in thousands.

Sources:
(A) Population, Personal Income, & Per Capita Personal Income were obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.
(B) Unemployment Rates were obtained from Florida Agency for Workforce Innovation, Office of Workforce Information Services, Labor Market Statistics (September 2011)
(C) Education Level was obtained from Metro Orlando Economic Development Commission. Information prior to fiscal year 2005-06 was not available. Reported for age 25+ Population.
(D) Student Enrollment was obtained from District Records - UFTE- FEFP 4th Calculation

(Continued)

Education Level (C)					
High School	Bachelors	Graduate	School Enrollment (D)	Government-wide Governmental Activities Expenses	Cost per Student
73,780	31,450	16,740	40,971.00	$ 362,837,748	$ 8,856
73,780	31,450	16,740	40,753.45	$ 360,975,887	$ 8,858
77,903	29,256	15,224	40,563.12	355,298,419	8,759
81,471	32,023	16,012	40,390.97	377,146,717	9,337
73,654	26,193	11,819	40,553.61	352,701,248	8,697
74,712	35,621	10,568	40,151.05	366,625,602	9,131
67,388	22,851	10,983	39,677.59	376,111,550	9,479
63,490	20,917	9,810	38,901.28	336,509,347	8,650
n/a	n/a	n/a	37,618.45	323,881,675	8,610
n/a	n/a	n/a	35,523.84	289,883,877	8,160

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
ORLANDO METROPOLITAN STATISTICAL AREA (MSA)
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	Fiscal Year					
	2011-12			2002-03		
Employer	**Employees**	**Rank**	**Percentage of Total MSA Employment**	**Employees**	**Rank**	**Percentage of Total MSA Employment**
Lake County Public Schools	4,353	1	3.64%	3,534	1	3.55%
Leesburg Regional Medical Center	2,093	2	1.75%	1,800	3	1.81%
Villages of Lake-Sumter, Inc.	2,022	3	1.69%	1,900	2	1.91%
Lake County Government	1,817	4	1.52%	1,558	4	1.57%
Florida Hospital/Waterman, Inc.	1,400	5	1.17%	1,100	5	1.11%
Embarq (Formerly Sprint)	811	6	0.68%	719	6	0.72%
Casmin Incorporated	800	7	0.67%			
G & T Conveyor Company	550	8	0.46%			
Bailey Industries	509	9	0.43%			
Accent	500	10	0.42%			
Lester Coggins Trucking				500	7	0.00%
Lake Port Square				400	8	0.40%
Dura-Stress, Inc.				384	9	0.39%
Cutrale Citrus Jucies USA, Inc.				275	10	0.28%
	14,855		12.43%	12,170		11.74%
Total Employment	119,543			99,419		

Source: Metro Orlando Economic Development Commission - 2012 Most Current Data Available

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION AND
UNWEIGHTED FULL-TIME EQUIVALENT ENROLLMENT DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Year Completed (1)	Square Footage (2)	2004-05	2005-06	2006-07
Elementary Schools					
Astatula	1998	110,662	729.11	773.56	789.00
Beverly Shores	1955	96,546	726.77	779.04	776.41
Clermont	1937	94,722	777.15	824.11	829.57
Cypress Ridge	1914	51,998	611.84	614.73	614.73
Dabney	1921	48,145			
Eustis	1927	63,444	503.04	543.53	552.35
Eustis Heights	1954	85,206	698.74	696.83	689.39
Fruitland Park	1962	92,683	621.70	631.13	639.35
Grassy Lake	2008	118,085			
Groveland	1960	130,025	739.15	782.52	817.27
Leesburg	1961	101,137	880.05	1,011.99	996.44
Lost Lake	1998	138,582	1,346.36	1,299.33	1,340.00
Mascotte*	1972	51,617	738.07	779.45	
Pine Ridge	2002	126,337	1,272.03	1,271.19	1,328.14
Rimes	1960	63,205			107.26
Sawgrass Bay	2008	117,840			
Seminole Springs	1988	109,664	640.16	719.91	756.44
Skeen	1951	6,400			
Sorrento	2011	125,350			
Tavares	1972	129,070	620.28	680.92	690.98
Treadway	1962	117,676	868.46	944.73	979.69
Triangle	1972	130,414	639.83	659.01	656.42
Umatilla	1998	110,767	704.92	730.94	739.81
Villages of Lady Lake	1998	113,419	677.74	709.26	719.26
Total Elementary			13,795.40	14,452.18	14,022.51
Middle Schools					
Carver	1952	170,422	761.71	748.31	743.32
Clermont	1950	127,764	1,004.44	942.32	935.12
East Ridge	2008	189,045			
Eustis	1993	178,042	1,019.07	1,072.12	1,069.20
Gray	1923	130,379	954.11	1,179.28	1,245.96
Griffin	1991	58,789			
Mt. Dora	1953	126,914	598.60	637.12	637.12
Oak Park	1961	90,245	677.00	656.25	653.45
Tavares	1990	156,901	998.27	983.37	981.94
Umatilla	1977	101,959	762.94	776.10	771.87
Windy Hill	1998	178,112	1,428.09	1,422.22	1,510.00
Total Middle Schools			8,204.23	8,417.09	8,547.98

