

**DISTRICT SCHOOL BOARD
OF MARTIN COUNTY, FLORIDA**
Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2016

Prepared by the Finance Department

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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INTRODUCTORY SECTION





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THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

500 East Ocean Blvd • Stuart, Florida 34994 • Telephone (772) 219-1200 EXT 30200 • Facsimile: (772) 219-1231

December 6, 2016

Dear Chairman, School Board Members, and Citizens of Martin County:

State law requires that all school districts publish after the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (“GAAP”), and audited in accordance with auditing standards generally accepted in the United States of America by a licensed certified public accountant. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (“CAFR”) of the District School Board of Martin County, Florida (the “District”) for the fiscal year ended June 30, 2016.

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 has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuses and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The audit staff of the Auditor General, State of Florida, has audited the District’s financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, 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 that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, Federally mandated “Single Audit” designed to meet the special needs of the Federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing the Single Audit engagement require the independent auditor to report not only on the fair presentation of

the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards.

Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, summary of prior audit findings, and the independent auditor's reports on the system of internal control and on compliance with applicable requirements, are included in the single audit section.

This report includes all funds of the District, The Martin County School Board Leasing Corporation, and The Hope Center for Autism Charter School, Inc., which comprises the reporting entity. The Martin County School Board Leasing Corporation was formed by the School Board to be the lessor in connection with financing the construction of the Dr. David L. Anderson Middle School and is included as a blended component unit. The Hope Center for Autism is a public school operating under a charter issued by the District's governing board (the "Board"). The charter school is included as a discretely presented component unit.

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 MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

The District and the Board were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District officials in accordance with Chapter 1001, Florida Statutes. The Board consists of five elected officials responsible for the adoption of policies, which govern the operation of the District's public schools. The elected Superintendent of Schools ("Superintendent") is the executive officer of the Board and is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules, and Board policies. The Superintendent has the specific responsibility for 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 Martin County, Florida. During the 2015-16 fiscal year, the District operated 22 schools, including 12 elementary schools, 5 middle schools, 3 high schools, and 2 special schools. The District operates 2 specialized schools for special needs students and sponsors 1 charter school, the Hope Center for Autism, which is considered a component unit. The Board also awarded a charter to Indian River State College ("IRSC") for the Clark Advanced Learning Center. The school is operated under the direction of IRSC and is not considered a component unit of the District. In the fiscal year 2015-16, the District provided general, special, vocational, and other education programs to 18,714 unweighted full-time equivalent students.

The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school.

ECONOMIC CONDITION AND OUTLOOK

Martin County is part of the area known as the Treasure Coast along with St. Lucie and Indian River Counties. It is located on the East Central Coast of Florida. There are approximately 15,963 linear feet of public beaches in the County and 556 square miles of land. Martin County was established in 1925 and named for the then Governor of Florida, John Wellborn Martin. The County is largely agricultural with a major tourist sector. It is home to many winter citizens and has developed a pattern for slow but steady growth. The City of Stuart, (County Seat) is known as the “Sailfish Capital of the World” and as such, attracts many anglers visiting from all over the world.

The student population increased from 18,583 in September 2015 to 18,714 in September 2016. Based on the 2016-17 Projected FTE survey, the District will have no significant change in student population for fiscal year 2016-17.

The District is included among the largest employers in the County along with Martin Health Systems and the Martin County Government.

MAJOR INITIATIVES

The District has developed a master plan for all of its facilities and is in the process of remodeling and adding new buildings as designed in the future plans. The District is in the final phases of completing Indiantown Middle School’s Administration and media center building and South Fork High School’s kitchen renovation. The District has planned construction for a new two-story Science Lab and Administrative building at Martin County High School. The District has planned to purchase busses, facility maintenance, improvements, additions, and technology enhancements to be completed within the next 5 years.

ACCOMPLISHMENTS

The District is dedicated to providing students with a quality education. Among the many educational tools administered by the District for teachers, parents, and students are:

- *FOCUS* - a secure, online grade book that provides parents with instant information on how their student is performing in school;
- *Connect* - an outbound calling system capable of sending recorded community outreach, attendance, or emergency phone messages to thousands of parents and staff members in just minutes in both English and Spanish;
- *Safari Montage* - a comprehensive platform for digital media distribution and visual instruction needs via a suite of integrated products, giving educators and administrators a single interface for accessing all visual resources;

- *Class Link* - a single sign on access for teachers and students to access all MCSD curriculum resources such as online textbooks, digital reference materials and e-libraries.
- *iReady* – a diagnostic and instructional product for teachers and students built for the Common Core.

These tools, combined with the knowledge and dedication of the District’s teachers, administrators, and staff, have helped the District become one of the highest performing school districts in the state. Among the noted accomplishments:

- The 2015-16 school year marked the ninth consecutive year the District has earned the “Academically High-Performing School District” designation from the Florida Department of Education.
- The District is fully accredited by AdvancED, the parent organization of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement.
- SAT and ACT scores for Martin County students are consistently higher than State and national averages.
- The Martin County School District is ranked 8th in the state for percent of total points earned for school grades in the state accountability system.
- The District ranks second in the top ten in the state for English Language Arts (ELA) test scores and learning gains.
- The District consistently ranks among the top districts in the state for graduation rate. In 2015, the graduation rate was 88.8 percent, top 5 in the state.
- The District’s strong network of 4,500 registered volunteers logged over 210,000 hours serving the district in 2015-16. Eighteen (18) schools earned Golden School Awards and eleven schools are designated Five Star Schools by the Florida Department of Education. These awards recognize outstanding school volunteer programs.
- The Martin County School District has strong relationships with its community partners, including The Education Foundation of Martin County, Children’s Services Council, United Way, Character Counts!, Tykes and Teens, CareerSource and many more.
- The Yellow Brick Road (YBR) program was conceptualized as a career-oriented program for students in grade 8 and 11 who participate in professional development workshops to develop and hone 21st century success skills, such as interpersonal and organization skills in preparation for a career after high school graduation.
- SPAM, our District Robotics team, was crowned the champions of the Orlando Regionals and the South Florida Regionals and competed in the St. Louis World Championship. Anderson Middle School RoboStallions finished as the 1st Runner up in the global innovation contest “F.I.R.S.T.” Lego League with an invitation to with the TED Talks group to advance their innovative “chipsulation” idea.
- Preparing a new era of students for the digital age, the District has implemented the “Laptops for Learning” program which seeks to have a device in the hands of all 9th grade students. It is being supported by layers of professional development for teachers and administrators both site-specific and district-wide.

FINANCIAL PLANNING

Providing adequate facilities to all students is fundamental to maintaining an effective education system. It speaks to a range of standards, including safety, class size, and equity. The District’s

school building ages range from 1932 to 2009. The District has a master facility plan to rebuild, remodel, and expand schools and sites, which shall take place over a number of years.

Recruiting and retaining District teachers and other staff members is a high priority for the Board and the Superintendent. District employee benefits continue to lead much of the State as the Board offers an ample benefit and salary package in an effort to retain teachers throughout their career.

FINANCIAL POLICIES

The District has a policy to operate in accordance with State law and has developed a long-range strategic plan (Plan). The Plan sets forth goals and objectives for progress in all areas of District operations and outlines steps to be taken for their achievement. As part of the strategic plan for the District, the School Board approves strategic goals and objectives to serve as a guide for planning on an annual basis in all areas of operations. The Board reviews the Plan annually with periodic progress reports made by staff. The Superintendent is responsible for keeping the Plan updated as needed.

The District has an investment policy in place for the investment of temporarily idle funds. The purpose of the policy is to outline the responsibility, authority, and general guidelines for the investment management of the District's cash reserves and to ensure compliance with Florida Statutes. See related Notes to the Basic Financial Statements for more information on the investment policy.

BUDGETARY CONTROLS

The annual budget serves as the basis for the District's financial planning and control and the level of budgetary control is established at the function and object level. Project length financial plans are adopted for the capital project funds. Activities of all governmental fund types are included in the annual appropriated budget.

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 are reappropriated as part of the subsequent year's budget.

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On October 20, 2015, the Board adopted a District staffing plan that establishes teaching positions based generally on student populations served. Additionally, support and administrative positions are created based upon established criteria.

REPORTING ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting (GFOA) - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the tenth consecutive year that the District has received this prestigious award. The Certificate is a national award, recognizing conformance with the highest standards for

preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

Certificate of Excellence in Financial Reporting (ASBO) - The Association of School Business Officials International (ASBO) also awards a Certificate of Excellence in Financial Reporting to governments who meet the reporting requirements and submit their reports for review and consideration. The District received its ninth consecutive award for Certificate of Excellence in Financial Reporting, for the fiscal year 2014-15. The Certificate of Excellence in Financial Reporting awarded by ASBO certifies that the CAFR substantially conforms to the accounting and reporting standards adopted by ASBO.

A GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year. We believe our current report continues to meet the requirements of the Certificate of Achievement Program as well as the Certificate of Excellence Program. Accordingly, we are submitting it to both the GFOA and ASBO for consideration for another award.

ACKNOWLEDGEMENTS

A comprehensive financial report of this nature could not have been prepared without the efficient and dedicated efforts of the Finance Department staff. We would like to express appreciation to all members of the Finance Department and those other staff members who assisted in providing a wealth of information for the preparation of this report.

In closing, we would also like to thank the members of the Board for their leadership and support in establishment of policies and approving processes for financial operations of the District.

Respectfully,



Laurie J. Gaylord
Superintendent of Schools



Helene DiBartolomeo, CPA
Chief Financial Officer

District School Board of Martin County, Florida



Laurie J. Gaylord
Superintendent



Christia Li Roberts
School Board Member
District 1



Marsha Powers
School Board Chair
District 2



Rebecca Negron
School Board Member
District 3



Tina McSoley
School Board Vice-chair
District 4



Michael DiTerlizzi
School Board Member
District 5



2015-16 Fiscal Year
Superintendent and School Board Members

District School Board of Martin County, Florida

LIST OF PRINCIPAL OFFICIALS – APPOINTED



Ginger Featherstone
Assistant
Superintendent



Dr. Tracey Miller
Executive Director for
Instructional Services



Thomas E. Sheeran
Executive Director for
Operations Service



Richard Bailey
Chief Human Resource
Officer



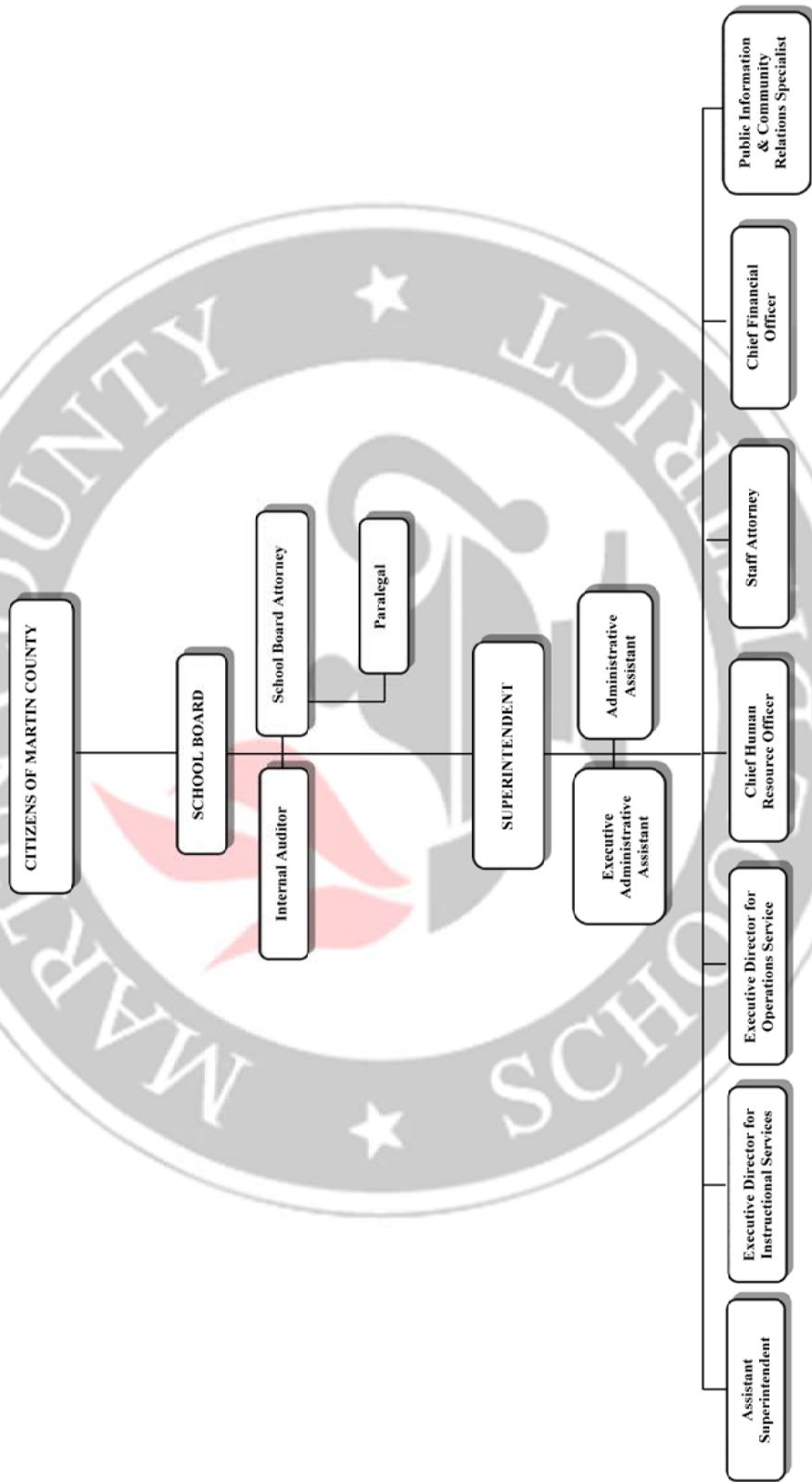
Kim W. Sabol
Staff Attorney



Helene DiBartolomeo
Chief Financial Officer



School District of Martin County Organizational Chart





Government Finance Officers Association

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

Presented to

**District School Board of Martin County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

District School Board of Martin County, Florida

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



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FINANCIAL SECTION





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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
Tallahassee, Florida 32399-1450



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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of June 30, 2016, and the respective changes in financial position and the respective changes in financial position and the respective budgetary comparison for the general and major special revenue funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements

and schedules and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

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

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 6, 2016
Audit Report No. 2017-065



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the District School Board of Martin County has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to assist the reader in focusing on significant financial issues, provide an overview and analysis of the District's financial activities, identify changes in the District's financial position, identify material deviations from the approved budget, and highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to the basic financial statements.

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 consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information intended to furnish additional details to support the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to those of a private-sector business and consist of the following two statements:

- The *statement of net position* presents information on most of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is strengthening or weakening.
- The *statement of activities* presents information showing how the government's net position changed during the 2015-16 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 future fiscal periods (e.g., earned but unused vacation leave).

The statement of activities presents functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include educational programs (basic, vocational, adult, and exceptional education), and school support functions such as transportation, facilities, and administration.

The government-wide financial statements include not only the District itself (known as the primary government), but also the Hope Center for Autism, Inc., charter school. Although a legally separate organization, the component unit is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles. Financial information for the component unit is reported separately from the financial information presented for the primary government. The Martin County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note VII B. Due to the substantive economic relationship between the Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of two broad categories: governmental funds or 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, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District'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 the 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 governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General, Special Revenue – Food Service, Special Revenue - Other Federal Programs, Debt Service – Other Debt Service Fund, and Capital Projects - Local Capital Improvement Tax Funds. Data from the other six governmental funds is 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 in the supplementary information section of this report.

The District adopts annual budgets for its General, Special Revenue – Food Service, and Special Revenue - Other Federal Programs Funds. Budgetary to actual comparisons have been provided for these funds to demonstrate budgetary compliance.

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 of those funds are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District reports the following fiduciary fund types:

- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Private-Purpose Trust Funds – to account for resources of various scholarship trust funds.
- Agency Funds – to account for resources held for student activities and groups.

Notes to the Basic Financial Statements

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

Other Information

Combining statements referred to earlier, present a more detailed view of nonmajor funds used in governmental funds. This section includes budget to actual schedules for nonmajor special revenue, debt service, and capital projects funds. Also included are statements for agency funds.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-16 fiscal year are as follows:

Government-wide Statements

- The District's assets and deferred outflows exceed its liabilities and deferred inflows at June 30, 2016, by \$228.0 million (*net position*).
- The District's total net position increased by \$15.7 million, which represents a 7.4 percent increase from the 2014-15 fiscal year. This change is primarily attributable to the increase in deferred outflows and decrease in deferred inflows in the cost-sharing multiple-employer defined pension plans.
- General revenues total \$190.1 million, or 92.6 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$15.2 million, or 7.4 percent of all revenues. The property taxes levied for operational and capital purposes increased over prior year is due to the increase in the taxable values for the County.
- Expenses total \$189.6 million; \$15.2 million of these expenses are offset by program specific charges, with the remainder paid from the general revenues. Total revenues exceed total expenses by \$15.7 million.

Fund Statements

- At June 30, 2016, the District's governmental funds report combined ending fund balances of \$56.4 million, an increase of \$11.8 million.
- At June 30, 2016, assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$12 million or 7.9 percent of total General Fund revenues.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the District's net position as of June 30, 2016, compared to the net position as of June 30, 2015:

District School Board of Martin County, Florida			
Net Position			
	Governmental Activities		Percent
	2016	2015	Change
Current and other assets	\$ 66,430,560	\$ 59,056,672	12.5%
Capital assets	364,076,275	363,644,910	0.1%
Total assets	430,506,835	422,701,582	1.8%
Net carrying amount of debt refunding	1,287,299	1,367,755	
Pensions	15,251,696	11,953,532	
Total deferred outflows of resources	16,538,995	13,321,287	
Other liabilities	9,019,839	13,199,773	-31.7%
Long-term liabilities	199,389,746	183,605,411	8.6%
Total liabilities	208,409,585	196,805,184	5.9%
Pensions	10,683,191	26,940,013	
Total deferred inflows of resources	10,683,191	26,940,013	
Net position:			
Net investment in capital assets	325,311,543	322,910,925	0.7%
Restricted	43,862,351	37,837,728	15.9%
Unrestricted (deficit)	(141,220,840)	(148,470,981)	-4.9%
Total net position	\$ 227,953,054	\$ 212,277,672	7.4%

The largest portion of the District's net position (\$325.3 million) reflects its investment in capital assets (e.g., land, buildings, furniture, fixtures, and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are 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 liabilities.

An additional portion of the District's net position, \$43.9 million, represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position balance is negative because of the District's future liabilities for employee compensated absences, other postemployment benefits, and pension plan obligations; however, the District has sufficient current assets to meet its current obligations.

Restricted net position increased \$6.0 million from June 30, 2015, to June 30, 2016. This net position represents restrictions from specific revenue sources and grants. The deficit in unrestricted net position in the governmental type activities decreased by \$7.3 million, primarily due to the decrease of the OPEB obligations of the District.

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

District School Board of Martin County, Florida
Changes in Net Position

	Governmental Activities		Percent
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 6,297,264	\$ 5,681,060	10.8%
Operating grants and contributions	6,823,025	6,152,078	10.9%
Capital grants and contributions	2,104,279	2,114,250	-0.5%
Total Program revenues	<u>15,224,568</u>	<u>13,947,388</u>	9.2%
General revenues:			
Property taxes, levied for operational purposes	108,645,648	103,006,102	5.5%
Property taxes, levied for capital purposes	29,116,037	27,406,923	6.2%
Grants and contributions not restricted to specific prog.	45,755,151	46,504,240	-1.6%
Other	6,551,918	4,402,712	48.8%
Total General revenues	<u>190,068,754</u>	<u>181,319,977</u>	4.8%
Total revenues	<u>205,293,322</u>	<u>195,267,365</u>	5.1%
Expenses			
Instruction	91,064,227	97,511,574	-6.6%
Student support services	9,645,370	9,560,480	0.9%
Instructional media services	1,986,100	2,082,654	-4.6%
Instructional and curriculum development services	3,420,636	3,778,735	-9.5%
Instructional staff training services	3,191,486	2,962,444	7.7%
Instruction related technology	2,072,750	1,874,605	10.6%
School board	533,539	597,054	-10.6%
General administration	813,862	496,860	63.8%
School administration	9,395,507	10,164,576	-7.6%
Facilities services	22,250,987	21,355,569	4.2%
Fiscal services	810,950	862,146	-5.9%
Food services	9,426,056	9,251,136	1.9%
Central services	5,393,295	7,162,409	-24.7%
Student transportation services	6,254,283	6,144,052	1.8%
Operation of plant	13,951,820	14,125,494	-1.2%
Maintenance of plant	3,981,788	4,031,091	-1.2%
Administrative technology services	649,437	636,857	2.0%
Community services	3,008,816	2,901,806	3.7%
Unallocated interest on long-term debt	1,767,031	1,748,295	1.1%
Total expenses	<u>189,617,940</u>	<u>197,247,837</u>	-3.9%
Change in net position	15,675,382	(1,980,472)	
Net position - beginning	212,277,672	279,698,986	
Adjustments to net position ⁽¹⁾	-	(65,440,842)	
Net position - ending	<u>\$ 227,953,054</u>	<u>\$ 212,277,672</u>	7.4%

Note (1): Adjustments to beginning net position due to the implementation of GASB Statement 68.