(Continued)

Full-Time Equivalent Enrollment Data						
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
742.63	712.82	669.16	644.29	597.25	601.93	599.72
640.10	600.35	628.60	594.55	481.03	553.00	638.03
709.47	670.84	685.80	661.15	627.44	572.57	533.58
613.87	611.98	605.54	594.98	594.91	602.29	592.26
535.03	569.00	567.77	494.24	494.99	521.86	542.06
684.60	643.48	633.94	590.84	592.42	595.67	572.55
630.34	599.17	628.39	604.34	625.63	638.96	658.91
916.90	998.56	1,022.78	1,008.67	1,014.58	962.13	985.87
881.64	824.25	803.43	815.44	842.63	804.96	807.87
930.62	948.82	947.36	899.90	851.76	841.51	831.76
1,012.67	1,084.50	1,129.39	1,099.98	1,080.31	996.69	976.29
781.79	761.77	764.16	796.30	843.39	803.47	849.23
199.57	243.74	275.14	278.50	260.00	176.04	158.43
886.16	1,008.63	1,019.99	1,104.58	1,091.13	1,159.59	1,194.19
867.48	851.61	848.55	647.42	603.73	595.17	581.07
			664.22	722.25	702.26	714.54
757.92	746.57	759.85	757.78	769.68	787.33	830.27
941.05	973.51	942.37	903.16	944.29	903.96	898.45
603.60	582.32	586.57	615.55	662.57	668.05	685.84
715.60	703.82	723.44	687.84	651.92	630.08	629.19
796.25	793.90	807.60	741.64	781.57	826.92	773.55
14,847.29	14,929.64	15,049.83	15,205.37	15,133.48	14,944.44	15,053.66
784.44	827.00	855.05	856.78	829.00	810.36	828.36
902.16	693.23	696.76	668.68	708.37	717.19	740.31
	1,009.32	1,082.56	1,055.92	1,074.03	1,066.95	1,126.20
1,046.24	1,100.59	1,063.37	1,001.08	989.72	1,012.98	1,027.05
1,283.47	1,011.48	946.42	995.71	987.10	1,029.25	1,010.43
715.72	723.48	717.56	773.16	769.60	797.03	759.22
584.15	608.65	553.20	572.25	573.09	571.92	552.56
1,007.00	1,004.61	1,010.14	1,010.19	971.05	1,026.56	1,010.58
688.38	678.99	688.50	664.83	609.36	594.07	572.91
1,582.23	1,102.13	1,094.57	1,130.15	1,149.43	1,207.95	1,253.14
8,593.79	8,759.48	8,708.13	8,728.75	8,660.75	8,834.26	8,880.76