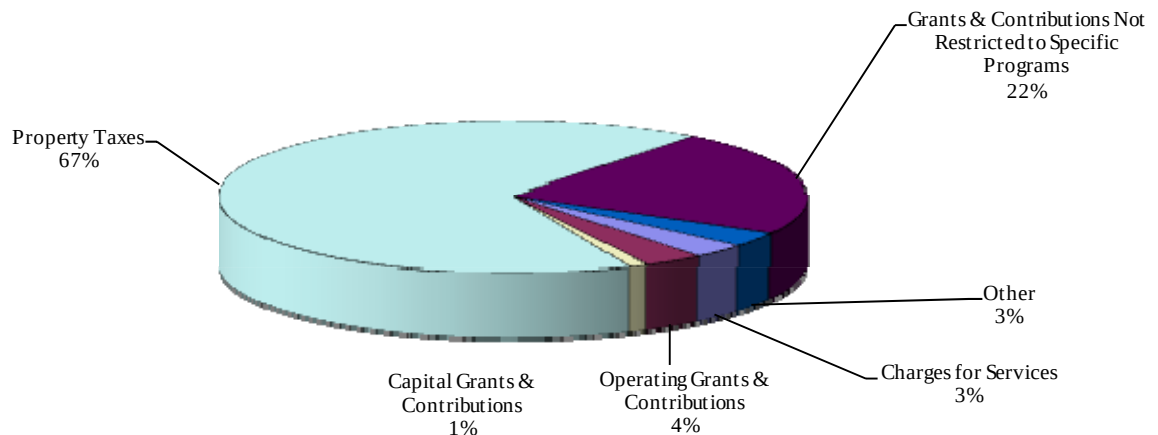
Major changes in revenues were caused by the following:

- Charges for services – Increased by 10.8 percent due to an increase in fees received for the use of the school buses.
- Operating grants – Increased by 10.9 percent due to an increase in school lunch usage.
- Property taxes, levied for operational and capital purposes – Increased by 5.5 and 6.2 percent, respectively, due to an increase in the property values for the County.

Major changes in expenses were caused by the following:

- Instruction – Decreased by 6.6 percent or \$6.4 million due Board approved retiree insurance health care reform.
- Central services – Decreased by 24.7 percent due primarily to Board approved retiree insurance health care reform.

Revenues by Source - Governmental Activities



FUND FINANCIAL ANALYSIS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful when assessing the District's financing requirements. For example, *unassigned fund balance* may serve as a useful measure of the District's resources available to finance future contracts or services.

District School Board of Martin County, Florida Fund Balance

	2016	2015
Fund balance:		
Nonspendable	\$ 543,196	\$ 669,328
Restricted	43,862,351	37,837,728
Assigned	809,842	214,301
Unassigned	11,176,878	5,885,978
Total fund balance	<u>\$ 56,392,267</u>	<u>\$ 44,607,335</u>

As of the end of the 2015-16 fiscal year, the District's governmental funds reported combined ending fund balances of \$56.4 million, an increase of \$11.8 million in comparison with the prior fiscal year.

Major Funds

The General, Special Revenue – Food Service, Special Revenue - Other Federal Programs, Debt Service – Other Debt Service Fund, and Capital Projects - Local Capital Improvement Tax Funds were reported as major funds.

The General Fund is the chief operating fund of the District. The General Fund has an increase in fund balance of \$6.3 million, primarily due to an increase in local tax revenue collections based on the base student allocation and an increase in student count. The total fund balance is \$17.2 million, of which \$11.2 million is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 7.4 percent of total General Fund operating revenue, while total fund balance represents 11.3 percent of that same amount.

The Special Revenue – Food Services accounts for and report on activities of the food service program when serving breakfast and lunch at the schools. The financial position decreased by 17.9 percent or \$0.6 million due to the purchase of kitchen equipment.

The Special Revenue – Other Federal Programs Fund accounts for the financial resources of certain Federal grant programs. Revenues and expenditures totaled \$11.6 million each, a 1.8 percent increase from 2014-15 fiscal year, primarily due to increase program awards. Because revenues are recognized to the extent of allowable expenditures, this fund does not generally accumulate fund balance.

The Debt Service – Other Fund accounts for and report on other long term debt payments of principal, interest, and related costs including the Certificates of Participation, Series 2014A, debt issue.

The Capital Projects – Local Capital Improvement Tax Fund has an increase in fund balance of \$3.9 million to a total fund balance of \$28.9 million, which is restricted for acquisition, construction, and maintenance of capital assets. The increase is primarily due to the increase in the property tax collections.

Nonmajor Funds

The nonmajor governmental funds consist of special revenue, debt service, and capital projects funds. Fund balance of these funds increased by \$2.4 million or 47.4 percent from the previous fiscal year due primarily to the increase collection of impact fees. The total fund balance of \$7.3 million is restricted to be expended on specific programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2015-16 fiscal year, the District amended its General Fund budget several times. Budget revisions were due primarily to workforce reductions due to attrition, termination payouts, and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance and compliance with State-mandated class-size reduction. Final budgeted revenues and expenditures were in line with original budgeted amounts.

A final budget amendment was approved at year-end to amend the budget to actual revenues and expenditures. The Board is authorized by State statute to make budget amendments up to the date that the District's Annual Financial Report is approved. The District typically elects to amend its budget to actual at that time to ensure that all expenditures adjustments are covered by the budget amendments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation, as of June 30, 2016, total \$364.1 million. Capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; and audio visual materials and software. The District experienced an increase in capital assets compared to the previous fiscal year of approximately 0.1 percent.

Major capital assets events during the 2015-2016 fiscal year include:

- Projects completed:
 - Murray Middle School – Demolition and waterline
 - Spectrum Jr./Sr. High School – Remodel and renovations
 - Jensen Beach High School – Track replacement
 - South Fork High School – Reroofing project
 - Jensen Beach Elementary – Reroofing, bathroom, and kitchen renovations
- Projects in final phase of completion, awaiting the completion of a punch list:
 - Indiantown Middle School – Administration and media center building
 - South Fork High School – Kitchen renovation

District School Board of Martin County, Florida
Capital Assets
(net of depreciation)

	2016	2015	Percent Change
Land	\$ 10,354,648	\$ 10,354,648	0.0%
Construction in progress	6,373,348	1,784,688	257.1%
Improvements other than buildings	11,017,781	11,532,870	-4.5%
Buildings and fixed equipment	327,303,918	330,011,053	-0.8%
Furniture, fixtures, and equipment	4,550,652	4,859,789	-6.4%
Motor vehicles	3,397,505	4,403,856	-22.9%
Property under capital lease	490,247	223,129	119.7%
Audio visual materials & software	588,176	474,877	23.9%
Total Capital Assets (Net of Depreciation)	<u>\$ 364,076,275</u>	<u>\$ 363,644,910</u>	0.1%

Construction in progress increased due to the increase in the number of ongoing construction projects of the District. Additional information on the District's capital assets can be found in Note VI of this report.

Long-Term Debt

At June 30, 2016, the District has total long-term debt outstanding of \$39.9 million, comprised of Certificates of Participation (COPS) Series 2014A, State Board of Education (SBE) Bonds, and capital leases.

District School Board of Martin County, Florida
Outstanding Debt

	<u>2016</u>	<u>2015</u>
COPS	\$ 32,063,218	\$ 33,563,419
State School (SBE) Bonds Payable	7,382,000	8,331,000
Obligations under Capital Lease	490,937	207,321
	<u>\$ 39,936,155</u>	<u>\$ 42,101,740</u>

The District's outstanding debt decreased \$2.2 million during the 2015-16 fiscal year. The decrease was primarily due to scheduled principal retirements and the refunding of COPS. Additional information on the District's debt may be found in Note VII of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2016-17 fiscal year is projected to be 4.633 mills (a decrease of .215 mills), the discretionary millage is projected to be .748 mills, and the capital outlay millage is projected to be 1.50 mills. General Fund revenues and other financing sources are projected to be at \$175.9 million, and expenditures are expected to be \$159.0 million.

Approximately 95 percent of total General Fund revenues are from the State of Florida and local taxes; therefore, economic condition at the national, state, and local levels will affect the general operating funds and activities of the District. Changes in levels of tourism, immigration into the State of Florida, and unemployment may affect the State revenue streams, which in turn, will affect District revenue streams.

- The unemployment rate for Martin County is currently 4.9 percent, which is a decrease from the rate of 5.5 percent a year ago.
- Student enrollment increased from 18,583 in September 2015 to an estimated 18,714 in September 2016.
- The County population increased for the 2015-16 fiscal year from 150,062 to 150,870.

REQUESTS FOR INFORMATION

This financial report is designed to provide users with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Martin County School Board, Finance Department, 500 East Ocean Boulevard, Stuart, FL 34994. Additional financial information can be found on our Web site (www.martinschools.org).

BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Position
June 30, 2016

	Primary Government	
	Governmental Activities	Component Unit
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 63,141,002	\$ 540,054
Investments	173,050	-
Accounts receivable	926,089	-
Deposits	-	1,428
Due from other governmental agencies	628,769	-
Inventories	494,339	-
Prepaid items	48,857	4,500
Restricted:		
Equity in property and casualty group	1,018,454	-
Capital assets not being depreciated:		
Land	10,354,648	-
Construction in progress	6,373,348	-
Capital assets net of accumulated depreciation:		
Improvements other than buildings	11,017,781	7,784
Buildings and fixed equipment	327,303,918	-
Leasehold Improvements	-	33,486
Furniture, fixtures, and equipment	4,550,652	6,370
Motor vehicles	3,397,505	-
Property under capital lease	490,247	-
Audio visual materials and software	588,176	-
Total assets	430,506,835	593,622
Deferred outflows of resources		
Net carrying amount of debt refunding	1,287,299	-
Pensions	15,251,696	-
Total deferred outflows of resources	16,538,995	-
Liabilities		
Salaries and benefits payable	5,340,046	23,307
Accounts payable	3,096,557	-
Construction contracts payable - retainage	321,178	-
Unearned revenue	262,058	-
Long-term liabilities:		
Portion due in one year:		
Obligations under capital lease	107,882	-
Bonds payable	1,007,000	-
Certificates of participation payable	1,445,201	-
Compensated absences payable	804,790	-
Net pension liability	1,493,625	-
Portion due in more than one year:		
Obligations under capital lease	383,055	-
Bonds payable	6,375,000	-
Certificates of participation payable	30,618,017	-
Compensated absences payable	11,692,865	-
Net pension liability	62,991,586	-
Other postemployment benefits obligation	82,470,725	-
Total liabilities	208,409,585	23,307
Deferred inflows of resources		
Pensions	10,683,191	-
Total deferred inflows of resources	10,683,191	-
Net position		
Net investment in capital assets	325,311,543	47,640
Restricted for:		
State required carryover programs	4,755,657	-
Capital projects	36,018,934	77,160
Debt service	173,050	-
Food service	2,852,413	-
Other	62,297	-
Unrestricted net position (deficit)	(141,220,840)	445,515
Total net position	\$ 227,953,054	\$ 570,315

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Instruction	\$ 91,064,227	\$ 346,838	\$ -	\$ -
Student support services	9,645,370	-	-	-
Instructional media services	1,986,100	-	-	-
Instruction and curriculum development services	3,420,636	-	-	-
Instructional staff training services	3,191,486	-	-	-
Instruction related technology	2,072,750	-	-	-
School board	533,539	-	-	-
General administration	813,862	-	-	-
School administration	9,395,507	-	-	-
Facilities services	22,250,987	-	-	380,696
Fiscal services	810,950	-	-	-
Food services	9,426,056	2,113,026	6,823,025	-
Central services	5,393,295	-	-	-
Student transportation services	6,254,283	506,806	-	-
Operation of plant	13,951,820	-	-	-
Maintenance of plant	3,981,788	-	-	408,185
Administrative technology services	649,437	-	-	-
Community services	3,008,816	3,330,594	-	-
Unallocated interest on long-term debt	1,767,031	-	-	1,315,398
Total primary government	<u>\$ 189,617,940</u>	<u>\$ 6,297,264</u>	<u>\$ 6,823,025</u>	<u>\$ 2,104,279</u>
Component unit:				
Hope Center for Autism, Inc.	<u>\$ 1,068,407</u>	<u>\$ 8,510</u>	<u>\$ -</u>	<u>\$ 9,140</u>

General revenues:

Taxes:

 Property taxes, levied for operational purposes

 Property taxes, levied for capital purposes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

 Total general revenues

 Change in net position

Total net position - beginning

Total net position - ending

The accompanying notes are an integral part of the basic financial statements.

Net (Expense) Revenue and Changes in Net Position	
Primary Government Governmental Activities	Component Unit
\$ (90,717,389)	\$ -
(9,645,370)	-
(1,986,100)	-
(3,420,636)	-
(3,191,486)	-
(2,072,750)	-
(533,539)	-
(813,862)	-
(9,395,507)	-
(21,870,291)	-
(810,950)	-
(490,005)	-
(5,393,295)	-
(5,747,477)	-
(13,951,820)	-
(3,573,603)	-
(649,437)	-
321,778	-
(451,633)	-
<u>\$ (174,393,372)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (1,050,757)</u>
108,645,648	-
29,116,037	-
45,755,151	1,090,136
175,127	154
6,376,791	-
<u>190,068,754</u>	<u>1,090,290</u>
15,675,382	39,533
212,277,672	530,782
<u>\$ 227,953,054</u>	<u>\$ 570,315</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Federal Programs Fund
Assets			
Cash and cash equivalents	\$ 24,451,681	\$ 2,982,750	\$ 21,266
Investments	-	-	-
Accounts receivable	360,216	59,954	-
Due from other governmental agencies	-	42,501	157,458
Inventories	375,458	118,881	-
Prepaid items	48,857	-	-
Total assets	\$ 25,236,212	\$ 3,204,086	\$ 178,724
Liabilities and fund balances			
Liabilities:			
Salaries and benefits payable	\$ 5,169,525	\$ 57,599	\$ 112,922
Accounts payable	2,773,296	85,505	36,719
Constructions contracts payable - retainage	-	-	-
Unearned revenue	126,699	89,688	29,083
Total liabilities	8,069,520	232,792	178,724
Fund balances:			
Nonspendable	424,315	118,881	-
Restricted	4,755,657	2,852,413	-
Assigned	809,842	-	-
Unassigned	11,176,878	-	-
Total fund balances	17,166,692	2,971,294	-
Total liabilities and fund balances	\$ 25,236,212	\$ 3,204,086	\$ 178,724

The accompanying notes are an integral part of the basic financial statements.

Debt Service - Other Debt Service Fund	Capital Projects - Local Capital Improvement Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 29,040,852	\$ 6,644,453	\$ 63,141,002
-	-	173,050	173,050
-	4,682	501,237	926,089
-	417,978	10,832	628,769
-	-	-	494,339
-	-	-	48,857
<u>\$ -</u>	<u>\$ 29,463,512</u>	<u>\$ 7,329,572</u>	<u>\$ 65,412,106</u>
\$ -	\$ -	\$ -	\$ 5,340,046
-	195,800	5,237	3,096,557
-	321,178	-	321,178
-	-	16,588	262,058
<u>-</u>	<u>516,978</u>	<u>21,825</u>	<u>9,019,839</u>
-	-	-	543,196
-	28,946,534	7,307,747	43,862,351
-	-	-	809,842
-	-	-	11,176,878
<u>-</u>	<u>28,946,534</u>	<u>7,307,747</u>	<u>56,392,267</u>
<u>\$ -</u>	<u>\$ 29,463,512</u>	<u>\$ 7,329,572</u>	<u>\$ 65,412,106</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2016

Total fund balances - governmental funds	\$ 56,392,267
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets not being depreciated	\$ 16,727,996	
Capital assets being depreciated	<u>347,348,279</u>	364,076,275

The District's portion of the equity held in the risk management consortium is not reported as an asset of the governmental funds.	1,018,454
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The difference between the acquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements, but is not reported in the governmental funds.	1,287,299
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflow of pension expense	\$ 8,024,145	
Deferred outflow of employer contribution	<u>7,227,551</u>	15,251,696
Deferred inflows of resources related to pensions		(10,683,191)

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:

Certificates of participation payable	\$ (32,063,218)	
Bonds payable	(7,382,000)	
Obligations under capital lease	(490,937)	
Compensated absences payable	(12,497,655)	
Other postemployment benefits obligation	(82,470,725)	
Net pension liability	<u>(64,485,211)</u>	<u>(199,389,746)</u>

Total net position - governmental activities	<u>\$ 227,953,054</u>
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The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Federal Programs Fund
Revenues			
Federal direct	\$ 359,234	\$ -	\$ 1,873,737
Federal through state and local	335,404	6,734,741	9,698,321
State	33,087,598	88,284	-
Local:			
Taxes	108,645,648	-	-
Charges for services - food services	-	2,113,026	-
Impact fees	-	-	-
Miscellaneous	9,297,035	9,954	-
Total revenues	<u>151,724,919</u>	<u>8,946,005</u>	<u>11,572,058</u>
Expenditures			
Current:			
Instruction	88,038,855	-	3,801,624
Student support services	6,111,178	-	3,609,411
Instructional media services	2,003,013	-	-
Instruction and curriculum development services	1,865,676	-	1,576,199
Instructional staff training services	1,295,425	-	1,926,389
Instruction related technology	1,758,329	-	-
School board	538,202	-	-
General administration	821,954	-	532,894
School administration	9,476,272	-	-
Facilities services	750,145	-	-
Fiscal services	819,918	-	-
Food services	-	8,629,855	488
Central services	5,265,477	-	151
Student transportation services	6,254,253	-	37,015
Operation of plant	13,968,971	-	49,086
Maintenance of plant	4,024,239	-	-
Administrative technology services	655,930	-	-
Community services	3,021,602	-	2,787
Capital outlay:			
Facilities acquisition and construction	-	-	-
Other capital outlay	90,590	1,017,653	36,014
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
Paying agent fees	-	-	-
Total expenditures	<u>146,760,029</u>	<u>9,647,508</u>	<u>11,572,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,964,890</u>	<u>(701,503)</u>	<u>-</u>
Other financing sources (uses)			
Inception of capital lease	-	-	-
Insurance loss recoveries	-	-	-
Transfers in	1,403,216	52,310	-
Transfers out	(52,310)	-	-
Total other financing sources (uses)	<u>1,350,906</u>	<u>52,310</u>	<u>-</u>
Net change in fund balances	<u>6,315,796</u>	<u>(649,193)</u>	<u>-</u>
Fund balances - beginning	<u>10,850,896</u>	<u>3,620,487</u>	<u>-</u>
Fund balances - ending	<u>\$ 17,166,692</u>	<u>\$ 2,971,294</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

Debt Service - Other Debt Service Fund	Capital Projects - Local Capital Improvement Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,232,971
-	50,113	346,171	17,164,750
-	-	2,108,852	35,284,734
-	29,116,037	-	137,761,685
-	-	-	2,113,026
-	-	2,125,143	2,125,143
6,893	57,165	406	9,371,453
<u>6,893</u>	<u>29,223,315</u>	<u>4,580,572</u>	<u>206,053,762</u>
-	-	745	91,841,224
-	-	-	9,720,589
-	-	-	2,003,013
-	-	12,677	3,454,552
-	-	1,802	3,223,616
-	-	331,692	2,090,021
-	-	-	538,202
-	-	-	1,354,848
-	-	-	9,476,272
-	8,798,672	-	9,548,817
-	-	-	819,918
-	-	-	8,630,343
-	-	-	5,265,628
-	-	-	6,291,268
-	-	-	14,018,057
-	-	-	4,024,239
-	-	-	655,930
-	-	-	3,024,389
-	10,484,376	537,482	11,021,858
-	2,509,227	-	3,653,484
1,310,000	115,874	949,000	2,374,874
1,348,931	19,488	394,029	1,762,448
3,000	-	1,583	4,583
<u>2,661,931</u>	<u>21,927,637</u>	<u>2,229,010</u>	<u>194,798,173</u>
<u>(2,655,038)</u>	<u>7,295,678</u>	<u>2,351,562</u>	<u>11,255,589</u>
-	436,120	-	436,120
-	93,223	-	93,223
2,472,829	-	-	3,928,355
-	(3,876,045)	-	(3,928,355)
<u>2,472,829</u>	<u>(3,346,702)</u>	<u>-</u>	<u>529,343</u>
(182,209)	3,948,976	2,351,562	11,784,932
182,209	24,997,558	4,956,185	44,607,335
<u>\$ -</u>	<u>\$ 28,946,534</u>	<u>\$ 7,307,747</u>	<u>\$ 56,392,267</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$ 11,784,932
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$ 14,675,342	
Less, depreciation expense	<u>(13,739,321)</u>	936,021

The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets were recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets.

(504,656)

The District's portion of equity held in the risk management consortium is recognized in the government-wide statement of activities, but not in the governmental funds. This is the decrease in the District's equity in the consortium.

(231,110)

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 leave used. This is the net amount of vacation and sick leave earned in excess of the amount paid in the current period.

(136,179)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Premiums and refunding costs are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements. The difference is the amount by which repayments exceeded proceeds in the current period.

Inception of capital lease	\$ (436,120)	
Refunded COPs redeemed	1,500,201	
Capital lease repayments	152,504	
Bonds repayment	<u>949,000</u>	2,165,585

Refunding costs are reported in the governmental funds in the year the debt is issued, but are deferred amortized over the life of the debt in the governmental-wide statements. This is the decrease in the net carrying amount of debt refunding for the current period.

(80,456)

Expenses for other postemployment benefits in the statement of activities that do not require the use of current financial resources, are not reported in the governmental funds.