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION AND
UNWEIGHTED FULL-TIME EQUIVALENT ENROLLMENT DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Year Completed (1)	Square Footage (2)	2004-05	2005-06
High Schools				
East Ridge	2003	372,488	2,616.75	2,698.14
Eustis	1941	257,038	1,138.68	1,174.90
Lake Minneola	2012			
Leesburg	1927	323,045	1,699.91	1,676.76
Mt. Dora	1960	245,274	931.31	911.82
South Lake	1991	376,003	1,394.76	1,745.84
Tavares	1916	197,426	1,035.50	1,119.35
Umatilla	1956	180,854	859.63	829.43
Total High Schools			9,676.54	10,156.24
Speciality Schools				
Lake Hills	2008	95,359	160.81	162.38
Umatilla Girls Academy	n/a	n/a	19.84	85.30
Total Speciality Schools			180.65	247.68
Charter Schools				
Convertion Charter Schools				
Lake Technical Center	1967	239,724	12.76	4.15
Mascotte Charter Elementary	2007	120,382		
Minneola Charter Elementary	2007(3)	128,713	978.22	1,056.16
Round Lake Charter Elementary	1997	107,516	1,078.53	1,042.70
Spring Creek Charter Elementary	1992	101,775	548.47	558.98
Other Charter Schools				
Alee Academy, Inc.	n/a	n/a	286.86	299.13
Altoona	1912	10,395	60.54	77.50
Humanities & Fine Arts Charter School	2011	n/a		
Milestones Community School of Lake County, Inc.	n/a	n/a	221.56	195.50
Rivendell Academy	n/a	n/a	21.00	32.00
Imagine Schools at South Lake Charter	n/a	n/a		558.38
The Charter School at National Deaf Academy, Inc.	n/a	n/a	58.45	61.50
			3,266.39	3,886.00
Other Programs				
Lake-Sumter Community College/Virtual School	n/a	n/a	59.53	107.43
McKay Scholarships	n/a	n/a	139.50	130.93
Lake Vitrual	n/a	n/a		
Misc 9000 Centers	n/a	n/a	201.60	220.90
Total Other Sites			400.63	459.26
Total District			35,523.84	37,618.45

(1) Original date that the school construction was completed. This date does not reflect additions, renovations, replacements, or rem
(2) Square footage includes portables
(3) Minneola rebuilt on existing site.

Source: District Records

	Full-Time Equivalent Enrollment Data						
2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
2,896.00	2,767.51	2,858.22	2,924.82	3,012.24	2,228.45	1,979.60	2,038.01
1,284.00	1,315.96	1,293.04	1,276.84	1,224.57	1,228.76	1,166.34	1,217.25
					1,279.29	1,737.24	1,835.46
1,671.05	1,680.53	1,632.27	1,706.01	1,647.66	1,615.89	1,582.07	1,544.62
903.66	925.06	967.44	1,084.19	1,037.24	1,069.85	1,035.21	1,028.81
1,805.00	2,060.77	2,053.96	2,119.87	2,098.57	1,701.74	1,521.58	1,513.35
1,150.38	1,256.16	1,258.61	1,311.91	1,256.69	1,253.91	1,137.94	1,121.09
814.33	833.64	898.03	870.87	843.05	831.24	769.10	788.18
10,524.42	10,839.63	10,961.57	11,294.51	11,120.02	11,209.13	10,929.08	11,086.77
149.26	150.70	177.31	166.76	175.84	176.50	168.35	171.84
149.26	150.70	177.31	166.76	175.84	176.50	168.35	171.84
40.00	17.56	15.00	15.00	15.00	15.00	23.05	
858.00	768.76	758.85	777.58	758.23	726.13	792.60	772.00
991.14	991.56	994.33	991.92	923.96	897.19	938.66	994.95
1,129.00	1,102.31	1,140.78	1,182.03	751.56	795.02	828.63	840.28
631.00	595.52	597.08	561.93	549.60	543.04	585.62	587.66
299.00	298.59	226.50	301.90	282.00	278.50	282.50	268.36
119.00	118.00	112.50	150.50	189.72	208.50	239.50	249.11
				109.00	155.00	147.50	127.74
210.00	199.00	209.00	185.50	197.00	213.43	191.31	209.71
36.00	34.50						
568.82	577.48	703.50	740.50	891.00	1,016.98	1,011.58	1,011.90
6.00	8.85	11.50					
4,887.96	4,712.13	4,769.04	4,906.86	4,667.07	4,848.79	5,040.95	5,061.71
68.00	287.35	163.52	38.26	80.07	99.13	369.08	
150.00	150.00	156.10	181.22	188.50	221.00	296.50	349.73
							185.57
551.15	96.70	234.39	208.04	225.35	214.34	170.79	180.96
769.15	534.05	554.01	427.52	493.92	534.47	836.37	716.26
38,901.28	39,677.59	40,151.05	40,553.61	40,390.97	40,563.12	40,753.45	40,971.00

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DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
NUMBER OF PERSONNEL
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	(A) Instructional	(B) Administrative	(C) Support Services	Total	(D) Ratio of Students to Instructional Personnel	(E) Ratio of Instructional Personnel to School Administrators
2013-14	2,871	163	2,580	5,614	14.27	17.61
2012-13	3,045	164	2,655	5,864	13.38	18.57
2011-12	3,025	164	2,435	5,624	13.41	18.45
2010-11	3,019	168	2,522	5,709	13.38	17.97
2009-10	2,977	165	2,485	5,627	13.62	18.04
2008-09	2,987	176	2,424	5,587	13.44	16.97
2007-08	2,967	181	2,357	5,505	13.37	16.39
2006-07	2,391	149	2,117	4,657	16.27	16.05
2005-06	2,350	149	2,083	4,582	16.01	15.77
2004-05	2,372	147	2,051	4,570	14.98	16.14