Current year expense	\$ (3,675,741)	
Current year contribution	<u>2,447,903</u>	(1,227,838)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 7,227,551	
Pension expense	<u>(4,258,468)</u>	2,969,083

Change in net position of governmental activities	<u>\$ 15,675,382</u>
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The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal direct	\$ 366,812	\$ 359,234	\$ 359,234	\$ -
Federal through state and local	818,166	335,404	335,404	-
State	34,691,543	33,087,598	33,087,598	-
Local				
Taxes	108,326,079	108,645,648	108,645,648	-
Miscellaneous	5,070,538	9,297,035	9,297,035	-
Total revenues	149,273,138	151,724,919	151,724,919	-
Expenditures				
Current:				
Instruction				
Salaries	60,171,064	59,521,034	59,521,034	-
Employee benefits	19,622,904	17,505,159	17,505,159	-
Purchased services	8,123,314	6,194,252	6,194,252	-
Materials and supplies	3,328,831	2,622,718	2,622,718	-
Capital outlay	14,802	15,636	15,636	-
Other	1,984,657	2,180,056	2,180,056	-
Total instruction	93,245,572	88,038,855	88,038,855	-
Student support services				
Salaries	4,124,607	4,034,024	4,034,024	-
Employee benefits	1,306,551	1,285,259	1,285,259	-
Purchased services	750,765	747,049	747,049	-
Materials and supplies	26,900	27,058	27,058	-
Other	129	17,788	17,788	-
Total student support services	6,208,952	6,111,178	6,111,178	-
Instructional media services				
Salaries	1,457,538	1,451,336	1,451,336	-
Employee benefits	457,215	433,961	433,961	-
Purchased services	10,013	7,509	7,509	-
Materials and supplies	67,126	8,979	8,979	-
Capital outlay	102,846	96,316	96,316	-
Other	1,099	4,912	4,912	-
Total instructional media services	2,095,837	2,003,013	2,003,013	-
Instruction and curriculum development services				
Salaries	1,637,102	1,404,031	1,404,031	-
Employee benefits	487,985	445,281	445,281	-
Purchased services	25,341	10,332	10,332	-
Materials and supplies	3,300	3,822	3,822	-
Other	2,853	2,210	2,210	-
Total instruction and curriculum development services	2,156,581	1,865,676	1,865,676	-

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Instructional staff training services				
Salaries	\$ 727,073	\$ 763,689	\$ 763,689	\$ -
Employee benefits	316,878	182,466	182,466	-
Purchased services	258,162	227,029	227,029	-
Materials and supplies	106,545	112,511	112,511	-
Capital outlay	4,205	-	-	-
Other	11,502	9,730	9,730	-
Total instructional staff training services	1,424,365	1,295,425	1,295,425	-
Instruction related technology				
Salaries	1,212,494	1,284,597	1,284,597	-
Employee benefits	358,888	370,689	370,689	-
Purchased services	112,500	80,782	80,782	-
Materials and supplies	85,300	22,261	22,261	-
Capital outlay	172,828	-	-	-
Other	550	-	-	-
Total instruction related technology	1,942,560	1,758,329	1,758,329	-
School board				
Salaries	259,699	261,154	261,154	-
Employee benefits	138,315	135,926	135,926	-
Purchased services	238,052	108,303	108,303	-
Materials and supplies	1,050	641	641	-
Capital outlay	-	165	165	-
Other	31,000	32,013	32,013	-
Total school board	668,116	538,202	538,202	-
General administration				
Salaries	597,600	540,779	540,779	-
Employee benefits	201,988	201,104	201,104	-
Purchased services	86,769	59,582	59,582	-
Materials and supplies	7,000	4,754	4,754	-
Capital outlay	-	250	250	-
Other	19,200	15,485	15,485	-
Total general administration	912,557	821,954	821,954	-
School administration				
Salaries	7,127,531	7,227,818	7,227,818	-
Employee benefits	2,261,369	2,224,458	2,224,458	-
Purchased services	19,412	13,654	13,654	-
Materials and supplies	17,489	9,326	9,326	-
Capital outlay	4,247	581	581	-
Other	1,437	435	435	-
Total school administration	9,431,485	9,476,272	9,476,272	-

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Facilities services				
Salaries	\$ 547,060	\$ 567,271	\$ 567,271	\$ -
Employee benefits	155,311	165,581	165,581	-
Purchased services	10,750	8,614	8,614	-
Materials and supplies	2,070	2,509	2,509	-
Capital outlay	6,000	5,920	5,920	-
Other	2,100	250	250	-
Total facilities services	723,291	750,145	750,145	-
Fiscal services				
Salaries	582,458	587,847	587,847	-
Employee benefits	190,034	175,917	175,917	-
Purchased services	30,000	31,698	31,698	-
Materials and supplies	9,500	7,132	7,132	-
Other	14,735	17,324	17,324	-
Total fiscal services	826,727	819,918	819,918	-
Central services				
Salaries	1,413,965	1,268,053	1,268,053	-
Employee benefits	3,982,837	3,540,776	3,540,776	-
Purchased services	523,363	394,994	394,994	-
Energy services	500	236	236	-
Materials and supplies	31,295	47,693	47,693	-
Capital outlay	-	5,523	5,523	-
Other	13,000	8,202	8,202	-
Total central services	5,964,960	5,265,477	5,265,477	-
Student transportation services				
Salaries	2,830,959	2,979,779	2,979,779	-
Employee benefits	1,443,957	1,483,360	1,483,360	-
Purchased services	520,184	588,195	588,195	-
Energy services	731,114	508,412	508,412	-
Materials and supplies	409,500	332,487	332,487	-
Capital outlay	11,000	7,229	7,229	-
Other	148,300	354,791	354,791	-
Total student transportation services	6,095,014	6,254,253	6,254,253	-

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Operation of plant				
Salaries	\$ 4,173,424	\$ 4,201,898	\$ 4,201,898	\$ -
Employee benefits	2,276,361	2,213,067	2,213,067	-
Purchased services	2,074,107	2,297,642	2,297,642	-
Energy services	4,652,445	4,915,615	4,915,615	-
Materials and supplies	357,677	315,631	315,631	-
Other	45,000	25,118	25,118	-
Total operation of plant	13,579,014	13,968,971	13,968,971	-
Maintenance of plant				
Salaries	2,629,271	2,742,343	2,742,343	-
Employee benefits	1,002,754	1,037,354	1,037,354	-
Purchased services	68,048	70,923	70,923	-
Materials and supplies	245,321	173,280	173,280	-
Other	840	339	339	-
Total maintenance of plant	3,946,234	4,024,239	4,024,239	-
Administrative technology services				
Salaries	470,955	515,377	515,377	-
Employee benefits	134,672	140,553	140,553	-
Total administrative technology services	605,627	655,930	655,930	-
Community services				
Salaries	1,718,650	1,893,828	1,893,828	-
Employee benefits	415,853	423,671	423,671	-
Purchased services	138,068	130,249	130,249	-
Materials and supplies	222,709	197,732	197,732	-
Capital outlay	37,831	30,645	30,645	-
Other	258,024	345,477	345,477	-
Total community services	2,791,135	3,021,602	3,021,602	-
Total current operating	152,618,027	146,669,439	146,669,439	-
Capital outlay:				
Other capital outlay	-	90,590	90,590	-
Total expenditures	152,618,027	146,760,029	146,760,029	-
Excess (deficiency) of revenues over (under) expenditures	(3,344,889)	4,964,890	4,964,890	-
Other financing sources (uses)				
Transfers in	5,975,779	1,403,216	1,403,216	-
Transfers out	(34,400)	(52,310)	(52,310)	-
Total other financing sources (uses)	5,941,379	1,350,906	1,350,906	-
Net change in fund balances	2,596,490	6,315,796	6,315,796	-
Fund balances - beginning	10,850,896	10,850,896	10,850,896	-
Fund balances - ending	\$ 13,447,386	\$ 17,166,692	\$ 17,166,692	\$ -

The accompanying notes are an integral part of the basic financial statements.



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Food Service Fund
For the Fiscal Year Ended June 30, 2016

	Food Service Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal through state and local	\$ 6,063,754	\$ 6,734,741	\$ 6,734,741	\$ -
State	88,324	88,284	88,284	-
Local				
Charges for services - food services	2,125,725	2,113,026	2,113,026	-
Miscellaneous	-	9,954	9,954	-
Total revenues	8,277,803	8,946,005	8,946,005	-
Expenditures				
Current:				
Food services				
Salaries	2,247,987	2,609,115	2,609,115	-
Employee benefits	890,488	925,426	925,426	-
Purchased services	193,813	158,434	158,434	-
Energy services	29,286	22,852	22,852	-
Materials and supplies	4,193,230	4,273,740	4,273,740	-
Capital outlay	1,394,681	154,591	154,591	-
Other	517,408	485,697	485,697	-
Total food services	9,466,893	8,629,855	8,629,855	-
Capital outlay				
Other capital outlay	-	1,017,653	1,017,653	-
Total capital outlay	-	1,017,653	1,017,653	-
Total expenditures	9,466,893	9,647,508	9,647,508	-
Excess (deficiency) of revenues over (under) expenditures	(1,189,090)	(701,503)	(701,503)	-
Other financing sources				
Transfers in	34,399	52,310	52,310	-
Total other financing sources	34,399	52,310	52,310	-
Net change in fund balance	(1,154,691)	(649,193)	(649,193)	-
Fund balance - beginning	3,620,487	3,620,487	3,620,487	-
Fund balance - ending	\$ 2,465,796	\$ 2,971,294	\$ 2,971,294	\$ -

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2016

Other Federal Programs Fund			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
Revenues			
Federal direct	\$ -	\$ 1,873,737	\$ 1,873,737
Federal through state and local	11,288,644	9,698,321	9,698,321
Total revenues	11,288,644	11,572,058	11,572,058
Expenditures			
Current:			
Instruction			
Salaries	1,352,171	2,128,138	2,128,138
Employee benefits	579,852	828,565	828,565
Purchased services	528,084	322,109	322,109
Materials and supplies	577,796	378,823	378,823
Capital outlay	517,771	83,729	83,729
Other	48,437	60,260	60,260
Total instruction	3,604,111	3,801,624	3,801,624
Student support services			
Salaries	2,148,827	2,603,182	2,603,182
Employee benefits	855,836	828,807	828,807
Purchased services	263,213	107,473	107,473
Materials and supplies	53,681	63,961	63,961
Capital outlay	38,483	390	390
Other	3,000	5,598	5,598
Total student support services	3,363,040	3,609,411	3,609,411
Instructional media services			
Salaries	10,659	-	-
Employee benefits	6,184	-	-
Total instructional media services	16,843	-	-
Instruction and curriculum development services			
Salaries	1,156,665	1,119,449	1,119,449
Employee benefits	281,711	333,545	333,545
Purchased services	118,258	88,312	88,312
Materials and supplies	31,155	31,198	31,198
Capital outlay	19,050	535	535
Other	6,000	3,160	3,160
Total instruction and curriculum development services	1,612,839	1,576,199	1,576,199
Instructional staff training services			
Salaries	1,413,044	1,282,921	1,282,921
Employee benefits	394,926	361,841	361,841
Purchased services	245,940	235,322	235,322
Materials and supplies	55,182	30,212	30,212
Other	17,800	16,093	16,093
Total instructional staff training services	2,126,892	1,926,389	1,926,389
General Administration			
Other	\$ 531,224	\$ 532,894	\$ 532,894
Total general administration	531,224	532,894	532,894

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2016

	Other Federal Programs Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Facilities services				
Capital outlay	8,000	-	-	-
Total facilities services	8,000	-	-	-
Food services				
Other	-	488	488	-
Total food services	-	488	488	-
Central Services				
Salaries	3,000	135	135	-
Employee benefits	-	16	16	-
Total food services	3,000	151	151	-
Student transportation services				
Salaries	-	6,465	6,465	-
Employee benefits	-	4,344	4,344	-
Purchased services	17,095	23,744	23,744	-
Energy services	3,500	950	950	-
Materials and supplies	100	1,512	1,512	-
Capital outlay	-	-	-	-
Total student transportation services	20,695	37,015	37,015	-
Operation of plant				
Purchased services	2,000	41,059	41,059	-
Materials and supplies	-	8,027	8,027	-
Total operation of plant	2,000	49,086	49,086	-
Community services				
Materials and supplies	-	2,787	2,787	-
Total community services	-	2,787	2,787	-
Capital outlay				
Other capital outlay	-	36,014	36,014	-
Total capital outlay	-	36,014	36,014	-
Total expenditures	11,288,644	11,572,058	11,572,058	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Pension Trust Fund	Private - Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 37,812	\$ 206,454	\$ 1,887,632
Investments			
Mutual funds	4,087,623	-	-
Money market funds	2,399,952	-	-
Accounts receivable	1,200,000	-	773
Inventory	-	-	45,139
Total assets	\$ 7,725,387	\$ 206,454	\$ 1,933,544
Liabilities			
Due to student organizations	\$ -	\$ -	\$ 1,874,754
Accounts payable	-	-	58,790
Total liabilities	-	-	\$ 1,933,544
Net position			
Held in trust for pension benefits	7,725,387	-	
Held in trust for scholarships	-	206,454	
Net position	\$ 7,725,387	\$ 206,454	

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Pension Trust Fund	Private - Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 1,200,000	\$ -
Gifts, grants and bequests	-	40,000
Investment Earnings and Losses:		
Interest and dividends	144,949	-
Loss on sale of investments	(131,831)	-
Net increase in the fair value of investments	74,707	-
Investment expenses	(23,433)	-
Total additions	<u>1,264,392</u>	<u>40,000</u>
DEDUCTIONS		
Benefit payments	640,176	-
Scholarships	-	1,500
Administrative expenses	<u>15,500</u>	<u>-</u>
Total deductions	<u>655,676</u>	<u>1,500</u>
Change in net position	608,716	38,500
Net Position - beginning	<u>7,116,671</u>	<u>167,954</u>
Net Position - ending	<u>\$ 7,725,387</u>	<u>\$ 206,454</u>

The accompanying notes are an integral part of the basic financial statements.



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District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2016

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Unit

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

Discretely Presented Component Unit

The Hope Center for Autism, Inc., is a separate not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The Hope Center for Autism, Inc., operates under a charter approved by its sponsor, the Martin County School Board and is considered to be a component unit because the District is financially accountable for the charter school as the District established the charter school by approval of the charter, which is tantamount to the initial appointment of the charter school, and there is the potential for the charter school to provide specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter school is a public school and the District is responsible for the operation, control, and supervision of public schools within the District. A copy of the separate financial statements for the charter school is available at the District's administrative office.

The District also considered the Clark Advanced Learning Center Charter School operated by Indian River State College for inclusion in its reporting entity; however, because the Clark Advanced Learning Center is an operating component unit of the College and is not a separate legal entity, it does not meet the criteria for inclusion as a District component unit. The charter school's financial statements were audited by an independent certified public accountant and are filed in the District's administrative office, 500 East Ocean Boulevard, Stuart, FL 34994.

B. Government-wide and Fund Financial Statements – Basis of Presentation

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

1. Government-wide Financial Statements

Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

Government-wide financial statements include separate columns for the primary government and its component units. *Governmental activities* are supported by taxes and intergovernmental revenues. The primary government is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. *Direct expenses* are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense, if not specifically associated with a particular function, is reported as unallocated. *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 is self-supporting or draws from the general revenues of the District.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are when eliminations would distort the direct costs and program revenues reported for the various functions concerned.

2. Fund Financial Statements

The financial records of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. 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. The fiduciary fund statements include financial information for the agency funds, the pension trust fund, and private purpose trust funds. The agency funds of the District primarily represent assets held by the District in a custodial capacity for other individuals.

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 – Food Service Fund – to account for and report on activities of the food service program when serving breakfast and lunch at the schools.
- Special Revenue – Other Federal Programs Fund – to account for the financial resources generated for certain Federal grants.
- Debt Service – Other Debt Service Fund – to account for the financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- Capital Projects – Local Capital Improvement Tax Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, maintenance, repairs, and site improvement.

Additionally, the District reports the following fiduciary fund types:

- Pension Trust Fund – to account for resources used to finance the Early Retirement Plan (ERP).
- Private-Purpose Trust Funds – to account for resources of the following scholarship trust funds: M.H. Correll Research Trust Fund; T.L. Showalter Scholarship Trust Fund; J.M. Phillips, Jr., Memorial Trust Fund; Clara Neuman Scholarship Trust Fund; Dr. Tom Goodman Scholarship Trust Fund; Cecele S. Gryl Trust Fund; and Nonendowment Scholarship Trust Fund.
- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

Noncurrent Governmental Assets/Liabilities

Generally Accepted Accounting Principles (GAAP) require noncurrent governmental assets, such as land and buildings, noncurrent governmental liabilities such as bonds and capital leases, to be reported in the governmental activities column in the government-wide Statement of Net Position.

C. Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

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 and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of

accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GAAP. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an “other financing source”. Amounts paid to reduce the District’s long-term indebtedness are reported as a reduction of related liability, rather than as expenditures.

2. Governmental Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. Taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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 committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the District’s policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

3. Fiduciary Fund Financial Statements

Fiduciary fund statements include trust funds and agency funds. All trust funds use the economic resources measurement focus and accrual basis of accounting. Agency funds are unlike all other types of funds and report only assets and liabilities. So, agency funds do not have a measurement focus, but do use an accrual basis of accounting to recognize receivables and payables.

4. Component Unit

The Hope Center for Autism, Inc. (charter school), shown as a discretely presented component unit, is accounted for as a governmental organization and follows the same accounting model as the District's governmental activities.

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

1. Deposits and Investments

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The District considers cash as those accounts used as demand deposit accounts and considers cash equivalents as those amounts on deposit in money market funds and amounts placed in the State Board of Administration's (SBA) Florida Local Government Surplus Funds Trust Fund ("Florida PRIME"), except that money market funds in the Pension Trust Fund are not classified as cash equivalents. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7 like external investment pool, as of June 30, 2016, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The Board has a formal investment policy. The purpose of this policy is to set forth the investment objectives and parameters for the management of the District's public funds. These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The District's investment policy limits investments to a maximum of 5 years or less.

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the District and shall be identified as "Pooled Funds" of the District with the exception of pension funds and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Funds held by State agencies (e.g., FDOE) are not subject to the provisions of this policy.

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. The second highest priority is liquidity of funds, and the third highest priority is investment income.

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt service moneys and with SBA for participation in the Florida PRIME investment pool.

Section 218.45, Florida Statutes, limits the types of investments that the District can invest in unless specifically authorized in the District's investment policy. The District has a formal investment policy that allows for the following investments: Florida PRIME, United States Government securities, United States Government agencies, Federal instrumentalities (United States Government sponsored agencies), interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local government taxable and/or tax-exempt debt, registered investment companies (money market mutual funds), intergovernmental investment pools, and corporate obligations in the FDIC's Temporary Liquidity Guarantee Program.

Investments made locally for the ERP and the Certificates of Participation, Series 2014A are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

2. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Warehouse inventories are stated at weighted average unit cost. Food service inventories are stated at the last invoice cost, which approximates the first-in, first-out basis, except that United States Department of Agriculture surplus 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 consumed on government-wide financial statements and as expenditures when purchased on fund financial statements. However, inventory and prepaid balances are offset on the balance sheet by nonspendable fund balance accounts to indicate that they do not constitute available expendable resources, even though they are components of current assets.

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

3. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$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. Buildings and fixed equipment totaling \$24,106,121 acquired or constructed prior to the 1979-80 fiscal year are stated at estimated historical cost using FDOE average square foot construction costs for the year of acquisition or construction.

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

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

<u>Assets</u>	<u>Years</u>
Improvements Other than Building	10 - 40
Buildings and Fixed Equipment	50
Furniture, Fixtures, and Equipment	3 - 15
Motor Vehicles	5 - 10
Property Under Capital Lease	6
Audio Visual Materials and Computer Software	3 - 5

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position has a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred amount on pensions reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District had one item that qualifies for reporting in this category. The deferred amount on pensions result from the difference in the expected and actual amounts of experience, earnings, and contributions. The deferred inflows of resources related to pensions are discussed in a subsequent note.

5. Compensated Absences

The District accrues accumulated unpaid vacation and sick leave when earned by the employee. The District's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service and governed by applicable labor contracts and sick leave with pay per each month of employment. Employees will be paid in one lump sum for accrued annual (vacation) leave as of last day of employment not to exceed the 60 day maximum allowable balance. A maximum of 500 hours of annual leave may be accrued by employees, except those with balances exceeding 500 as of June 30, 1988, which will be the balance accrued as of June 30, 1988. Compensated absences are reported in the governmental funds only if they have matured. The amount estimated to be paid in the following year is the current amount. The amount estimated to be paid in subsequent fiscal years is the noncurrent amount. The current and noncurrent amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentations. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

6. Other Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

7. Pensions

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

E. Revenue Sources

1. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. The FDOE performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of 5 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. A schedule of revenues from State sources for the current year is presented in a subsequent note.

2. District Property Taxes

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

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

The Board adopted the 2015 tax levy on September 8, 2015. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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 Martin County Tax Collector at fiscal year-end but not yet remitted to the District.

Millage and taxes levied for the current year are presented in Note III.

3. 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.

4. Educational Impact Fees

The District receives educational impact fees based on an ordinance adopted by the Martin County Commission on July 25, 1995, and amended on February 5, 2008. The educational impact fees are collected by the County for most new residential construction. The fees shall be used solely for the purpose of capital costs of educational facilities, including repayment of indebtedness for such facilities. The authorized uses include, but are not limited to, school planning and design, land acquisition, site improvements, buildings, and capital equipment with an expected useful life of 3 years or longer, but excludes maintenance and operations.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

The Board follows procedures established by State statutes and SBE rules in establishing budget balances for governmental funds as described below:

1. Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and SBE rules.
2. Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function level (e.g., instruction, student support services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
3. Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
4. Appropriations for the District lapse at the close of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.
5. Formal budgetary integration is used as a management control device for all funds of the District.

NOTE III - PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2015 tax roll for the 2015-16 fiscal year:

TAX ROLL	MILLAGES	TAXES LEVIED
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.850	\$ 97,396,621
Basic Discretionary Local Effort	0.748	15,021,170
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.500	30,122,666
Total	7.098	\$ 142,540,457

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2016

NOTE IV – INVESTMENTS

As of June 30, 2016, the District had the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration Debt Service Accounts ⁽²⁾	6 Months	173,050
PFM Funds Government Series Money Market Fund ⁽¹⁾	49 Day Average	10,306,579
Wells Fargo Advantage Government Money Market Fund ⁽¹⁾	37 Day Average	20,563,571
Florida Education Investment Trust Fund ⁽¹⁾	41 Day Average	27,916,504
Wells Fargo Heritage Money Market Fund ⁽¹⁾	16 Day Average	2,344,242
Mutual Funds - Equity ⁽²⁾	N/A	4,087,636
Mutual Funds - Fixed Income ⁽²⁾	N/A	2,399,952
Total Investments, Primary Government		<u>\$ 67,791,534</u>

Notes:

(1) These investments are classified as cash and cash equivalents on the basic financial statements.

(2) The quoted prices for identical assets in the active market was used to determine the fair value (Level 1 inputs).