Notes:

(A) Classroom teachers, guidance/psychologists, exceptional education teachers, media specialists, other professional instructional staff
(B) Principals, assistant principals, superintendent, assistant superintendents, executive directors, directors, managers, coordinators
(C) Paraprofessional, bus drivers, monitors, maintenance, clerical, etc.
(D) Calculated using enrollment data from page 127/128
(E) Calculated using data from columns A and B

Source: District Records and Florida Department of Education Staffing Report for 2013-14

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
INSTRUCTIONAL SALARY INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary
2013-14	$ 37,150	$ 60,875	$ 43,547
2012-13	35,600	59,375	42,903
2011-12	35,600	59,375	43,614
2010-11	35,600	59,375	43,614
2009-10	35,600	59,375	42,969
2008-09	35,600	58,875	42,334
2007-08	35,600	58,875	42,334
2006-07	34,300	57,525	40,647
2005-06	32,200	55,150	39,851
2004-05	31,100	53,375	38,735

10 Month Teachers

Source: District Records

DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
FOOD SERVICE OPERATING DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year Ending			
	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Days Meals were Served	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	14,615	16,476	18,180	17,677
Number of Free and Reduced Meals Served	2,630,780	2,965,736	3,272,328	3,181,848
Average Daily Subsidy Received	$ 31,304	$ 35,930	$ 38,146	$ 46,153
Total Subsidy Received	$ 5,634,745	$ 6,467,391	$ 6,866,240	$ 8,307,547
Average Number of Meals Served Daily	24,463	26,464	31,859	28,393
Number of Meals Served	4,403,315	4,763,583	5,734,559	5,110,661
Average Daily Revenues	$ 68,043	$ 76,899	$ 81,691	$ 87,250
Total Revenues	$ 12,247,755	$ 13,841,810	$ 14,704,300	$ 15,704,980
Average Daily Costs	$ 68,783	$ 73,291	$ 78,303	$ 84,566
Total Costs	$ 12,380,884	$ 13,192,442	$ 14,094,566	$ 15,221,793

Source: District Records

(Continued)

Fiscal Year Ending					
June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
180	180	180	180	180	180
19,479	23,416	25,511	27,271	25,837	27,298
3,506,220	4,214,880	4,591,896	4,908,788	4,650,606	4,913,581
$ 51,582	$ 63,576	$ 72,041	$ 73,647	$ 69,419	$ 75,827
$ 9,284,701	$ 11,443,724	$ 12,967,409	$ 13,256,517	$ 12,495,468	$ 13,648,860
39,279	32,643	25,920	35,446	30,475	34,434
7,070,220	5,875,740	4,665,531	6,380,345	5,485,488	6,198,053
$ 90,755	$ 97,908	$ 106,808	$ 106,030	$ 111,735	$ 113,848
$ 16,335,987	$ 17,623,421	$ 19,225,512	$ 19,085,402	$ 20,112,381	$ 20,492,647
$ 85,746	$ 88,013	$ 91,882	$ 110,955	$ 106,028	$ 100,219
$ 15,434,199	$ 15,842,402	$ 16,538,839	$ 19,971,845	$ 19,085,069	$ 18,039,391

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

OTHER

AUDIT REPORTS

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

Purvis Gray & Company

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

District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the District School Board of Lake County, Florida (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated December 19, 2014.

Our report includes a reference to other auditors, who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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 entity's financial statements will not be prevented, or detected and corrected in 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.

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District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

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

Internal Control Over Financial Reporting *(Concluded)*
Our consideration of internal control over financial reporting was for the limited purpose described in the paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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

We noted certain other matters that we reported to management of the District in a separate letter dated December 19, 2014.

The District's response to the management letter comments identified in our audit is described in the accompanying management's response to management letter comments. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Purvis, Gray and Company, LLP

December 19, 2014
Ocala, Florida

Purvis Gray & Company

MANAGEMENT LETTER

District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

Report on the Financial Statements
We have audited the financial statements of the District School Board of Lake County, Florida (the District), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated December 19, 2014. Our report includes a reference to other auditors. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors' and such information related to those audits are reported on separately by those auditors.