A reconciliation of cash and investments as shown on the Statement of Net Position and fiduciary funds for the primary government follows:

		Statement of Net Position
Fair Value of Investments		\$ 67,791,534
Cash in Bank		4,141,991
Total		<u>\$ 71,933,525</u>
Cash and Cash Equivalents - Statement of Net Position	\$ 63,141,002	
Cash and Cash Equivalents - Fiduciary Funds	2,131,898	
Total Cash and Cash Equivalents		65,272,900
Investments - Statement of Net Position	173,050	
Investments - Pension Trust Fund	6,487,575	
Total Investments		6,660,625
Total		<u>\$ 71,933,525</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy provides that investments of current operating funds shall have maturities of no longer than twelve (12) months. Investments of reserves, project funds, debt proceeds and other non-operating funds ("core fund") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

The District utilizes "weighted average maturity" as a measurement of interest rate risk and as of June 30, 2016, the investment portfolio had a weighted average maturity of .11 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(16), Florida Statutes, provides the authority to invest in the SBA Local Government Surplus Funds, Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, and limits investments in money market funds to Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes, and direct obligations of the United States Treasury.

The District invested available certificate of participation funds in AAAm-rated money market funds.

The District's investment policy permits for investments in the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- The Florida Local Government Surplus Funds Trust Fund ("Florida PRIME") shall be rated "AAAm" or "AAAm-G" or better by Standards & Poor's or the equivalent by another rating agency.
- Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's Investors Service and "A-1" by Standard & Poor's (prime commercial paper).
- Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's and "A-1" Standard & Poor's.
- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-1" by Moody's and "SP-1" by Standard & Poor's for short-term debt.
- Registered investment companies (money market mutual funds) shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.
- Intergovernmental investment pools shall be rated "AAAm" by Standard & Poor's or the equivalent rating agency.

The District's Early Retirement Trust Fund investment policy authorizes the following investments: Domestic and international equities, investment grade fixed income securities, and a not to exceed 30 percent of the overall portfolio in other assets, such as hedge funds, private equity, real estate and commodities, when deemed appropriate. Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

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

As of June 30, 2016, the District's money market funds were individually rated AAAm by Standard & Poor's. The Florida Education Investment Fund was rated AAAm by Standard & Poor's and fixed income and equity mutual funds are not rated.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State as defined in 658.12, Florida Statutes, 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 investments in obligations of the United States Government agencies and instrumentalities and corporate debt securities are held by the safekeeping agent, in the name of the District. As of June 30, 2016, the District's investment portfolios were held with a third-party custodian as required by the District's investment policy.

The District's Early Retirement Trust Fund investment policy and Certificates of Participation, Series 2014A, trust agreement, require securities in those funds to be held by a safekeeping agent in the name of the District.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy has established asset allocation and issuer limits on the following investments which are designed to reduce concentration of credit risk of the District's investment portfolio. A maximum of 25 percent of available funds, may be invested in the Florida Local Government Surplus Funds Trust Fund ("Florida PRIME"), 100 percent of available funds may be invested in United States Government Securities, 50 percent of available funds may be invested in United States Government agencies with a 25 percent limit on individual issuers, 75 percent of available funds may be invested in Federal instrumentalities with a 30 percent limit on individual issuers, 25 percent of available funds may be invested in interest bearing time deposit or savings accounts with a 15 percent limit on individual issuers, 50 percent of available funds may be invested in repurchase agreements with a 25 percent limit on individual issuers, 35 percent of available funds may be invested in commercial paper with a 10 percent limit on individual issuers, 20 percent of available funds may be invested in state and/or local government taxable and/or tax-exempt debt, 75 percent of available funds may be invested in registered investment companies (money market mutual funds) with a 25 percent limit of individual issuers, 25 percent of available funds may be invested in intergovernmental investment pools, 50 percent of available funds may be invested in corporate obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program with a 25 percent limit on individual issuers.

The District's Early Retirement Plan (Plan) is governed by a separate investment policy that limits investment in equities to 85 percent of the total portfolio and limits the investment in any single issuer to 5 percent of the total portfolio. No investment by any one issuer represents 5 percent or more of the Plan's assets.

NOTE V – DUE FROM OTHER GOVERNMENTAL AGENCIES

At June 30, 2016, the District has a total of \$628,769 due from other agencies as follows:

- Special Revenue – Food Service - \$42,501
\$42,501 is due from the State and local agencies for various programs
- Special Revenue – Other Federal Programs - \$157,458
\$157,458 is due from the Federal government for various grants and programs
- Capital Project – Local Capital Improvement Tax Fund - \$417,978
\$417,978 is due from Federal Emergency Management Agency
- Nonmajor Governmental Funds - \$10,832
\$10,832 due from the State for capital outlay debt servicing

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NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

Government Activities	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
<u>Capital Assets Not being Depreciated:</u>				
Land	\$ 10,354,648	\$ -	\$ -	\$ 10,354,648
Construction in Progress	1,784,688	5,570,658	981,998	6,373,348
Sub total	12,139,336	5,570,658	981,998	16,727,996
<u>Capital Assets being Depreciated:</u>				
Improvements Other than Buildings	23,419,919	305,491	-	23,725,410
Buildings and Fixed Equipment	448,255,213	6,127,707	-	454,382,920
Furniture, Fixtures, and Equipment	26,386,579	2,622,904	1,309,147	27,700,336
Motor Vehicles	12,426,527	149,543	1,181,869	11,394,201
Property Under Capital Lease	1,119,494	436,119	871,039	684,574
Audio Visual Materials and Software	5,058,166	444,918	342,034	5,161,050
Sub total	516,665,898	10,086,682	3,704,089	523,048,491
<u>Less Accumulated Depreciation for:</u>				
Improvements Other than Buildings	11,887,049	820,580	-	12,707,629
Buildings and Fixed Equipment	118,244,160	8,834,842	-	127,079,002
Furniture, Fixtures, and Equipment	21,526,790	2,654,892	1,031,998	23,149,684
Motor Vehicles	8,022,671	1,078,931	1,104,906	7,996,696
Property Under Capital Lease	896,365	120,609	822,647	194,327
Audio Visual Materials and Software	4,583,289	229,467	239,882	4,572,874
Total Accumulated Depreciation	165,160,324	13,739,321	3,199,433	175,700,212
Depreciated Capital Assets - Net	351,505,574	(3,652,639)	504,656	347,348,279
Governmental Activities Capital Assets, Net	\$ 363,644,910	\$ 1,918,019	\$ 1,486,654	\$ 364,076,275

The class and amount of property under capital lease is presented on Note VIIA.

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	\$ 90,399
Student Support Services	27,121
Instruction and Curriculum Development Services	5,348
Facilities Services	12,432,951
Food Services	1,161,829
Student Transportation	12,343
Community Services	9,330
Total Depreciation Expense	\$ 13,739,321

NOTE VII – LONG-TERM OBLIGATIONS

A. OBLIGATIONS UNDER CAPITAL LEASE

The class and amount of property being acquired under capital lease are as follows:

	Asset Balance
Copy Machines	<u>\$684,574</u>

Future minimum capital lease payments and the present value of the minimum lease payment as of June 30 are as follows:

Capital Lease			
Fiscal Year	Total	Principal	Interest
2017	\$ 123,345	\$ 107,882	\$ 15,463
2018	123,345	111,719	11,626
2019	123,345	115,692	7,653
2020	80,691	76,462	4,229
2021	80,690	79,181	1,509
Total	<u>\$ 531,416</u>	<u>\$ 490,936</u>	<u>\$ 40,480</u>

The stated interest rates are 3.5 percent.

B. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement, which was characterized as a lease-purchase agreement, with the Leasing Corporation whereby the District secured financing. The financing was accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$1 per year. The property covered by the ground lease is, 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 site 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 inception of the arrangement. The initial terms of the lease agreement for the Series 2005A is 20 years commencing on December 2005. The initial term of the Series 2014A, Refunding is 18 years.

The District property included in the ground lease under this arrangement is the Dr. David L. Anderson Middle School.

The lease payments are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 3.0 to 5.0 percent.

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

Certificates of Participation

Fiscal Year	Principal	Interest	Total
2017	\$ 1,255,000	\$ 1,297,630	\$ 2,552,630
2018	1,305,000	1,239,905	2,544,905
2019	1,375,000	1,172,905	2,547,905
2020	1,440,000	1,102,530	2,542,530
2021	1,510,000	1,028,781	2,538,781
2022-2026	8,770,000	3,900,656	12,670,656
2027-2031	10,910,000	1,772,897	12,682,897
2032	2,455,000	61,381	2,516,381
Total minimum lease payments	29,020,000	11,576,685	40,596,685
Plus: unamortized premium	3,043,218	-	3,043,218
Total Certificates of participation	<u>\$ 32,063,218</u>	<u>\$ 11,576,685</u>	<u>\$ 43,639,903</u>

C. BONDS PAYABLE

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

Bond Type	Interest Rate	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2006A	4.493% - 4.628%	2026	2,090,000
Series 2008A	4.25% - 5.00%	2028	735,000
Series 2009A	5.00%	2019	80,000
Series 2010A	4.00% - 5.00%	2022	825,000
Series 2011A	3.00% - 5.00%	2023	1,175,000
Series 2014A	3.00% - 5.00%	2024	1,493,000
Series 2014B	2.00% - 5.00%	2020	984,000
Total Bonds Payable			<u><u>\$ 7,382,000</u></u>

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

State School Bonds

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

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

Fiscal Year	Bonds Payable		Total
	Principal	Interest	
2017	1,007,000	344,984	1,351,984
2018	1,056,000	297,081	1,353,081
2019	735,000	245,406	980,406
2020	766,000	210,988	976,988
2021	781,000	175,463	956,463
2022-2026	2,862,000	374,525	3,236,525
2027-2028	175,000	12,350	187,350
Total	\$ 7,382,000	\$ 1,660,797	\$ 9,042,797

D. CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016	Due in One Year
Certificates of Participation	\$ 30,330,000	\$ -	\$ 1,310,000	\$ 29,020,000	\$ 1,255,000
Unamortized Premiums	3,233,419		190,201	3,043,218	190,201
Total Certificates of Participation Payable	33,563,419	-	1,500,201	32,063,218	1,445,201
Obligations Under Capital Lease	207,321	436,120	152,504	490,937	107,882
Bonds Payable	8,331,000	-	949,000	7,382,000	1,007,000
Compensated Absences Payable	12,361,476	940,970	804,791	12,497,655	804,790
Other Postemployment Benefits Obligation	81,242,887	3,675,741	2,447,903	82,470,725	-
Net Pension Liability	47,899,308	17,468,669	882,766	64,485,211	1,493,625
Total Governmental Activities	<u>\$ 183,605,411</u>	<u>\$ 22,521,500</u>	<u>\$ 6,737,165</u>	<u>\$ 199,389,746</u>	<u>\$ 4,858,498</u>

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

NOTE VIII - INTERFUND TRANSFERS AND ACTIVITIES

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 1,403,216	\$ 52,310
Special Revenue:		
Food Service	52,310	-
Capital Projects:		
Local Capital Improvement Tax	-	3,876,045
Debt Service: Other Fund	2,472,829	-
Total	<u><u>\$ 3,928,355</u></u>	<u><u>\$ 3,928,355</u></u>

The purpose of the transfers from the Local Capital Improvement Tax Fund to the General Fund was for property insurance premium payments and annual maintenance costs. Transfers out from the Local Capital Improvement Tax Fund to the Debt Service – Other Fund were made in order to make the required interest and principal payment for the Certificates of Participation, Series 2005A and 2014A. The purpose of the transfer out from General Fund to the Food Service Fund was to provide School Recognition bonuses to food service workers.

NOTE IX – EMPLOYEE BENEFITS

A. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN

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

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

The District's FRS and HIS pension expense totaled \$4.2 million for the fiscal year ended June 30, 2016.

FRS Pension Plan

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

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

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

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

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

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

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00	7.26
FRS, Elected County Officers	3.00	42.27
FRS, Senior Management Service	3.00	21.43
DROP – Applicable to Members from all of the Above Classes	-	12.88
FRS, Reemployed Retiree	(2)	(2)

Notes:

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

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

The District's contributions to the Plan totaled \$5,586,173 for the fiscal year ended June 30, 2016.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$30,806,713 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.238509596 percent, which was a decrease of 0.007759648 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,018,428 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,252,277	\$ 730,641
Change of assumptions	2,044,745	-
Net difference between projected and actual earnings on FRS pension plan investments	-	7,356,128
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	34,729	1,018,403
District FRS contributions subsequent to the measurement date	5,586,173	-
Total	\$ 10,917,924	\$ 9,105,172

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$5,586,173, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ (2,621,123)
2018	(2,621,123)
2019	(2,621,123)
2020	3,447,912
2021	515,590
Thereafter	126,446
Total	\$ (3,773,421)

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

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

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed income	18%	4.8%	4.7%	4.7%
Global equity	53%	8.5%	7.2%	17.7%
Real estate (property)	10%	6.8%	6.2%	12.0%
Private equity	6%	11.9%	8.2%	30.0%
Strategic investments	12%	6.7%	6.1%	11.4%
Total	100%			
Assumed inflation - Mean		2.6%		1.9%

Note:

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 79,827,161	\$ 30,806,713	\$ (9,986,351)

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

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of \$1.7 million for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2016.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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The District's contributions to the HIS Plan totaled \$1,641,378 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a net pension liability of \$32,010,698 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, and update procedures were used to determine liabilities as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.31387878 percent, which was a decrease of 0.010419679 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized the HIS Plan pension expense of \$2,143,157.

In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 2,518,406	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	17,328	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	-	1,386,944
District HIS contributions subsequent to the measurement date	1,641,378	-
Total	\$ 4,177,112	\$ 1,386,944

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,641,378, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ 236,260
2018	236,260
2019	236,260
2020	232,736
2021	231,046
Thereafter	(23,772)
Total	\$ 1,148,790

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.8 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.8 percent) or 1 percentage point higher (4.8 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
District's proportionate share of the net pension liability	\$ 36,474,700	\$ 32,010,698	\$ 28,288,390

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

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of \$0.4 million for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2016.

B. FRS – Defined Contribution Pension Plan

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

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

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Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance.

For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1.5 million for the fiscal year ended June 30, 2015.

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of \$0.3 million for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2016.

C. EARLY RETIREMENT PLAN

Plan Description. As authorized by Section 1012.685, Florida Statutes, the District implemented an Early Retirement Plan (ERP) effective July 1, 1986. The ERP is a single-employer defined benefit pension plan. The Board administers ERP assets in a Pension Trust Fund and is responsible for their investment. The Board acts as the administrative agent for the ERP. The ERP does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

Benefits Provided.

The ERP provides District employees, who elected to retire under the early retirement provisions of the FRS, described in Note IX A, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement proceeds the normal retirement. The amount of the monthly benefits will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement and will increase annually at the rate of 3 percent.

Employees Covered by Benefit Terms.

As of June 30, 2016, employee membership data related to the Plan were as follows:

Summary of Population Statistics

Inactive ERP Members or Beneficiaries Currently Receiving Benefits	75
Inactive ERP Members Entitled to But Not Yet Received Benefits	-
Active ERP Members	-
Total ERP Members	<u>75</u>

The ERP is closed to new entrants.

Contributions.

The ERP was established by the Board on July 1, 1986, and may be amended by Board action. Pursuant to the ERP agreement, no contributions shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the ERP and to amortize the unfunded actuarial accrued liability within 20 years based on an actuarial study. Subsequent changes in the level of the liability due to plan amendments or changes in actuarial assumptions are to be amortized on a straight-line basis over a period of 20 years.

Contributions to the ERP in the 2015-16 fiscal year totaled \$1,200,000, all of which were paid by the Board, and were in excess of the actuarially determined contribution requirements based on an actuarial evaluation performed at July 1, 2014.

All of the assets in the District's Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose.

Costs of administering the ERP are financed through the ERP's resources (employer contributions and investment earnings).

Investments.

Investment Policy

The ERP's investment policy is established and may be amended by the Board. The policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from drastically shifting asset class allocations over short time spans. The ERP's investment policy was amended on July 14, 2015, and is discussed in Note IV.

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Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.95 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability.

The District's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the ERP at June 30, 2016, were as follows:

Total Pension Liability	\$	8,784,471
Plan Fiduciary Net Position		(7,116,671)
Net Pension Liability	\$	<u>1,667,800</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		81.01%

Actuarial Assumptions.

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurements:

Investment Rate of Return	5.5%
Projected Salary Increases	Not Applicable
Inflation Rate	2.5%
Postemployment Benefit Increases	3.0%

Mortality rates were based on RP-2000 Healthy Annuitant Mortality Tables with generational mortality projections from year 2000 using SOA projection scale BB. 100% White Collar Annuitant rates are used for female members, a blend of 50% White Collar rates with 50% Blue Collar rates are used for male participants.

The Total Pension Liability used in calculating the Net Pension Liability presented above is based on the actuarial valuation performed as of July 1, 2014. Actuarial update procedures were used to roll forward the Total Pension Liability to June 30, 2015, ERP's fiscal year end.

The long-term expected rate of return on the ERP investments was determined using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, our expectation for inflation, productivity and labor force growth.

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The long-term real expected rate of return of the ERP is 5.5 percent. The geometric real rates of return for each major asset class included in the ERP target allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation
Equity Investments	65%
Fixed Income Securities	35%
Total	100%

Asset Class	Long-Term Expected Rate of Return
Domestic Equity	5.20%
International Equity	5.20%
Emerging Markets Equity	5.63%
Core Fixed Income	3.00%
Investment Grade Corporate	3.75%
High Yield	4.25%
Bank Loans	2.71%
Emerging Markets Debt	4.75%

Discount Rate.

The single discount rate of 5.5 percent was used to measure the total pension liability. This single discount rate was based solely on the long-term expected rate of return on pension plan investments of 5.5 percent, without any requirement to incorporate municipal bond yields. The District complies with the State Statutes by making contributions to the trust in the amounts at least equal to the Actuarially Determined Contribution. Based on the current contribution policy, the ERP is expected to be fully funded by 2029 and, consequently, the pension plan's fiduciary net position together with the future contributions are expected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	\$ 8,939,006	\$ 6,388,440	\$ 2,550,566
Changes for the year:			
Interest	474,351	-	474,351
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	1,200,000	(1,200,000)
Net investment income	-	170,867	(170,867)
Benefit payments, including refunds of employee contributions	(628,886)	(628,886)	-
Administrative expense	-	(13,750)	13,750
Net changes	(154,535)	728,231	(882,766)
Balances at June 30, 2016	\$ 8,784,471	\$ 7,116,671	\$ 1,667,800

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the net pension liability of the Plan calculated using the discount rate of 5.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.5 percent) or 1 percentage point higher (6.5 percent) than the current rate:

	1% Decrease (4.5%)	Current Discount Rate (5.5 %)	1% Increase (6.5%)
Net Pension Liability	\$ 2,571,770	\$ 1,667,800	\$ 928,573

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended June 30, 2016, the District recognized pension expense of \$96,883. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the ERP from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 156,660	\$ 191,075
Total	\$ 156,660	\$ 191,075

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERP will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ (24,526)
2018	(24,526)
2019	(24,528)
2020	39,165
Total	\$ (34,415)

Payables to the Pension Plan.

At June 30, 2016, the District reported a payable of \$1,200,000 for the outstanding amounts of contributions to the pension plan required for the fiscal year ended June 30, 2016.

D. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, the District must offer similar health care benefits for retired employees as it does to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees for health, dental, vision, and life insurance benefits. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. All of the District's employees may become eligible for those benefits if they reach normal retirement age (as defined by the pension or investment option) and have at least 6 years of service with the District and are activating

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their pension upon separation from service. Also, in accordance with union contracts and District policy, the District pays 25 percent of this benefit for employees with 15 years of service, 50 percent with 20 years of service, 75 percent for employees with 25 years of service, and 100 percent for employees with 30 years of service for those employees that retire and are under the age of 65 and not eligible for Medicare. For retirees over the age 65 or Medicare eligible, with fifteen or more years of service with the District that were hired on or before June 30, 2011 and either 1. Receive medical insurance benefit through the District as of December 31, 2015 or 2. The employee retires on or after December 31, 2015 will receive a District Health Insurance Subsidy in the amount of \$5 per month for each year of service for a maximum of thirty years. All service must be within the District. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity.

Funding Policy. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2015-16 fiscal year, 947 retirees received postemployment benefits. The District provided required contributions of \$2,447,903 toward the annual OPEB cost, comprised of premium payments made on behalf of retirees net of retiree contributions totaling \$1,483,999, which represents 1.6 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability over a period not to exceed 30 years.

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

Description	Amount
Normal Cost (service cost for one year)	\$ 1,523,070
Amortization of Unfunded Actuarial Accrued Liability	2,790,797
Annual Required Contribution	4,313,867
Interest on Net OPEB Obligation	3,054,733
Adjustment to Annual Required Contribution	(3,692,859)
Annual OPEB Cost (Expense)	3,675,741
Contribution Toward the OPEB Cost	(2,447,903)
Increase in Net OPEB Obligation	1,227,838
Net OPEB Obligation, Beginning of Year	81,242,887
Net OPEB Obligation, End of Year	\$82,470,725

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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, 2016, and the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
		Contributed	
2013-14	\$ 13,806,600	25.30%	\$ 70,373,528
2014-15	14,441,051	24.73%	81,242,887
2015-16	3,675,741	66.60%	82,470,725

Funded Status and Funding Progress. As of January 1, 2016, the most recent valuation, the actuarial accrued liability for benefits was \$59,172,619, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$59,172,619 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$93,528,931, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 63.27 percent.

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. The required schedule of funding progress immediately following the notes to the basic financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The District's OPEB actuarial valuation as of January 1, 2016, used the individual entry age normal cost method with an increasing normal cost pattern consistent with the salary increase assumptions used in the FRS pension plan valuation to estimate the unfunded actuarial liability as of June 30, 2016, and to estimate the 2015-16 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.76 percent rate of return on invested assets, which is the District's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.76 percent per year, an annual healthcare cost trend rate of -1.10 percent initially for the 2015-16 fiscal year, 6.5 percent for costs and premiums for the year beginning July 1, 2016 and decreasing by 0.03 percent per year, to an ultimate rate of 4.54 percent in 2021, and a general price inflation rate of 2.5 percent per year. The unfunded actuarial accrued liability

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is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2016, was 22 years.

NOTE X – OTHER INFORMATION

A. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue sources for the 2015-16 fiscal year:

Source	Amount
Categorical Program (Class Size Reduction)	\$ 20,484,228
Florida Education Finance Program	8,361,358
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,640,031
School Recognition	1,361,714
Workforce Development Program	1,259,865
Voluntary Prekindergarten	800,178
Gross Receipts Tax (Public Education Capital Outlay)	464,248
Miscellaneous	913,112
Total	<u>\$ 35,284,734</u>

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

B. 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; third party injuries and/or property damage and natural disasters. The District is a member of the South Central Educational Risk Management Program (SCERMP), a consortium under which eight district school boards have established a public entity risk sharing-pool for Property, General Liability, Automobile Liability, Workers' Compensation, Government Crime and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums), and purchased insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents/finance directors or an authorized representative of all participating districts. Ascension, Inc. serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except named wind and flood), respectively. The named wind/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25,000,000 per occurrence. The deductible

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for all other wind events is \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000 time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. SCERMP's purchased excess property loss limit during the 2015-16 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2015-16 fiscal year was \$1 million. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insured retention. Employers' liability is included subject to a maximum of \$2,000,000 per occurrence.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, as it is now written, as it may be amended by the Legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per occurrence.

As a result of recording a liability for specific reserves for claims incurred, but not reported, the property and casualty group has ending retained earnings of \$6,016,573. The District's portion of the retained earnings is calculated at 16.93 percent of the total or \$1,018,454.

During the 2015-16 fiscal year, the Board provided health and prescription insurance through purchased commercial insurance. Dental and vision coverage were also provided through purchased commercial insurance under a separate agreement.

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

C. SIGNIFICANT COMMITMENTS

Encumbrances

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

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

Major Funds						
		Special Revenue -	Debt Service -	Capital Projects -		
General	Special Revenue -	Other Federal	Other Debt	Local Capital	Nonmajor	Total
	Food Service	Programs	Service	Improvement	Governmental	Governmental
				Tax	Funds	Funds
\$ 809,842	\$ 856,884	\$ 140,779	\$ -	\$ 12,184,551	\$ -	\$ 13,992,056

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Construction Contracts

Encumbrances include the following major construction contract commitments remaining at fiscal year-end:

Project		Contract Amount	Completed to Date	Balance Committed
Indiantown Middle School	Architect	\$ 383,370	\$ 326,823	\$ 56,547
Administration and Media Center Building	Contractor	7,320,551	2,809,217	4,511,334
Martin County High School	Architect	1,067,081	240,093	826,988
Administration and Science Labs Building	Contractor	1,743,000	-	1,743,000
		<u>\$ 10,514,002</u>	<u>\$ 3,376,133</u>	<u>\$ 7,137,869</u>

D. FUND BALANCE REPORTING

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, establishes hierarchy for fund balance classifications and the constraints imposed on the uses of the resources. The District reports its governmental fund balances in the following categories, as applicable:

Nonspendable

The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories, and prepaid amounts as nonspendable.

Restricted

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

Committed

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e. the Board). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed balance as of June 30, 2016.

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Assigned

The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. The District does not have a policy regarding the assignment of fund balance. The Board authorizes the Superintendent and the Director of Finance to assign fund balance by approval of the annual financial report.

Unassigned

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

The following is a schedule of fund balances by category at June 30, 2016:

	Major Funds						Total Governmental Funds
	General	Special Revenue - Food Service	Special Revenue - Other Federal Programs	Debt Service - Other Debt Service	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	
Fund Balances							
Nonspendable:							
Inventories	\$ 375,458	\$ 118,881	\$ -	\$ -	\$ -	\$ -	\$ 494,339
Prepaid Items	48,857	-	-	-	-	-	48,857
Spendable:							
Restricted:							
State Req. Carryover	4,755,657	-	-	-	-	-	4,755,657
Food Service	-	2,852,413	-	-	-	-	2,852,413
Debt Service	-	-	-	-	-	173,050	173,050
Capital Projects	-	-	-	-	28,946,534	7,072,400	36,018,934
Tourism Awareness Trust	-	-	-	-	-	62,297	62,297
Assigned for purchase obligations	809,842	-	-	-	-	-	809,842
Unassigned	11,176,878	-	-	-	-	-	11,176,878
Total Fund Balances	\$ 17,166,692	\$ 2,971,294	\$ -	\$ -	\$ 28,946,534	\$ 7,307,747	\$ 56,392,267

Minimum Fund Balance Policy

On March 24, 2015, the District revised School Board Policy 6210, which provides that the Board shall strive to maintain a fund balance in its operating funds equal to five (5) percent of the annual resources that are not classified as restricted, committed, or non-spendable.



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OTHER REQUIRED SUPPLEMENTARY INFORMATION

- ♦ **Schedule of Funding Progress – Other Postemployment Benefits Plan**
- ♦ **Schedule of Changes in Net Pension and Related Ratios - Early Retirement Plan**
- ♦ **Schedule of Employer Contributions - Early Retirement Plan**
- ♦ **Schedule of Investment Returns - Early Retirement Plan**
- ♦ **Schedule of the District's Proportionate Share of Net Pension Liability - Florida Retirement System Pension Plan**
- ♦ **Schedule of District Contributions - Florida Retirement System Pension Plan**
- ♦ **Schedule of the District's Proportionate Share of Net Pension Liability - Health Insurance Subsidy Pension Plan**
- ♦ **Schedule of District Contributions - Health Insurance Subsidy Pension Plan**

Note: The pension schedules in the required supplementary information are intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

District School Board of Martin County, Florida
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 Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
January 1, 2012	\$ -	\$ 177,191,403	\$ 177,191,403	0%	\$ 87,746,600	201.94%
January 1, 2014	-	182,051,596	182,051,596	0%	88,607,685	205.46%
January 1, 2016	-	59,172,619	59,172,619	0%	93,528,931	63.27%

Note: The District's OPEB actuarial valuation used the entry age normal cost method to estimate the unfunded actuarial liability.

CHANGES IN COSTS AND LIABILITIES

Unfunded Accrued Liability and the Annual OPEB Cost decreased dramatically since the prior valuation due to plan changes adopted during the current fiscal year. Effective January 1, 2016, premium subsidies for retirees eligible for Medicare benefits changed from a percent of premium to a fixed dollar stipend limited to \$150 per month. This change in benefits is the primary driver behind the decrease in the valuation results. Below are a few other factors contributing to the changes:

- *Initial Cost of Coverage:* The total cost of coverage decreased from \$748 per employee per month (as expected for year beginning July 1, 2013) to \$691 per employee per month for year beginning July 1, 2015. This is lower than the \$808 per employee per month previously projected for this year. This change had a decreasing effect on the costs and liabilities.
- *Short-Term Medical Trend Assumption:* It was assumed previously that premiums and costs would increase at a rate of 7.50 percent for the 2016-2017 plan year. Trend rates were revised for costs and premiums applicable to the year beginning July 1, 2016, to decrease by 1.1 percent to reflect average gross premiums established for that year. This change had a decreasing effect on the costs and liabilities.
- *Long-Term Medical Trend Assumption:* The long-term trend rate for costs of benefits and premiums charges to retirees has been revised to be based on the forecasting model built and published (December 2007, as updated November 2015) in *Modeling Long-Term Health Care Cost Trends* sponsored by the Society of Actuaries and authored by Prof. Thomas E. Getzen. Under this model, assumed trend rates decline over a 23-year period from 6.5 percent assumed for the year 2017 to the ultimate level of 4.24 percent. This had a decreasing effect on the costs and liabilities.
- *Demographic Assumptions:* Certain demographic assumptions, including retirement, disability, salary, and mortality rates, have been revised to match changes adopted by Florida Retirement System. These assumptions have been developed in a 2014 experience study and as such are appropriate for this valuation. These changes had an increasing effect on the costs and liabilities.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of Changes in Net Pension and Related Ratios
Early Retirement Plan
Last 3 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability			
Interest	\$ 474,351	\$ 519,582	\$ 469,842
Difference between expected and actual experience	-	26,355	-
Changes of assumptions	-	2,206,198	-
Benefit payments, including refunds of member contributions	<u>(628,886)</u>	<u>(615,802)</u>	<u>(605,842)</u>
Net change in total pension liability	<u>(154,535)</u>	<u>2,136,333</u>	<u>(136,000)</u>
Total pension liability - beginning	<u>8,939,006</u>	<u>6,802,673</u>	<u>6,938,673</u>
Total pension liability - ending (a)	<u><u>\$ 8,784,471</u></u>	<u><u>\$ 8,939,006</u></u>	<u><u>\$ 6,802,673</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 1,200,000	\$ 400,000	\$ -
Net investment income	170,867	776,328	947,273
Benefit payments, including refunds of member contributions	<u>(628,886)</u>	<u>(615,802)</u>	<u>(605,842)</u>
Administrative expense	<u>(13,750)</u>	<u>(6,750)</u>	<u>(72,104)</u>
Net change in plan fiduciary net position	<u>728,231</u>	<u>553,776</u>	<u>269,327</u>
Plan fiduciary net position - beginning	<u>6,388,440</u>	<u>5,834,664</u>	<u>5,565,337</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 7,116,671</u></u>	<u><u>\$ 6,388,440</u></u>	<u><u>\$ 5,834,664</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ 1,667,800</u></u>	<u><u>\$ 2,550,566</u></u>	<u><u>\$ 968,009</u></u>
Plan fiduciary net position as a percentage of the total pension liability	81.01%	71.47%	85.77%
Covered-employee payroll*	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A

*There are no active participants in the Plan

Note: Amounts listed for the 2015 and 2014 years have been updated based on the most recent actuarial information for reporting year ending June 30, 2016.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of Employer Contributions
Early Retirement Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	TBD	\$ 637,322	\$ 393,798	\$ 169,813	\$ 157,234
Contributions in relation to the					
actuarially determined contribution ⁽¹⁾	<u>TBD</u>	<u>1,200,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>TBD</u>	<u>\$ (562,678)</u>	<u>\$ (6,202)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule of Contributions:

Valuation Date: July 1, 2014

Note: Actuarially determined contribution rates are calculated as of July 1, which is one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Dollar
Remaining Amortization Period	Amortized over an open 5-year period
Asset Valuation Method	5-year smoothed market
Inflation	2.5%
Salary Increases	Not applicable; there are no active participants
Investment Rate of Return	5.5% per year compounded annually, net investment expenses
Retirement Age	Not applicable; there are no active participants
Mortality	RP2000 Mortality Tables – Sex Distinct, 100% White Collar Annuitant rates are used for female participants; a blend of 50% White Collar Annuitant rates with 50% Blue Collar Annuitant rates are used for male participants. Mortality improvements for all members are generationally projected using Scale BB.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 35,505	\$ 75,652	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Other Information:

- (1) For years ended 6/30/2013, 6/30/2012, 6/30/2011, and 6/30/2010, contribution requirements have been met by application of the credit balance. Contribution requirements decreased in the early 2000's. Following that decline, the District contributed more than was required for years ending 2003 and 2004, which resulted in establishing a credit balance. No contributions were required for years 2006 through 2009 and the credit balance accumulated interest during that period. Contribution requirements returned after the economic downturn of 2008 and the District started applying the credit balance to satisfy the funding contributions beginning with the fiscal year ending June 30, 2010. The credit balance was fully exhausted during the year ending June 30, 2013.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of Investment Returns
Early Retirement Plan

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	1.0%	3.0%	14.6%

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of the District’s Proportionate Share of
Net Pension Liability
Florida Retirement System Pension Plan⁽¹⁾

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the FRS net pension liability	0.238509596%	0.246269244%	0.245973665%
District's proportionate share of the FRS net pension liability	\$ 30,806,713	\$ 15,026,044	\$ 42,343,015
District's covered-employee payroll ⁽²⁾	\$ 95,231,581	\$ 96,352,260	\$ 96,886,990
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	32.35%	15.59%	43.70%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	88.54%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of District Contributions
Florida Retirement System Pension Plan⁽¹⁾

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 5,586,173	\$ 5,815,067	\$ 5,394,342
FRS contributions in relation to the contractually required contribution	<u>(5,586,173)</u>	<u>(5,815,067)</u>	<u>(5,394,342)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll ⁽²⁾	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
FRS contributions as a percentage of covered-employee payroll	5.65%	6.11%	5.60%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of the District’s Proportionate Share of
Net Pension Liability
Health Insurance Subsidy Pension Plan⁽¹⁾

	2015	2014	2013
District's portion of the HIS net pension liability	0.313878780%	0.324298459%	0.333494683%
District's proportionate share of the HIS net pension liability	\$ 32,010,698	\$ 30,322,698	\$ 29,035,097
District's covered-employee payroll ⁽²⁾	\$ 95,231,581	\$ 96,352,260	\$ 96,886,990
District's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	33.61%	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	1.78%

Notes:

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of District Contributions
Health Insurance Subsidy Pension Plan⁽¹⁾

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 1,641,378	\$ 1,199,840	\$ 1,110,937
HIS contributions in relation to the contractually required contribution	<u>(1,641,378)</u>	<u>(1,199,840)</u>	<u>(1,110,937)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll ⁽²⁾	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
HIS contributions as a percentage of covered-employee payroll	1.66%	1.26%	1.15%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in FRS Defined Benefit Plan and Defined Contribution Plan.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds account for certain revenues received from the State of Florida, the Federal Government and other local and private sources that are intended to finance designated activities. Activities included within the funds are as follows:

Federal Economic Stimulus Fund - To account for and report on activities of the Race-to-the-Top Incentive grant.

Miscellaneous Special Revenue Fund - To account for and report on activities of the Travel and Tourism Funds.

Debt Service Funds

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

State Board of Education Bonds Fund - To account for and report on payment of principal, interest, and related costs on the state school bonds issued by the State Board of Education on behalf of the District. These bonds are payable from the District's portion of the State-assessed motor vehicle license tax.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Nonmajor Governmental Funds (continued)

Capital Projects Funds

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

Public Education Capital Outlay - To account for capital project activity funded by the District's portion of the State Public Education Capital Outlay Program.

Capital Outlay and Debt Service Fund - To account for capital project activity funded by the District's portion of the State Capital Outlay and Debt Service Program.

Other Capital Projects Fund - To account for the financial resources generated by impact fees, fuel tax rebates, and other miscellaneous sources to be used for various capital outlay needs, including new construction, renovation and remodeling projects, environmental compliance, and maintenance of capital assets.

Fiduciary Funds

Fiduciary Funds are used to report resources held by the school district in a purely custodial capacity. Fiduciary funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private-Purpose Trust Funds - To account for scholarships and other purposes.

Agency Fund - To account for the financial transactions of school organizations.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Special Revenue			Debt Service	
	Federal Economic Stimulus Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	Total Nonmajor Debt Service Funds
Assets					
Cash and cash equivalents	\$ -	\$ 62,297	\$ 62,297	\$ -	\$ -
Investments	-	-	-	173,050	173,050
Accounts receivable	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-
Total assets	\$ -	\$ 62,297	\$ 62,297	\$ 173,050	\$ 173,050
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Restricted	-	62,297	62,297	173,050	173,050
Total fund balances	-	62,297	62,297	173,050	173,050
Total liabilities and fund balances	\$ -	\$ 62,297	\$ 62,297	\$ 173,050	\$ 173,050

Capital Projects				
Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 5,237	\$ 872,731	\$ 5,704,189	\$ 6,582,157	\$ 6,644,454
-	-	-	-	173,050
-	-	501,237	501,237	501,237
-	10,832	-	10,832	10,832
<u>\$ 5,237</u>	<u>\$ 883,563</u>	<u>\$ 6,205,426</u>	<u>\$ 7,094,226</u>	<u>\$ 7,329,573</u>
\$ 5,237	\$ -	\$ -	\$ 5,237	\$ 5,237
-	10,832	5,757	16,589	16,589
<u>5,237</u>	<u>10,832</u>	<u>5,757</u>	<u>21,826</u>	<u>21,826</u>
-	872,731	6,199,669	7,072,400	7,307,747
-	872,731	6,199,669	7,072,400	7,307,747
<u>5,237</u>	<u>\$ 883,563</u>	<u>\$ 6,205,426</u>	<u>\$ 7,094,226</u>	<u>\$ 7,329,573</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Special Revenue			Debt Service	
	Federal Economic Stimulus Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	Total Nonmajor Debt Service Funds
Revenues					
Federal through state and local	\$ 346,171	\$ -	\$ 346,171	\$ -	\$ -
State	-	-	-	1,315,398	1,315,398
Local:					
Impact fees	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>346,171</u>	<u>-</u>	<u>346,171</u>	<u>1,315,398</u>	<u>1,315,398</u>
Expenditures					
Current:					
Instruction	-	745	745	-	-
Instruction and curriculum development services	12,677	-	12,677	-	-
Instructional staff training services	1,802	-	1,802	-	-
Instructional related technology	331,692	-	331,692	-	-
Capital outlay:					
Facilities acquisition and construction	-	-	-	-	-
Debt Service:					
Principal	-	-	-	949,000	949,000
Interest and fees	-	-	-	394,029	394,029
Paying agent fees	-	-	-	408	408
Total expenditures	<u>346,171</u>	<u>745</u>	<u>346,916</u>	<u>1,343,437</u>	<u>1,343,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(745)</u>	<u>(745)</u>	<u>(28,039)</u>	<u>(28,039)</u>
Net change in fund balances	<u>-</u>	<u>(745)</u>	<u>(745)</u>	<u>(28,039)</u>	<u>(28,039)</u>
Fund balances - beginning	<u>-</u>	<u>63,042</u>	<u>63,042</u>	<u>201,089</u>	<u>201,089</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 62,297</u>	<u>\$ 62,297</u>	<u>\$ 173,050</u>	<u>\$ 173,050</u>

Capital Projects				
Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 346,171
464,248	300,203	29,003	793,454	2,108,852
-	-	2,125,143	2,125,143	2,125,143
-	-	405	405	405
464,248	300,203	2,154,551	2,919,002	4,580,571
-	-	-	-	745
-	-	-	-	12,677
-	-	-	-	1,802
-	-	-	-	331,692
464,248	-	73,234	537,482	537,482
-	-	-	-	949,000
-	-	-	-	394,029
-	1,174	-	1,174	1,582
464,248	1,174	73,234	538,656	2,229,009
-	299,029	2,081,317	2,380,346	2,351,562
-	299,029	2,081,317	2,380,346	2,351,562
-	573,702	4,118,352	4,692,054	4,956,185
\$ -	\$ 872,731	\$ 6,199,669	\$ 7,072,400	\$ 7,307,747



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BUDGET AND ACTUAL
OTHER MAJOR AND NONMAJOR FUNDS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Federal Economic Stimulus Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal through state and local	\$ -	\$ 346,171	\$ 346,171	\$ -
Total revenues	-	346,171	346,171	-
Expenditures				
Current:				
Instruction and curriculum development services				
Salaries	-	10,913	10,913	-
Employee benefits	-	1,764	1,764	-
Total instruction & curriculum development serv.	-	12,677	12,677	-
Instructional staff training services				
Materials and supplies	-	1,802	1,802	-
Total instructional staff training services	-	1,802	1,802	-
Instruction Related Technology				
Purchased services	-	39,350	39,350	-
Capital outlay	-	292,342	292,342	-
Total instruction related technology	-	331,692	331,692	-
Total expenditures	-	346,171	346,171	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Special Revenue - Miscellaneous Special Revenue Fund			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
Revenues			
Local	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
Current:			
Instruction			
Materials and supplies	10,000	745	745
Total expenditures	10,000	745	745
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(745)	(745)
Net change in fund balances	(10,000)	(745)	(745)
Fund balance - beginning	63,042	63,042	63,042
Fund balance - ending	\$ 53,042	\$ 62,297	\$ 62,297

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Debt Service - State Board of Education Bonds Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,400,610	\$ 1,315,398	\$ 1,315,398	\$ -
Total revenues	1,400,610	1,315,398	1,315,398	-
Expenditures				
Debt service:				
Principal	1,005,000	949,000	949,000	-
Interest and fees	395,610	394,029	394,029	-
Paying agent fees	-	408	408	-
Total expenditures	1,400,610	1,343,437	1,343,437	-
Excess (deficiency) of revenues over (under) expenditures	-	(28,039)	(28,039)	-
Net change in fund balance	-	(28,039)	(28,039)	-
Fund balance - beginning	201,089	201,089	201,089	-
Fund balance - ending	\$ 201,089	\$ 173,050	\$ 173,050	\$ -

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Debt Service - Other Fund (Major Fund)			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
Revenues			
Local	\$ -	\$ 6,893	\$ 6,893
Total revenues	-	6,893	-
Expenditures			
Debt service:			
Principal	-	1,310,000	1,310,000
Interest and fees	1,322,732	1,348,931	1,348,931
Paying agent fees	-	3,000	3,000
Total expenditures	1,322,732	2,661,931	2,661,931
Excess (deficiency) of revenues over (under) expenditures	(1,322,732)	(2,655,038)	(2,655,038)
Other financing sources (uses)			
Refunding Certificates of Participation issued	-	-	-
Premium on refunding Certificates of Participation	-	-	-
Payments to refunded escrow agent	-	-	-
Transfers in	1,150,523	2,472,829	2,472,829
Total other financing sources (uses)	1,150,523	2,472,829	2,472,829
Net change in fund balance	(172,209)	(182,209)	(182,209)
Fund balance - beginning	182,209	182,209	182,209
Fund balance - ending	\$ 10,000	\$ -	\$ -