Auditors' Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reporting Required by *Government Auditing Standards*
We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated December 19, 2014, should be considered in conjunction with this management letter.

Other Reporting Required by *Rules of the Auditor General for the State of Florida*
Additionally, our audit was conducted in accordance with the provisions of Chapter 10.800, *Rules of the Auditor General*, which governs the conduct of the district school board audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report or schedule:

Prior Audit Findings

- Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Financial Condition

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

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District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

MANAGEMENT LETTER
(Concluded)

Other Reporting Required by *Rules of the Auditor General for the State of Florida (Concluded)*

Financial Condition (Concluded)

- Section 10.804(1)(f)5.a and 10.805(6), *Rules of the Auditor General*, require that we apply financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Transparency

- Section 10.804(1)(f)6., *Rules of the Auditor General*, requires the auditor to state whether or not the District complied with the transparency requirements (Section 1011.035, Florida Statutes, provides that district school boards include a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District complied with transparency requirements.

Other Matters

- Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, please see the accompanying Management Letter Comments.

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

Purpose of this Letter

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

Purvis, Gray and Company, LLP

December 19, 2014
Ocala, Florida

MANAGEMENT LETTER COMMENTS

District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

During the course of our audit, the following items came to our attention. These items involve primarily financial management matters, which, if improved, will result in more efficient and effective financial operations.

Current Year Comments

2014-1 Implementation of New Financial Services Software

On October 1, 2014, the District implemented a new Enterprise Resource Planning (ERP) system (Skyward), covering all key financial applications. The implementation required significant effort and learning (some of which is ongoing) on the part of all District personnel. Additionally, the Finance and Accounting department transitioned to a new Finance Director during the year and has been without a key long-term Senior Accountant for much of the last half of the year. Given the size and nature of the District, the implementation was and continues to be a complex process requiring major staff time and effort to set up and learn the new system, ensure that data conversions were accurate, and that business processes and controls remain effective with the new system.

Due to the magnitude of the system change, there are ongoing efforts by management to reassess business process controls in place that were designed for the old system, to ensure their continued relevance with the new system. Accordingly, we offer the following list of areas still in progress requiring special attention in the new year:

- *Administrator Access* – During the 2013-14 ERP implementation process, administrator access was widely allowed within the Finance and Accounting department to facilitate the conversion. Now that the ERP implementation is substantially complete, a final review and removal of those no longer needing system administrator accesses should be performed and access changes should be implemented. For segregation of duties purposes, we recommend that the District implement ongoing future review processes to ensure that system administrator access is properly limited.

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MANAGEMENT LETTER COMMENTS
(Continued)

Current Year Comments ***(Concluded)***

2014-1 Implementation of New Financial Services Software ***(Concluded)***

- *Period End Closing Routines* – As part of our audit we recommended adjustments to the year-end financial statements, all of which were accepted and made by management. The nature of these adjustments were primarily year-end clean up items, some affecting only the government-wide financial statements. The District's Annual Financial Report (AFR) previously filed with the Department of Education has been amended and refiled. We recommend that the District increase its efforts to fully master all aspects of the new ERP system and better monitor general ledger account activity, balances and reconciliations for completeness. This can be accomplished by implementing a more thorough review of existing period-end closing routines on an ongoing basis by senior management.

- *Periodic Review of All Pay Changes* – Because the payroll processor has the ability to change pay, hours worked, leave time accumulations, and direct deposit bank files, we recommend that a control procedure be established whereby someone independent of the payroll function performs a documented review of the payroll system edit report which shows all changes made to all payroll files and fields.

- *941 Reconciliation* – To ensure proper integration and posting of payroll between the payroll system and general ledger, we recommend that the District establish a control procedure of reconciling gross payroll recorded in the general ledger to the quarterly IRS tax reporting document; form 941 on a quarterly basis.

- *Timekeeping* – The District has been improving on its District-wide standard timekeeping methodology for many years and we noted that management is continuing to look for improvements in this area as part of the ERP implementation. We encourage management to continue its efforts to standardize time keeping throughout the many and functionally diverse sites of the District.

- *Business Unit Organization and Process Improvement* – Implementing the new ERP system has changed many of the business and accounting processes within the Finance and Accounting department. Accordingly, we concur with management's plans to reevaluate the departmental staffing to better match these new processes and activities and recommend that this be a priority in the upcoming year.