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Capital Projects - Public Education Capital Outlay Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 524,185	\$ 464,248	\$ 464,248	\$ -
Total revenues	524,185	464,248	464,248	-
Expenditures				
Current:				
Facilities services	524,185	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	464,248	464,248	-
Total expenditures	524,185	464,248	464,248	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Capital Projects - Capital Outlay and Debt Service Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 245,415	\$ 300,203	\$ 300,203	\$ -
Total revenues	245,415	300,203	300,203	-
Expenditures				
Debt service:				
Paying agent fees	-	1,174	1,174	-
Total expenditures	-	1,174	1,174	-
Excess (deficiency) of revenues over (under) expenditures	245,415	299,029	299,029	-
Net change in fund balance	245,415	299,029	299,029	-
Fund balance - beginning	573,702	573,702	573,702	-
Fund balance - ending	<u>\$ 819,117</u>	<u>\$ 872,731</u>	<u>\$ 872,731</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Capital Projects - Local Capital Improvement Tax Fund (Major Fund)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal through state and local	\$ -	\$ 50,113	\$ 50,113	-
Local				
Taxes	29,036,655	29,116,037	29,116,037	-
Miscellaneous	-	57,165	57,165	-
Total revenues	29,036,655	29,223,315	29,223,315	-
Expenditures				
Current:				
Facilities services	-	8,798,672	8,798,672	-
Capital outlay:				
Facilities acquisition and construction	18,883,815	10,484,376	10,484,376	-
Other capital outlay	-	2,509,227	2,509,227	-
Debt service:				
Principal	-	115,874	115,874	-
Interest and fees	-	19,488	19,488	-
Total expenditures	18,883,815	21,927,637	21,927,637	-
Excess (deficiency) of revenues over (under) expenditures	10,152,840	7,295,678	7,295,678	-
Other financing sources (uses)				
Inception of capital lease	-	436,120	436,120	
Insurance loss recoveries	-	93,223	93,223	-
Transfers out	(6,900,856)	(3,876,045)	(3,876,045)	-
Total other financing sources (uses)	(6,900,856)	(3,346,702)	(3,346,702)	-
Net change in fund balance	3,251,984	3,948,976	3,948,976	-
Fund balance - beginning	24,997,558	24,997,558	24,997,558	-
Fund balance - ending	<u>\$ 28,249,542</u>	<u>\$ 28,946,534</u>	<u>\$ 28,946,534</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Capital Projects - Other Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
State	\$ 40,000	\$ 29,003	\$ 29,003	\$ -
Local				
Impact fees	-	2,125,143	2,125,143	-
Miscellaneous	1,600,000	405	405	-
Total revenues	1,640,000	2,154,551	2,154,551	-
Expenditures				
Capital outlay:				
Facilities acquisition and construction	-	73,234	73,234	-
Total expenditures	-	73,234	73,234	-
Excess (deficiency) of revenues over (under) expenditures	1,640,000	2,081,317	2,081,317	-
Net change in fund balance	1,640,000	2,081,317	2,081,317	-
Fund balance - beginning	4,118,352	4,118,352	4,118,352	-
Fund balance - ending	\$ 5,758,352	\$ 6,199,669	\$ 6,199,669	\$ -

FIDUCIARY FUNDS

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2016

	M.H. Correll Research Trust Fund	T.L. Showalter Scholarship Trust Fund	Nonendowment Scholarship Trust Fund	Dr. Tom Goodman Scholarship Trust Fund	Clara Neuman Scholarship Trust Fund	Cecele S. Gryl Scholarship Trust Fund	J.M. Phillips, Jr. Memorial Trust Fund	Total Private-Purpose Trust Funds
ASSETS								
Cash and Cash Equivalents	\$ 2,249	\$ 1,906	\$ 425	\$ 4,794	\$ 67,622	\$ 120,000	\$ 9,458	\$ 206,454
NET POSITION								
Held in Trust for Scholarships	\$ 2,249	\$ 1,906	\$ 425	\$ 4,794	\$ 67,622	\$ 120,000	\$ 9,458	\$ 206,454

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2016

	M.H. Correll Research Trust Fund	T.L. Showalter Scholarship Trust Fund	Nonendowment Scholarship Trust Fund	Dr. Tom Goodman Scholarship Trust Fund	Clara Neuman Scholarship Trust Fund	Cecele S. Gryl Scholarship Trust Fund	J.M. Phillips, Jr. Memorial Trust Fund	Total Private-Purpose Trust Funds
ADDITIONS								
Contributions:								
Gifts, Grants and Bequests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ 40,000
Total Additions	-	-	-	-	-	40,000	-	40,000
DEDUCTIONS								
Scholarships	-	-	-	500	1,000	-	-	1,500
Change in Net Position	-	-	-	(500)	(1,000)	40,000	-	38,500
Net Position - Beginning	2,249	1,906	425	5,294	68,622	80,000	9,458	167,954
Net Position - Ending	\$ 2,249	\$ 1,906	\$ 425	\$ 4,794	\$ 67,622	\$ 120,000	\$ 9,458	\$ 206,454

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<u>Internal School Funds</u>				
Assets				
Cash and cash equivalents	\$ 1,896,477	\$ 5,029,964	\$ 5,038,809	\$ 1,887,632
Accounts receivable	2,714	773	2,714	773
Inventory	49,507	88,331	92,699	45,139
Total assets	<u>\$ 1,948,698</u>	<u>\$ 5,119,068</u>	<u>\$ 5,134,222</u>	<u>\$ 1,933,544</u>
Liabilities				
Due to student organizations	\$ 1,921,200	\$ 5,060,278	\$ 5,106,724	\$ 1,874,754
Accounts payable	27,498	58,790	27,498	58,790
Total liabilities	<u>\$ 1,948,698</u>	<u>\$ 5,119,068</u>	<u>\$ 5,134,222</u>	<u>\$ 1,933,544</u>

STATISTICAL SECTION



The information contained in this statistical section has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy, management believes it to be correct.



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STATISTICAL SECTION

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

Contents

Financial Trends 118-127

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

Revenue Capacity 128-130

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 131-134

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

Demographic and Economic Information 135-137

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

Operating Information 138-153

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

Table 1

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Net Position by Component
Last 10 Fiscal Years
(Unaudited)

Fiscal Year Ending	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Primary Government:					
Net investment in capital assets	\$ 224,729,723	\$ 269,985,466	\$ 281,062,894	\$ 300,336,151	\$ 319,932,319
Restricted	94,150,769	79,028,507	75,730,138	63,951,404	42,529,840
Unrestricted	<u>(2,022,548)</u>	<u>(12,173,357)</u>	<u>(21,623,079)</u>	<u>(32,814,040)</u>	<u>(40,388,280)</u>
Total primary government net position	<u>\$ 316,857,944</u>	<u>\$ 336,840,616</u>	<u>\$ 335,169,953</u>	<u>\$ 331,473,515</u>	<u>\$ 322,073,879</u>

Note: Net Position increased significantly between 2006 and 2008 due primarily to an increase in property tax used to acquire and construct capital assets that depreciate in future year. Net position began to decrease in 2009 due to the decrease in millage levy from 2.00 in 2008 to 1.50 in 2010 and decrease in property values. Net position decreased from 2014 to 2015 due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Source: District Records

Table 1

June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
\$ 328,366,440	\$ 327,870,571	\$ 326,249,703	\$ 322,910,925	\$ 325,311,543
30,311,138	25,931,065	29,868,235	37,837,728	43,862,351
(57,672,174)	(68,567,035)	(76,418,952)	(148,470,981)	(141,220,840)
<u>\$ 301,005,404</u>	<u>\$ 285,234,601</u>	<u>\$ 279,698,986</u>	<u>\$ 212,277,672</u>	<u>\$ 227,953,054</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Changes in Net Position - Government-wide (1)****Last 10 Fiscal Years**

(Unaudited)

Primary Government	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Expenses					
Governmental activities:					
Instruction	\$ 92,186,209	\$ 100,088,071	\$ 96,028,710	\$ 99,394,082	\$ 101,154,165
Student support services	8,588,915	9,416,081	8,990,622	10,769,701	9,928,751
Instructional media services	2,512,530	2,718,646	2,755,296	2,393,206	2,263,085
Instruction and curriculum development services	3,417,083	3,654,795	3,454,527	3,333,307	3,418,956
Instructional staff training services	1,302,224	2,094,178	1,982,599	3,001,115	3,155,887
Instruction related technology (3)	1,182,214	1,301,506	832,089	1,641,862	1,699,938
School board	951,845	743,919	826,006	866,172	731,165
General administration	896,706	961,588	753,206	739,511	750,550
School administration	8,940,370	10,127,670	9,990,153	10,209,565	9,925,657
Facilities services	23,766,287	25,904,672	25,881,704	19,629,027	26,211,680
Fiscal services	818,099	857,860	829,305	1,162,258	1,159,594
Food services	7,090,471	7,400,658	7,332,469	6,854,384	6,591,543
Central services (3)	3,075,766	3,623,885	3,630,236	3,669,788	4,216,113
Student transportation services	6,688,004	7,213,168	6,595,659	6,451,503	6,143,955
Operation of plant	14,182,308	15,511,085	15,083,575	14,207,089	15,184,217
Maintenance of plant	3,122,998	3,344,687	3,241,597	4,392,925	4,595,135
Administrative technology services(3)	540,097	600,242	408,321	656,490	563,005
Community services	2,682,319	3,190,881	3,164,681	2,880,821	2,729,930
Unallocated Interest on long-term debt	2,463,642	2,414,359	2,366,566	2,291,704	2,239,480
Total expenses	<u>184,408,087</u>	<u>201,167,951</u>	<u>194,147,321</u>	<u>194,544,510</u>	<u>202,662,806</u>
Governmental activities:					
Charges for services					
Instruction	2,845,113	2,836,003	2,865,145	2,731,917	371,096
Food services	3,452,163	3,324,172	3,156,448	2,923,061	2,954,156
Student transportation	-	-	-	-	-
Community services	-	-	-	-	2,559,255
Operating grants and contributions	7,228,223	7,457,767	7,590,006	4,046,600	4,520,960
Capital grants and contributions	11,643,707	12,047,688	3,496,132	3,503,253	3,075,398
Total program revenues	<u>25,169,206</u>	<u>25,665,630</u>	<u>17,107,731</u>	<u>13,204,831</u>	<u>13,480,865</u>
Primary government net expense	<u>\$ (159,238,881)</u>	<u>\$ (175,502,321)</u>	<u>\$ (177,039,590)</u>	<u>\$ (181,339,679)</u>	<u>\$ (189,181,941)</u>
Governmental activities:					
Property taxes:					
Levied for operational purposes	\$ 97,894,199	\$ 101,005,604	\$ 93,508,345	\$ 99,281,016	\$ 97,202,185
Levied for capital projects	41,261,608	43,886,882	36,356,391	28,656,156	26,738,877
Grants and contributions not restricted to specific programs	42,392,038	43,765,216	43,493,062	46,726,435	52,672,114
Insurance loss recoveries	233,152	56,190	116,796	-	-
Miscellaneous	3,883,932	2,914,896	1,896,946	2,072,294	2,701,383
Unrestricted investment earnings	5,469,908	3,856,205	(2,613)	907,340	467,746
Total primary government	<u>\$ 191,134,837</u>	<u>\$ 195,484,993</u>	<u>\$ 175,368,927</u>	<u>\$ 177,643,241</u>	<u>\$ 179,782,305</u>
Change in Net Position					
Total primary government (2)	<u>\$ 31,895,956</u>	<u>\$ 19,982,672</u>	<u>\$ (1,670,663)</u>	<u>\$ (3,696,438)</u>	<u>\$ (9,399,636)</u>

Notes: (1) Includes all governmental fund types

(2) The District has no business type activities.

Source: District Records

Table 2

<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
\$ 96,030,312	\$ 94,230,526	\$ 96,807,293	\$ 97,511,574	\$ 91,064,227
9,903,132	9,835,181	10,244,916	9,560,480	9,645,370
2,213,015	2,209,088	2,172,342	2,082,654	1,986,100
3,711,583	3,615,999	3,601,545	3,778,735	3,420,636
2,895,164	2,365,365	2,785,963	2,962,444	3,191,486
1,741,333	1,655,201	1,720,419	1,874,605	2,072,750
729,644	902,968	566,506	597,054	533,539
729,721	659,120	503,988	496,860	813,862
10,316,230	9,598,008	10,222,149	10,164,576	9,395,507
26,041,389	29,581,334	22,916,304	21,355,569	22,250,987
1,066,902	908,486	859,453	862,146	810,950
7,170,203	7,678,953	8,011,020	9,251,136	9,426,056
4,822,277	5,086,568	5,293,707	7,162,409	5,393,295
6,468,443	6,593,395	6,370,280	6,144,052	6,254,283
13,838,429	14,098,913	13,942,964	14,125,494	13,951,820
4,373,070	4,438,963	4,596,677	4,031,091	3,981,788
563,865	614,590	639,763	636,857	649,437
2,740,540	2,931,948	2,840,225	2,901,806	3,008,816
2,203,833	2,095,227	1,854,429	1,748,295	1,767,031
<u>197,559,085</u>	<u>199,099,833</u>	<u>195,949,943</u>	<u>197,247,837</u>	<u>189,617,940</u>
429,597	434,820	330,051	348,719	346,838
2,808,455	2,573,283	2,542,053	2,125,725	2,113,026
-	-	-	18,407	506,806
2,765,234	2,847,631	3,088,660	3,188,209	3,330,594
4,830,648	5,385,431	5,693,100	6,152,078	6,823,025
1,994,232	1,650,204	1,795,600	2,114,250	2,104,279
<u>12,828,166</u>	<u>12,891,369</u>	<u>13,449,464</u>	<u>13,947,388</u>	<u>15,224,568</u>
<u>\$ (184,730,919)</u>	<u>\$ (186,208,464)</u>	<u>\$ (182,500,479)</u>	<u>\$ (183,300,449)</u>	<u>\$ (174,393,372)</u>
\$ 89,175,396	\$ 93,749,587	\$ 101,934,042	\$ 103,006,102	\$ 108,645,648
26,224,667	26,034,115	26,489,776	27,406,923	29,116,037
45,362,980	45,816,980	44,246,019	46,504,240	45,755,151
-	1,234,903	122,775	-	93,223
2,719,167	3,214,781	4,090,952	4,377,436	6,283,568
180,234	387,295	81,300	25,276	175,127
<u>\$ 163,662,444</u>	<u>\$ 170,437,661</u>	<u>\$ 176,964,864</u>	<u>\$ 181,319,977</u>	<u>\$ 190,068,754</u>
<u>\$ (21,068,475)</u>	<u>\$ (15,770,803)</u>	<u>\$ (5,535,615)</u>	<u>\$ (1,980,472)</u>	<u>\$ 15,675,382</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Fund Balances - Governmental Funds⁽¹⁾****Last 10 Fiscal Years
(unaudited)**

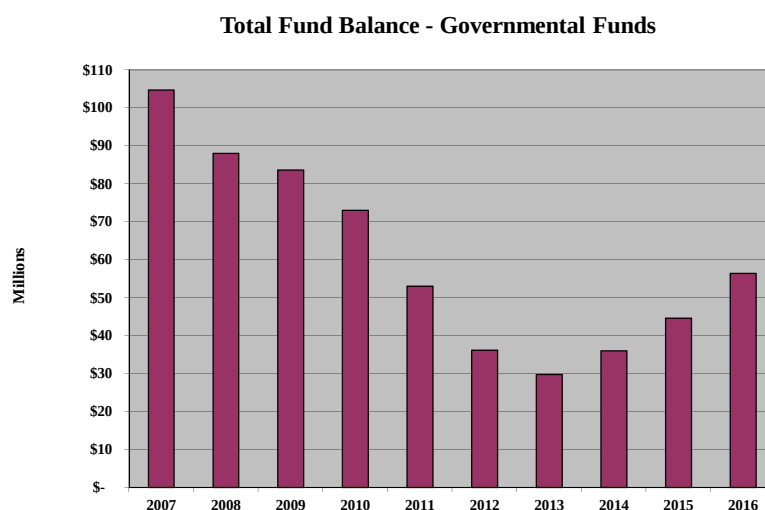
Post-GASB 54						
	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	\$ 488,370	\$ 534,622	\$ 593,201	\$ 433,231	\$ 462,129	\$ 424,315
Restricted	2,227,392	1,201,292	1,077,255	2,414,503	4,288,488	4,755,657
Assigned	611,930	6,545	97,986	100,738	214,301	809,842
Unassigned	9,389,240	5,372,118	3,177,357	5,291,075	5,885,978	11,176,878
Total General Fund	<u>\$ 12,716,932</u>	<u>\$ 7,114,577</u>	<u>\$ 4,945,799</u>	<u>\$ 8,239,547</u>	<u>\$ 10,850,896</u>	<u>\$ 17,166,692</u>
All Other Governmental Funds						
Nonspendable	\$ 209,683	\$ 65,937	\$ 901,705	\$ 526,316	\$ 207,199	\$ 118,881
Restricted	40,092,765	29,043,909	23,952,105	27,263,055	33,549,240	39,106,694
Total All Other Governmental Funds	<u>\$ 40,302,448</u>	<u>\$ 29,109,846</u>	<u>\$ 24,853,810</u>	<u>\$ 27,789,371</u>	<u>\$ 33,756,439</u>	<u>\$ 39,225,575</u>

Pre-GASB 54				
	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 2,463,228	\$ 2,044,033	\$ 956,033	\$ 2,744,719
Unreserved	8,076,751	7,533,302	7,006,402	8,156,558
Total General Fund	<u>\$ 10,539,979</u>	<u>\$ 9,577,335</u>	<u>\$ 7,962,435</u>	<u>\$ 10,901,277</u>
All Other Governmental Funds				
Reserved	\$ 26,117,711	\$ 19,585,661	\$ 18,539,720	\$ 23,840,637
Unreserved, reported in:				
Capital projects funds	67,413,737	58,508,274	56,861,866	37,558,622
Special revenue funds	650,426	324,357	254,141	671,564
Total All Other Governmental Funds	<u>\$ 94,181,874</u>	<u>\$ 78,418,292</u>	<u>\$ 75,655,727</u>	<u>\$ 62,070,823</u>

Note: (1) Includes all governmental fund types

(2) The District implemented GASB 54 for the fiscal year ended June 30, 2011. Fiscal years prior to 2011 have not been restated for implementation of GASB 54.

Source: District records



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Changes in Fund Balances - Governmental Funds (1)****Last 10 Fiscal Years****(Modified Accrual Basis of Accounting)****(Unaudited)**

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Federal sources:				
Federal grants	\$ 11,660,006	\$ 10,007,447	\$ 10,598,248	\$ 20,657,783
Food services	2,874,851	3,115,573	3,592,138	3,878,793
Total federal sources	14,534,857	13,123,020	14,190,386	24,536,576
State sources:				
Florida education finance program	7,958,571	5,964,391	6,996,147	2,403,077
Public education capital outlay	2,921,933	4,442,279	1,491,672	493,045
Food services	86,732	84,008	83,029	83,508
State grants and other	35,761,875	39,656,973	31,817,966	25,740,509
Total state sources	46,729,111	50,147,651	40,388,814	28,720,139
Local sources:				
Ad valorem taxes	139,155,807	144,892,486	129,864,736	127,937,172
Food service sales	3,549,624	3,403,489	3,156,448	2,923,061
Interest and other income	5,469,908	3,856,205	(2,613)	907,340
Other revenues	6,962,523	5,902,759	5,149,261	6,030,595
Total local sources	155,137,862	158,054,939	138,167,832	137,798,168
Total revenues	216,401,830	221,325,610	192,747,032	191,054,883
Expenditures				
Instruction	91,820,583	94,605,958	90,758,627	91,793,659
Student support services	8,600,273	8,960,642	8,515,685	9,985,276
Instructional media services	2,512,236	2,571,184	2,599,008	2,141,954
Instruction and curriculum development services	3,383,843	3,425,227	3,290,025	3,031,846
Instructional staff training services	1,295,385	1,998,475	1,885,811	2,830,290
Instructional related technology(2)	1,179,755	1,230,586	753,182	1,532,256
School board	908,266	705,570	781,836	825,496
General administration	1,095,254	1,180,544	1,100,042	1,214,885
School administration	9,003,542	9,509,932	9,477,912	9,265,796
Facilities services	12,836,647	9,874,902	10,778,771	8,106,544
Fiscal services	805,616	818,681	774,884	1,047,597
Food services	7,033,624	7,170,356	7,102,339	6,527,545
Central services(2)	3,079,037	3,444,513	3,435,115	3,322,138
Student transportation services	6,682,415	6,972,314	6,317,510	6,103,839
Operation of plant	14,260,919	15,136,879	14,630,408	13,755,521
Maintenance of plant	3,100,833	3,164,044	3,040,362	4,083,006
Administrative technology services(2)	541,725	566,930	370,795	601,882
Community services	2,697,668	3,050,637	3,009,962	2,646,810
Capital Outlay:				
Facilities acquisition and construction	20,626,860	56,881,422	20,826,632	26,332,897
Other capital outlay	3,920,957	3,663,269	3,620,821	2,675,971
Debt Service:				
Principal	710,000	1,720,000	1,805,000	1,870,000
Interest and fiscal charges	2,463,643	2,414,358	2,366,566	2,316,365
Total expenditures	\$ 198,559,081	\$ 239,066,423	\$ 197,241,293	\$ 202,011,573

Table 4

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 24,325,420	\$ 13,059,853	\$ 12,336,627	\$ 11,820,371	\$ 12,551,259	\$ 12,662,980
4,404,315	4,755,475	5,223,047	5,606,130	6,063,754	6,734,741
28,729,735	17,815,328	17,559,674	17,426,501	18,615,013	19,397,721
3,740,327	8,056,777	8,354,799	7,852,296	9,420,263	8,361,358
1,080,309	122,073	94,689	159,095	480,018	464,248
76,029	106,461	81,804	86,971	88,324	88,284
26,642,072	26,087,224	26,682,036	26,209,856	26,166,950	26,370,844
31,538,737	34,372,535	35,213,328	34,308,218	36,155,555	35,284,734
123,941,062	115,400,063	119,783,702	128,423,818	130,413,025	137,761,685
2,954,156	2,808,455	2,573,283	2,542,053	2,125,725	2,113,026
467,786	180,234	387,295	81,300	25,276	175,127
6,131,098	6,415,634	6,883,720	8,144,202	8,763,713	11,321,469
133,494,102	124,804,386	129,628,000	139,191,373	141,327,739	151,371,307
193,762,574	176,992,249	182,401,002	190,926,092	196,098,307	206,053,762
95,516,711	88,504,026	88,693,698	90,710,910	93,507,850	91,841,224
9,519,092	9,126,374	9,386,355	9,529,655	9,156,836	9,720,589
2,220,756	2,026,156	2,111,462	2,038,894	1,988,513	2,003,013
3,469,525	3,283,924	3,480,554	3,343,325	3,636,791	3,454,552
3,086,300	2,687,875	2,275,235	2,631,378	2,844,947	3,223,616
1,590,478	1,607,734	1,537,181	1,608,656	1,804,347	2,090,021
681,689	680,731	869,548	537,791	576,082	538,202
1,294,507	1,072,389	1,116,367	1,091,861	1,318,791	1,354,848
9,403,915	9,287,670	8,972,904	9,545,719	9,873,724	9,476,272
12,545,299	12,711,138	9,753,739	9,796,767	9,017,604	9,548,817
1,077,272	974,087	844,077	801,605	842,342	819,918
6,635,390	6,858,976	7,306,448	7,613,617	7,879,963	8,630,343
3,916,853	4,304,803	4,695,849	4,778,260	5,866,846	5,265,628
5,758,515	6,086,852	6,364,056	6,055,266	5,922,747	6,291,268
14,121,493	13,220,275	13,570,654	13,468,400	13,801,238	14,018,057
4,350,845	3,985,346	4,290,026	4,295,586	3,869,186	4,024,239
524,156	518,326	589,731	596,753	610,589	655,930
2,543,416	2,544,048	2,762,234	2,645,798	2,766,942	3,024,389
28,348,362	18,359,013	13,748,336	4,816,723	4,444,591	11,021,858
4,276,078	2,638,689	3,298,743	4,482,500	3,974,653	3,653,484
1,935,000	2,201,182	2,270,196	2,344,665	2,495,304	2,374,874
2,234,938	2,203,832	2,123,326	2,084,375	1,826,722	1,767,031
\$ 215,050,590	\$ 194,883,446	\$ 190,060,719	\$ 184,818,504	\$ 188,026,608	\$ 194,798,173

(continued)

Table 4

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Changes in Fund Balances - Governmental Funds (1)
Last 10 Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Excess of revenues over (under) expenditures	\$ 17,842,749	\$ (17,740,813)	\$ (4,494,261)	\$ (10,956,690)
Other Financing Sources (Uses)				
Long-term debt issued	-	925,000	-	-
Refunding COPS issued	-	-	-	-
Premium on refunding COPS	-	-	-	-
Refunding bonds issue	-	-	-	350,000
Payment to refunded debt escrow agent	-	-	-	(377,799)
Premium of sale/refunding of bonds/COP	-	33,397	-	30,978
Discount on sale of bonds/COP	-	-	-	-
Capital leases	-	-	-	-
FEMA and insurance loss recoveries	233,152	56,190	116,796	307,449
Transfers in	2,250,387	5,446,766	8,178,799	8,804,532
Transfers out	(2,250,387)	(5,446,766)	(8,178,799)	(8,804,532)
Total other financing sources (uses)	233,152	1,014,587	116,796	310,628
Net change in fund balances	<u>\$ 18,075,901</u>	<u>\$ (16,726,226)</u>	<u>\$ (4,377,465)</u>	<u>\$ (10,646,062)</u>
Debt service as a percentage of noncapital expenditures	1.71%	2.13%	2.46%	2.41%

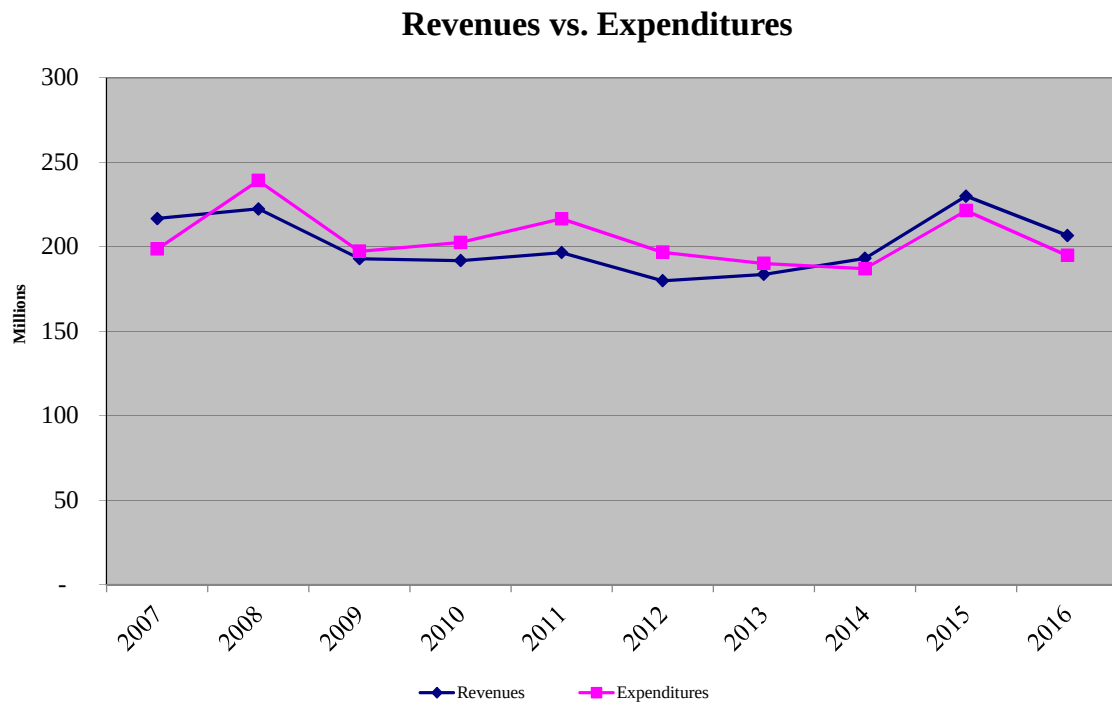
Notes: (1) Includes all governmental fund types

(2) Technology expenses were included in central services until the 2005-06 fiscal year.

Source: District records

Table 4

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (21,288,016)	\$ (17,891,197)	\$ (7,659,717)	\$ 6,107,588	\$ 8,071,699	\$ 11,255,589
-	-	-	-	-	-
-	-	-	-	29,020,000	-
-	-	-	-	3,233,419	-
1,205,000	1,505,000	-	1,769,000	1,378,000	-
(1,404,877)	(1,730,010)	-	(2,056,194)	(33,475,406)	-
195,334	229,483	-	286,140	131,078	-
-	-	-	-	195,392	-
1,239,801	-	-	-	-	436,120
100,038	1,091,767	1,234,903	122,775	24,235	93,223
8,426,038	8,852,137	9,299,893	9,071,683	8,666,861	3,928,355
(8,426,038)	(8,852,137)	(9,299,893)	(9,071,683)	(8,666,861)	(3,928,355)
1,335,296	1,096,240	1,234,903	121,721	506,718	529,343
\$ (19,952,720)	\$ (16,794,957)	\$ (6,424,814)	\$ 6,229,309	\$ 8,578,417	\$ 11,784,932
2.26%	2.53%	2.61%	2.52%	2.47%	2.56%

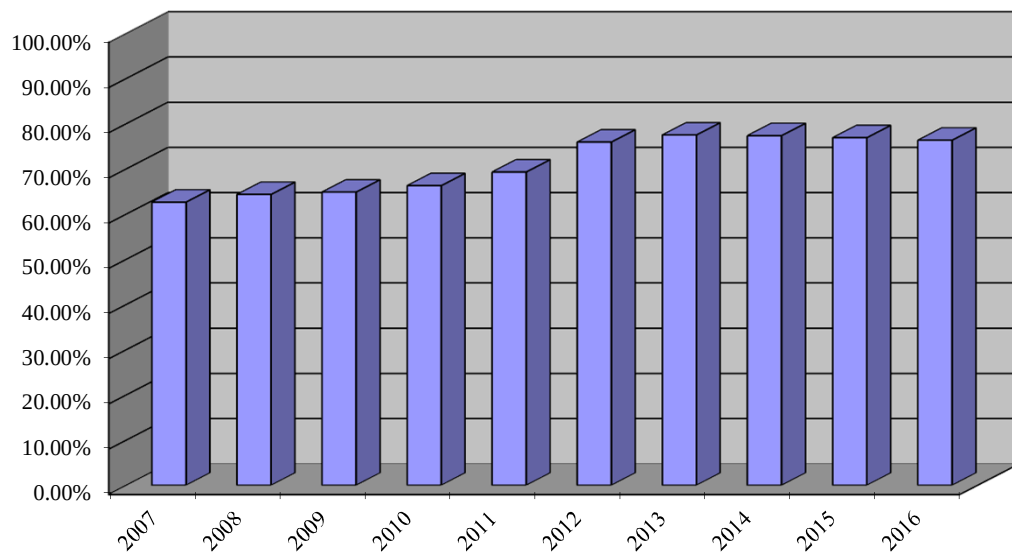


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Assessed and Estimated Actual Value of Taxable Property****Last 10 Fiscal Years****(Amounts expressed in thousands)****(Unaudited)**

Fiscal Year	Real Property	Personal Property	Centrally Assessed Value	Estimated Actual Value ⁽¹⁾	Homestead and Other Exemptions	Total Taxable Valuation	Ratio of Taxable Value to Estimated Actual Value	Total Direct Rate
2007	\$ 31,967,821	\$ 2,121,882	\$ 40,120	\$34,129,823	\$ 12,757,499	\$21,372,324	62.62%	6.744
2008	33,089,406	2,159,406	45,924	35,294,736	12,594,110	22,700,626	64.32%	6.602
2009	29,582,296	2,166,888	60,595	31,809,779	11,183,140	20,626,639	64.84%	6.252
2010	26,216,447	2,094,540	47,272	28,358,258	9,567,827	18,790,431	66.26%	6.703
2011	23,131,078	2,069,709	45,744	25,246,531	7,753,621	17,492,910	69.29%	6.956
2012	21,379,718	2,378,906	47,993	23,806,617	5,735,774	18,070,843	75.91%	6.604
2013	20,400,691	2,691,034	43,327	23,135,052	5,212,197	17,922,855	77.47%	6.904
2014	20,772,257	2,751,732	46,969	23,570,958	5,342,376	18,228,582	77.33%	7.278
2015	21,852,301	2,694,830	56,763	24,603,894	5,689,530	18,914,364	76.88%	7.138
2016	23,402,997	2,851,740	58,634	26,313,371	6,231,593	20,081,778	76.32%	7.098

Note: (1) Estimated actual values are the total "just" values of property subject to taxation, as defined by Section 193.011, Florida Statutes.

Source: Martin County Property Appraiser

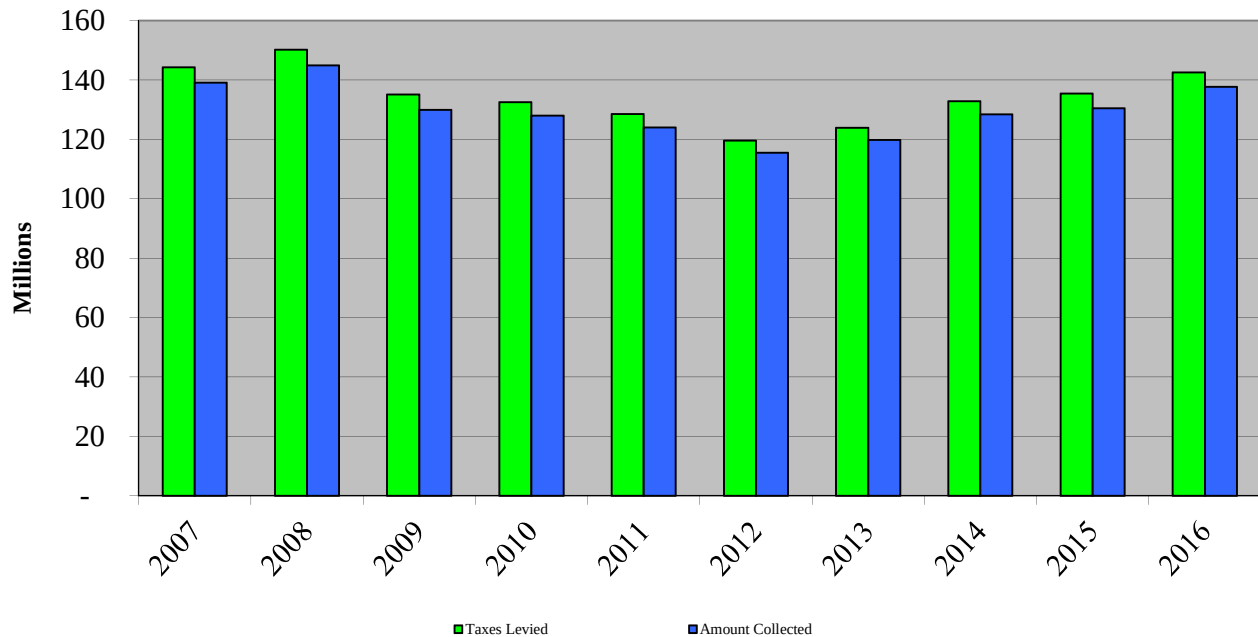
Ratio of Taxable Value to Estimated Actual Value

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Property Tax Levies and Collections
Last 10 Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 144,252,079	\$ 139,110,202	96.44%	\$ -	\$ 139,110,202	96.44%
2008	150,151,251	144,892,486	96.50%	-	144,892,486	96.50%
2009	135,139,841	129,864,736	96.10%	-	129,864,736	96.10%
2010	132,510,715	127,937,173	96.55%	23,148	127,960,321	96.57%
2011	128,512,929	123,917,914	96.42%	58,945	123,976,859	96.47%
2012	119,608,739	115,341,118	96.43%	89,639	115,430,757	96.51%
2013	123,853,938	119,694,063	96.64%	93,579	119,787,642	96.72%
2014	132,828,984	128,330,239	96.61%	35,322	128,365,561	96.64%
2015	135,364,485	130,377,703	96.32%	53,972	130,431,675	96.36%
2016	142,540,457	137,707,714	96.61%	-	137,707,714	96.61%

Source: Martin County Tax Collector and District records.

Property Tax Levies and Collections



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Direct and Overlapping Property Tax Rates
Last 10 Fiscal Years
(Unaudited)
(per \$1,000 assessed valuation)

Fiscal Year	Direct Rates ⁽¹⁾			Overlapping Rates ⁽²⁾							
	District School Board of Martin County			Martin County				City of Stuart	Jupiter Island	Sewall's Point	Ocean Breeze Park
	Operating	Capital	Total	Operating	Debt Service	Other	MSTU				
2007	4.744	2.000	6.744	4.928	0.1140	1.0557	0.7722	5.3442	2.9994	2.4000	3.4815
2008	4.602	2.000	6.602	4.548	0.1220	0.9557	0.6796	4.5573	2.9994	2.1690	2.2911
2009	4.502	1.750	6.252	4.897	0.1270	1.0108	0.7027	4.5788	3.1400	2.2300	2.4241
2010	5.203	1.500	6.703	5.309	0.1382	1.0108	0.8754	4.6081	3.2350	2.2300	2.2459
2011	5.456	1.500	6.956	5.525	0.0826	1.0100	0.9610	4.6436	3.3841	2.1800	2.6295
2012	5.104	1.500	6.604	5.734	0.0368	0.8401	0.9636	4.6674	4.9528	2.2896	4.6799
2013	5.404	1.500	6.904	5.696	0.0373	0.8327	0.9755	4.9041	4.2861	2.2896	4.7910
2014	5.778	1.500	7.278	5.830	0.0368	0.8148	1.0240	5.1601	4.2769	2.3500	5.0619
2015	5.638	1.500	7.138	5.965	0.0000	0.7805	1.0487	4.8540	4.1653	2.6000	4.9472
2016	5.598	1.500	7.098	6.126	0.0000	0.7489	1.0660	4.8327	4.0250	2.8700	3.9814

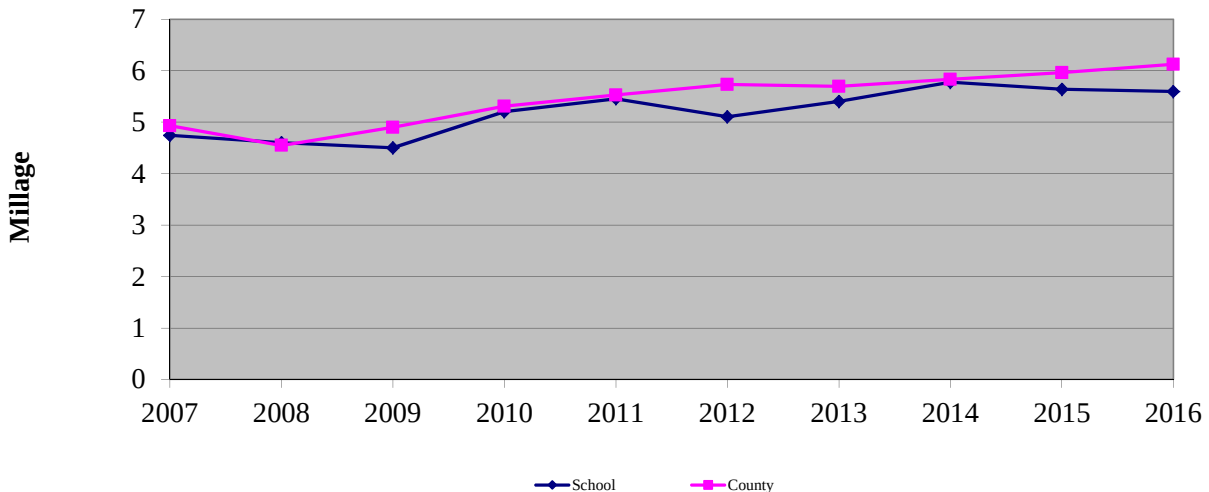
Notes:

(1) Direct rates are the District's rate for capital outlay, discretionary, and required local effort.

(2) Overlapping rates are those of local and county governments that apply to property owners within the incorporated areas.

Sources: Martin County Tax Collector's Office
Martin County Property Appraiser
Martin County Clerk of Court

County and School District Operating Millages



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Ratios of Outstanding Debt by Type

Last 10 Fiscal Years

(Amounts expressed in thousands, except per capita amount)

(Unaudited)

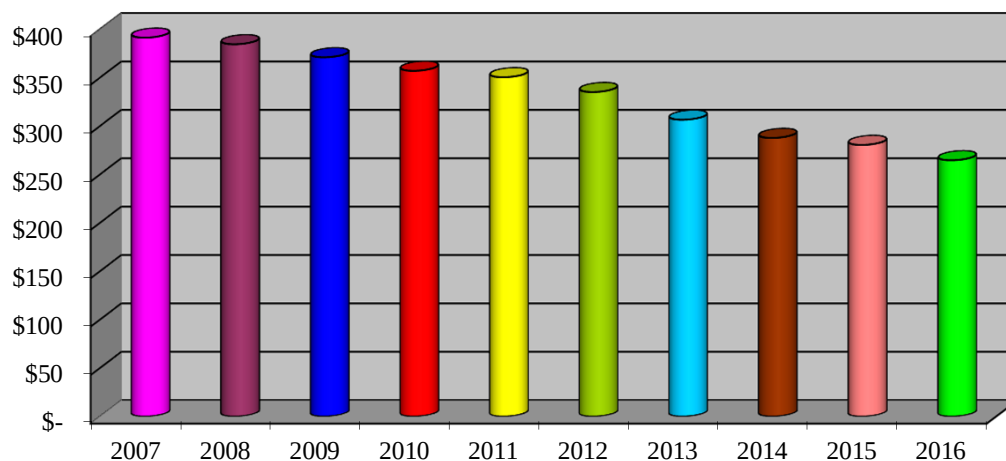
Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2007	\$ 14,990	\$ 40,790	\$ 472	\$ 56,252	0.66%	\$ 391.35
2008	15,175	39,810	341	55,326	0.66%	384.56
2009	14,385	38,795	204	53,384	0.65%	371.09
2010	13,540	37,745	61	51,346	0.68%	357.12
2011	13,895	36,660	822	51,377	0.66%	350.49
2012	13,165	35,530	646	49,341	0.62%	335.19
2013	10,580	34,360	461	45,401	0.47%	306.60
2014	9,414	33,145	266	42,825	0.43%	287.77
2015	8,331	33,563	207	42,101	N/A	280.56
2016	7,382	32,063	491	39,936	N/A	264.70

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements. Total personal income is not available for 2015 and 2016.

*See Table 12 Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

Source: District records

Debt per Capita



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Direct and Overlapping Governmental Activities Debt
June 30, 2016
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽²⁾	Estimated Share of Direct and Overlapping Debt
Martin County Board of County Commissioners ⁽¹⁾			
Revenue Bonds/Notes	\$ 43,371,277	100%	\$ 43,371,277
Capital Leases	10,113,570	100%	10,113,570
State Revolving Fund Loans	1,445,261	100%	1,445,261
General Obligation Bonds	590,000	100%	590,000
Notes Payable	382,639	100%	382,639
City of Stuart ⁽¹⁾			
Revenue Bond Loans and Notes	2,855,852	100%	2,855,852
General Obligation Bonds	6,640,000	100%	6,640,000
Bank Loan	164,000	100%	164,000
Town of Jupiter Island ⁽¹⁾			
General Obligation Notes Payable	8,387,259	100%	8,387,259
South Florida Water Management District ⁽¹⁾			
Land Acquisition Bonds	6,705,000	2.40%	160,920
Certificate of Participation	478,826,841	2.40%	11,491,844
Subtotal, overlapping debt			85,602,622
District School Board of Martin County Direct Debt ⁽²⁾			39,936,155
Total direct and overlapping debt			<u>\$ 125,538,777</u>

Notes:

(1) Source: Martin County, Florida Comprehensive Annual Financial Report dated September 30, 2015.

(2) These percentages are estimated using assessed values of taxable property less homestead exemptions and other adjustments (taxable value).