- *Perpetual Inventory* – We recommend that the District continue its plans to implement a perpetual inventory system for Food Service inventory items, as part of its ERP implementation. Currently, each month, the District takes inventory of its Food Service items and makes an adjustment to the income statement expense accounts for usage based on the Districts known purchases for the month. This system does not provide the District with enough information to detect any issues with the inventory system or possible theft.

- *Internal Accounts* – The District should continue with its plans to implement the new ERP system for each school's Internal Accounts now that primary district wide applications are in place.

District School Board of Lake County, Florida and
Superintendent
Tavares, Florida

MANAGEMENT LETTER COMMENTS
(Concluded)

These Management Letter Comments are intended solely for the information and use of the District Board, Superintendent, management, the State of Florida, and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies that have been extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

Purvis, Gray and Company, LLP

December 19, 2014
Ocala, Florida

LAKE COUNTY SCHOOLS, TAVARES FLORIDA

LAKE COUNTY SCHOOLS
Leading our Children to Success

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Superintendent:
Susan Moxley, Ed.D.

School Board Members:
District 1
Bill Mathias
District 2
Rosanne Brandeburg
District 3
Marc Dodd
District 4
Debbie Stivender
District 5
Stephanie Luke

December 19, 2014

Mark White, CPA, Partner
Philip Gesner, CPA, Manager
Purvis Gray & Company, CPA's
2347 S.E. 17th Street
Ocala, FL 34471

Gentlemen;

First, let me thank you and your staff for the professional manner in which the audit was conducted. It was completed in a timely manner and with very little disruption to our daily operations. As a former auditor, I understand and value the audit process and consider the findings as opportunities to improve. In response to the Independent Auditor's Management Letter Comments related to the audit of our financial statements for the fiscal year ended June 30, 2014, we offer the following:

2014-1 Implementation of New Financial Services Software

As noted, on October 1, 2013, we implemented a new Enterprise Resource Planning (ERP) system (Skyward) covering all key financial applications. This replaced a legacy system that had been used by the District since 1979. In the prior audit, you highlighted areas for us to monitor and consider as the conversion and implementation proceeded. Now that the system is up and operational we are in position to begin the process of reassessing the business process controls that were in place with the old system and determining the continued relevance with the new system. There is no question that closing the fiscal year when part of the records were maintained in the old system and part in the new system was a challenge. However, one of the many advantages to the new system is the opportunity to reassess existing process and procedures.

To your specific target areas:

Administrator Access: Administrator access during the conversion and implementation was broader than desirable for the ongoing normal operations of the system. This additional access, as noted, was required during conversion and implementation and has since been restricted to only those that require Administrator Access as a normal part of their job duties. The Information Technology (IT) Department has implemented control procedures to review the access levels on a regular basis.
Period End Closing Routines: Part of our learning process was learning the reporting capabilities of the new system. We are working together to ensure that all staff members have the appropriate skill level with the new system to properly complete their responsibilities in a timely manner. Continued training will be an ongoing activity.

Periodic Review of Pay Changes: While the payroll manager needs to have this ability, it should only be the rare occurrence that it is used. The Finance Director now generates a report of any changes to the payroll system for review.

941 Reconciliations: Review of our existing procedures identified an overload of responsibility on the Payroll Manager. Review of the workload distribution and internal control considerations have provided us a reassignment of these duties with follow-up review by the Finance Director.

Timekeeping: We are looking forward to the implementation of the "True Time" timekeeping module of the ERP System. This function was one of the major reasons we selected this particular ERP system. This functionality is being tested now and will be implemented in phases over the next year.

Business Unit Organization and Process Improvement: Any significant change in the daily process and procedures invite a review of those procedures. We are moving from a highly manual system to one that uses more technology and less paper. This has changed the way we do business. We are in the process of updating our internal control procedures manual and assessing the efficiencies gained by the new system to determine and consider the changing job duties of staff. This will be an ongoing review as we continue to learn and become more familiar with the new system.

Perpetual Inventory: This part of the new system was successfully implemented in the central warehouse as identified by our Internal Auditor. The remaining warehouses will continue to be updated during the current year. We expect to have all inventories on the new system prior to the close of fiscal 2015.

Internal Accounts: This is also one of the modules of the new ERP system. We have begun the behind the scenes conversion and implementation process and intend to have all of the schools converted by the close of fiscal 2015.

We appreciate your assistance and review of our systems and look forward to working together in our efforts to continually improve our school district.

Respectfully submitted,

Carol J. MacLeod

Carol J. MacLeod, CPA, SFO
Chief Financial Officer

cc: Dr. Susan Moxley, Superintendent of Schools