Applicable percentages were estimated by determining the portion of another governmental units' taxable value that is within the County's boundaries and

Source: District Records

Government units that are included in this schedule are those whose geographic boundaries overlap, at least in part, with the boundaries of the County. This schedule estimates the portion of the overlapping government's outstanding debt that is borne by the residents and business of Martin County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Anticipated Capital Outlay Millage Levy
Required to Cover Certificates of Participation (COPS) Payments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Year	Taxable Assessed Valuation⁽¹⁾	Principal Payments⁽²⁾	Interest Payments	Total Annual Lease Payments	Millage Levy to Provide 1.00 x Coverage⁽³⁾
2007	2006	\$ 21,372,324	\$ -	\$ 1,841,464	\$ 1,841,464	0.091 mills
2008	2007	22,700,626	980,000	1,745,954	2,725,954	0.126 mills
2009	2008	20,626,639	1,015,000	1,711,041	2,726,041	0.139 mills
2010	2009	18,790,431	1,050,000	1,674,904	2,724,904	0.153 mills
2011	2010	17,492,910	1,085,000	1,636,185	2,721,185	0.162 mills
2012	2011	18,070,843	1,130,000	1,596,066	2,726,066	0.157 mills
2013	2012	17,922,855	1,170,000	1,552,891	2,722,891	0.158 mills
2014	2013	18,228,582	1,215,000	1,505,191	2,720,191	0.155 mills
2015	2014	18,914,364	1,265,000	1,071,600	2,336,600	0.129 mills
2016	2015	20,081,778	1,310,000	1,348,931	2,658,931	0.138 mills

Notes:

(1) See Table 5 "Assessed and Estimated Actual Value of Taxable Property".

(2) The District first issued COPS in December 2005, with the first principal payment due during the 2007-08 fiscal year. The District refunded the COPS in October 2014.

(3) Millage rate calculated using 95 percent of the taxable assessed valuation; 96 percent beginning in fiscal year 2010-11.

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

Source: District records

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Legal Debt Margin
Last 10 Fiscal Years
(Unaudited)

The constitution of the State of Florida, Florida Statutes, and the District School Board of Martin County set no legal debt limit.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Demographic and Economic Statistics
Last 10 Years
(Unaudited)

Fiscal Year	Estimated Population⁽¹⁾	Personal Income⁽²⁾ (thousands of dollars)	Per Capita Personal Income⁽²⁾	Student Membership⁽³⁾	Unemployment Rate⁽⁴⁾
2007	143,737	\$ 8,586,709	\$ 61,868	17,826	4.1
2008	143,868	8,364,241	60,140	17,703	6.3
2009	143,856	8,207,593	58,712	17,631	11.2
2010	143,777	7,576,859	51,723	17,612	11.7
2011	146,587	7,787,403	52,798	17,759	10.9
2012	147,203	7,897,895	53,071	17,964	9.8
2013	148,077	9,611,306	63,450	18,267	7.8
2014	148,817	10,054,953	65,551	18,296	6.3
2015	150,062	N/A	N/A	18,583	5.5
2016	150,870	N/A	N/A	18,714	4.9

N/A = Data not currently available

Sources:

- (1) Office of Economic and Business Research
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) The Florida Department of Education's statistical brief entitled "Membership in Florida's Public Schools Fall" for each respective year
- (4) Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Principal Property Taxpayers****January 1, 2016 and 9 years ago****(Amounts expressed in thousands)****(Unaudited)**

Taxpayer	2016			2007		
	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value
Florida Power & Light Co.	1	\$ 2,155,680	8.19%	1	\$ 1,274,047	3.73%
Indiantown Cogeneration LP	2	99,443	0.38%	2	292,432	0.86%
Treasure Coast - JCP Associates Ltd.	3	81,622	0.31%	3	81,679	0.24%
Jupiter Island Revocable	4	45,819	0.17%	-	-----	-----
Florida Gas Transmission	5	45,834	0.17%	-	-----	-----
Jeffrey H. Sands	6	36,185	0.14%	5	42,488	0.12%
Gulfstream Natural Gas	7	36,714	0.14%	-	-----	-----
Hamm, Edward H	8	30,487	0.12%	-	-----	-----
Sandhill Cove Properties, Inc.	9	28,543	0.11%	9	28,788	0.08%
ARHC Alstuf101 LLC	10	27,500	0.10%	-	-----	-----
Bellsouth Telecom	-	-----	-----	4	43,966	0.13%
Columbia Properties Stuart	-	-----	-----	6	34,090	0.10%
Lowe's Home Centers, Inc.	-	-----	-----	7	32,168	0.09%
Estate of Stuart LLC	-	-----	-----	8	32,080	0.09%
Stuart Pineapple I LLC	-	-----	-----	10	28,155	0.08%
Total		<u>\$ 2,587,827</u>	<u>9.83%</u>		<u>\$ 1,889,893</u>	<u>5.54%</u>

Source: Martin County Tax Collector's Office

Table 14

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
District Employees
Last 10 Fiscal Years
(Unaudited)

	2007	2008	2009	2010
Instructional administrators	9	9	8	8
Non-instructional administrators	6	6	4	6
Consultants/supervisors of instruction	2	2	3	3
Principals	20	21	23	23
Assistant principals	30	30	32	31
Elementary classroom teachers	407	414	414	415
Secondary classroom teachers	449	468	460	461
ESE teachers	213	214	218	230
Other teachers (adult)	39	38	100	99
Guidance counselors	41	43	39	37
Visiting teachers/Social workers	1	1	1	1
Psychologists	7	7	7	7
Librarians	24	24	24	20
Other professionals (instructional)	86	74	85	99
Other professionals (non-instructional)	87	89	89	93
Aides	277	270	268	282
Technicians	13	14	15	14
Clerical/secretarial	170	171	164	169
Service workers	289	295	297	290
Skilled crafts	30	33	34	34
Unskilled laborers	17	18	18	18
Total employees	<u>2,217</u>	<u>2,241</u>	<u>2,303</u>	<u>2,340</u>

Source: Florida Department of Education Statistical Brief entitled "Staff in Florida's Public Schools".

Notes:

Employee data includes only full-time staff.

The number of personnel is total employees.

Table 14

2011	2012	2013	2014	2015	2016
9	11	12	15	11	11
8	7	7	8	9	10
4	3	4	4	2	2
23	23	23	23	23	23
32	32	31	31	35	35
461	455	460	463	464	473
464	453	451	450	449	456
238	231	233	233	250	252
72	58	54	41	27	28
37	35	38	35	36	37
0	0	0	0	0	0
7	7	7	6	8	7
20	20	20	20	19	20
94	101	109	111	97	100
89	85	84	76	79	82
279	290	287	288	294	286
10	11	10	12	25	24
163	168	168	164	160	165
292	297	299	288	299	287
36	32	32	33	27	31
11	12	12	11	10	11
2,349	2,331	2,341	2,312	2,324	2,340



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Teacher Salaries
Last 10 Years
(Unaudited)

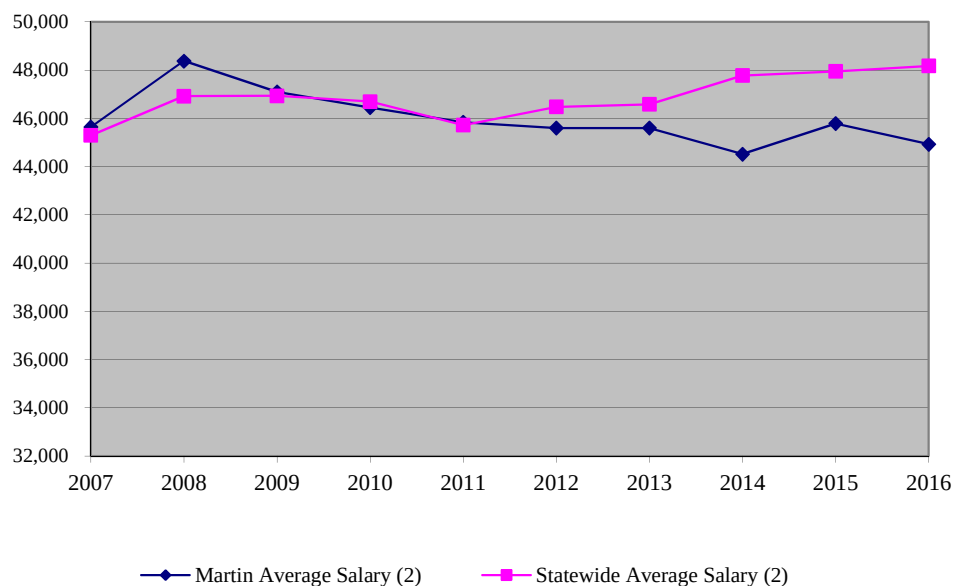
Fiscal Year	Minimum Salary⁽¹⁾	Maximum Salary⁽¹⁾	Martin Average Salary⁽²⁾	Statewide Average Salary⁽²⁾
2007	\$ 35,000	\$ 65,339	\$ 45,646	\$ 45,296
2008	37,000	67,952	48,384	46,922
2009	37,000	67,952	47,102	46,938
2010	37,000	67,952	46,455	46,696
2011	37,000	68,427	45,841	45,723
2012	37,000	68,901	45,604	46,479
2013	37,000	68,901	45,603	46,583
2014	37,300	60,076	44,522	47,780
2015	37,500	60,076	45,786	47,950
2016	38,000	62,900	44,933	48,179

Sources:

(1) District records

(2) Florida Department of Education

Teacher Average Salary



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
School Building Information (1)
Last 10 Fiscal Years
(Unaudited)

School	Fiscal Year				
	2007	2008	2009	2010	2011 ⁽³⁾
<u>Elementary</u>					
Seawind Elementary (1993)					
Square feet	119,804	137,803	136,075	127,350	127,350
Capacity	589	837	797	783	783
Enrollment	667	673	689	735	738
JD Parker Elementary (2004/re-built) ⁽²⁾					
Square feet	125,940	125,940	125,940	125,691	125,691
Capacity	804	757	757	754	754
Enrollment	598	607	610	612	626
Palm City Elementary (1958)					
Square feet	106,954	118,524	114,074	107,872	102,532
Capacity	713	929	953	808	698
Enrollment	875	881	794	740	700
Port Salerno Elementary (2002/re-built) ⁽²⁾					
Square feet	108,962	108,962	108,962	109,944	109,944
Capacity	757	757	757	757	757
Enrollment	660	660	646	653	722
Hobe Sound Elementary (2004/re-built) ⁽²⁾					
Square feet	112,190	110,804	110,804	115,632	115,632
Capacity	816	797	797	793	793
Enrollment	703	711	712	689	696
Warfield Elementary (1959)					
Square feet	139,520	142,024	114,653	147,410	145,941
Capacity	875	911	845	1,084	1,048
Enrollment	614	618	638	643	671
Jensen Beach Elementary (1970)					
Square feet	95,159	97,829	96,760	100,201	100,201
Capacity	721	775	721	721	721
Enrollment	625	626	603	571	555
Pinewood Elementary (1988)					
Square feet	104,570	132,001	129,603	128,796	120,994
Capacity	644	982	996	888	718
Enrollment	764	761	730	710	710
Crystal Lake Elementary (1989)					
Square feet	101,628	106,147	106,027	104,574	100,176
Capacity	620	720	720	720	630
Enrollment	736	733	505	504	492

Table 16

Fiscal Year				
2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾
127,350	127,350	127,350	128,282	127,350
764	764	764	764	764
721	687	711	743	743
125,691	125,691	125,691	125,691	125,691
695	695	695	695	695
614	682	808	761	753
102,532	103,422	103,422	103,422	103,422
670	696	696	696	696
649	639	671	714	719
115,120	126,076	126,076	126,076	126,076
805	877	931	877	877
761	789	839	838	904
115,632	115,632	115,632	115,632	115,632
776	776	776	776	776
665	647	701	654	678
145,941	133,961	133,961	133,961	133,961
1,048	886	886	886	886
704	730	785	789	802
100,468	102,196	102,196	102,960	102,960
668	704	740	704	722
576	583	652	688	698
122,256	126,576	126,576	126,576	126,576
756	784	784	784	784
754	742	833	851	893
103,681	108,079	108,079	108,079	108,079
621	688	688	688	688
528	557	598	623	636

(continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
School Building Information (1)
Last 10 Fiscal Years
(Unaudited)

School	Fiscal Year				
	2007	2008	2009	2010	2011 ⁽³⁾
Bessey Creek Elementary (1995)					
Square feet	111,296	118,312	111,296	122,445	122,445
Capacity	589	745	589	599	599
Enrollment	747	752	572	556	534
Felix A. Williams Elementary (1993)					
Square feet	137,605	140,197	138,469	111,844	111,059
Capacity	705	759	723	653	635
Enrollment	650	653	633	684	647
Citrus Grove Elementary (2009)					
Square feet				124,838	124,838
Capacity			767	767	767
Enrollment			457	521	565

Notes:

(1) The District caps its enrollment at 750 for elementary schools, 1,200 for middle schools, and 1,800 for high schools.

(2) Rebuilt schools include only information after rebuilding.

(3) Square footage and capacity have changed for some schools due to the re-measurement and change of use of BRPH for the Five-Year Plant Survey.

(4) Square footage and capacity have changed for some schools due to remodeling work complete in 2011-12, building demolitions, ESE cluster sites per DOE, and vacant buildings pending demolition.

(5) Square footage and capacity have changed for some schools due to portable relocations and demolitions.

(6) Capacity has changed for some schools due to portable additions.

Sources:

District records - Five-year facilities work plan

Florida Inventory of School Houses

Table 16

Fiscal Year				
2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾
122,445	112,445	112,445	122,445	122,445
599	599	599	599	599
525	544	579	591	558
111,059	112,709	112,709	112,709	112,709
635	671	671	671	671
631	662	694	708	719
124,838	124,838	124,838	124,838	124,838
767	767	767	767	767
603	590	604	648	690

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
School Building Information (1)
Last 10 Fiscal Years
(Unaudited)

School	Fiscal Year				
	2007	2008	2009	2010	2011 ⁽³⁾
<u>Middle</u>					
Dr. David L. Anderson Middle School (2005)					
Square feet	210,194	210,194	210,194	219,253	219,253
Capacity	1,255	1,255	1,395	1,316	1,184
Enrollment	897	901	904	889	984
Hidden Oaks Middle School (1991)					
Square feet	166,779	177,323	172,041	178,828	173,566
Capacity	1,241	1,458	1,445	1,455	1,210
Enrollment	1,125	1,119	1,113	1,147	1,090
Indiantown Middle School (1969)					
Square feet	99,053	102,183	98,053	155,404	155,404
Capacity	693	706	770	1,348	1,213
Enrollment	403	408	400	399	401
Murray Middle School(1961)					
Square feet	142,157	188,198	185,670	213,597	211,889
Capacity	828	1,509	1,641	1,643	1,439
Enrollment	748	750	767	757	760
Stuart Middle School(1971)					
Square feet	164,307	166,760	148,006	198,350	174,517
Capacity	1,278	11,337	1,130	1,852	1,156
Enrollment	912	919	877	854	881
<u>High</u>					
Martin County High School (1963)					
Square feet	365,764	371,536	426,584	431,008	431,008
Capacity	2,432	2,489	2,589	2,517	2,391
Enrollment	1,958	1,951	1,993	1,966	1,945
South Fork High School(1982)					
Square feet	295,394	337,462	311,353	298,302	313,984
Capacity	1,906	2,603	2,369	2,114	1,672
Enrollment	1,979	1,964	1,917	1,863	1,829
Jensen Beach High School (2002)					
Square feet	323,747	323,747	323,747	323,999	323,857
Capacity	1,676	1,590	1,674	1,636	1,554
Enrollment	1,520	1,523	1,527	1,542	1,573

(continued)

Table 16

Fiscal Year				
2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾
219,253	219,253	219,253	219,253	219,253
1,184	1,184	1,184	1,184	1,184
956	941	989	988	1,020
173,566	178,828	178,828	178,828	178,828
1,210	1,329	1,329	1,329	1,329
1,086	1,048	1,094	1,064	1,090
155,404	155,404	155,404	158,860	158,860
1,213	1,213	1,213	1,173	1,173
421	463	491	534	547
211,889	215,345	215,345	134,447	131,296
1,177	1,256	1,256	1,312	999
747	815	851	795	798
174,517	174,517	174,517	177,004	177,004
1,156	1,179	1,179	1,179	1,179
927	967	1,032	1,054	1,025
396,341	417,947	417,947	421,184	421,184
1,651	2,214	2,214	2,214	2,214
1,998	2,119	2,209	2,245	2,318
313,984	317,078	317,078	319,898	319,898
1,634	1,685	1,685	1,685	1,685
1,840	1,933	2,007	2,037	1,990
323,857	323,999	323,999	323,999	323,999
1,554	1,554	1,554	1,554	1,554
1,634	1,771	1,805	1,878	1,735
(continued)				

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
School Building Information (1)
Last 10 Fiscal Years
(Unaudited)

School	Fiscal Year				
	2007	2008	2009	2010	2011 ⁽³⁾
Other					
Spectrum JR/SR High School (1932)					
Square feet	16,794	23,234	20,298	20,024	15,655
Capacity	142	317	218	231	130
Enrollment	104	111	155	77	90
Willoughby Learning Center (1988)					
Square feet	46,458	46,573	51,577	44,205	44,105
Capacity	171	171	171	171	171
Enrollment	79	80	75	71	58

Notes:

- (1) The District caps its enrollment at 750 for elementary schools, 1,200 for middle schools, and 1,800 for high schools.
(2) Rebuilt schools include only information after rebuilding.
(3) Square footage and capacity have changed for some schools due to the re-measurement and change of use of BRPH for the Five-Year
(4) Square footage and capacity have changed for some schools due to remodeling work complete in 2011-12, building demolitions, I
cluster sites per DOE, and vacant buildings pending demolition.
(5) Square footage and capacity have changed for some schools due to portable relocations and demolitions.
(6) Capacity has changed for some schools due to portable additions.

Sources:

District records - Five-year facilities work plan
Florida Inventory of School Houses

Table 16

Fiscal Year				
2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾
15,655	19,159	19,159	19,159	19,159
130	218	218	218	218
85	61	143	154	148
44,105	44,155	44,155	44,155	44,155
171	171	171	171	171
38	31	44	46	87

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Principal Employers
Current Year and Nine Years Ago⁽¹⁾
(Unaudited)

Current year (2014):			Percentage	
Employer	Rank	Employees	of Total	Product/Service
			County	
			Employment	
Martin Health Systems	1	3,120	4.71%	Health Care
Martin County School District	2	2,528	3.81%	Government
Martin County Government	3	1,634	2.47%	Government
State of Florida	4	506	0.76%	Government
Paradigm Precision	5	369	0.56%	Aerospace Products
Triumph Group - Vought Aerostructures	6	324	0.49%	Aerospace Products
Liberator Medical Supply	7	316	0.48%	Medical Supplies
Florida Power & Light	8	302	0.46%	Utility
Seacoast National Bank	9	302	0.46%	Banking
City of Stuart	10	254	0.38%	Government
Total		<u>9,655</u>	<u>14.58%</u>	
Nine years ago (2006):				
Martin Health Systems	1	2,710	4.15%	Health Care
Martin County School District	2	2,552	3.91%	Government
Martin County Government	3	1,644	2.52%	Government
Publix Super Markets	4	1,297	1.99%	Grocery Chain
State of Florida	5	679	1.04%	Government
Armellini Express Lines	6	573	0.88%	Trucking
Wal-Mart	7	450	0.69%	Retail Department Store
Turbocombustor Technology	8	345	0.53%	Fabrication
Indian River State College	9	337	0.52%	Education
Winn-Dixie Stores	10	332	0.51%	Grocery Chain
Total		<u>10,919</u>	<u>16.74%</u>	

Note:

(1) Information for 2015 or 2016 are not available, so this schedule was prepared with the data of 2014 and 2006.

The labor force figures for 2014 and 2006 are 66,267 and 65,247, respectively. These numbers were used to calculate the percentage of total county employment.

Sources:

Martin County Clerk's Office provided the 2006 and 2014 data.

FL Labor Market Statistics, Quarterly Census of Employment and Wages Program

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Operating Statistics
Last 10 Fiscal Years
(Unaudited)

Fiscal Year	Operating Expenditures ⁽¹⁾	Student Memberships ⁽¹⁾	Cost per Student	Percentage Change	Teaching Staff ⁽²⁾	Student/Teacher Ratio
2007	\$ 156,144,085	17,826	\$ 8,759	7.37%	1,224	14.6
2008	161,461,835	17,703	9,121	4.12%	1,253	14.1
2009	155,166,255	17,631	8,801	-3.51%	1,289	13.7
2010	158,062,988	17,612	8,975	1.98%	1,309	13.5
2011	163,167,496	17,759	9,188	2.38%	1,355	13.1
2012	155,162,209	17,964	8,637	-6.00%	1,265	14.2
2013	157,085,087	18,267	8,599	-0.44%	1,352	13.5
2014	159,360,627	18,296	8,710	1.29%	1,349	13.6
2015	163,500,791	18,583	8,798	1.01%	1,324	14.0
2016	163,407,720	18,714	8,732	-0.76%	1,349	13.9

Notes:

Expenditures include General and Special Revenue Funds. Community service, facilities acquisition and construction, and other capital outlay expenditures are excluded from amounts shown above.

Sources:

(1) District records

(2) Florida Department of Education - includes all instructional personnel. (classroom teachers, guidance counselors, and other, etc.)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Food Service Operating Data
Last 10 Fiscal Years
(Unaudited)

	Fiscal Year				
	2007	2008	2009	2010	2011
Days meals were served	180	180	180	180	180
Average number of free and reduced lunches served daily	4,421	4,536	4,930	5,336	5,916
Total number of free and reduced lunches served	795,803	816,466	887,337	960,559	1,064,941
Average daily subsidy received	\$ 16,453	\$ 17,775	\$ 20,418	\$ 22,013	\$ 24,891
Total subsidy received	\$ 2,961,584	\$ 3,199,581	\$ 3,675,167	\$ 3,962,301	\$ 4,480,344
Average number of lunches served daily	8,618	8,998	8,806	8,712	9,425
Total number of lunches served	1,551,266	1,619,721	1,585,167	1,568,250	1,696,459
Percentage of free and reduced lunches served to total meals	51.30%	50.41%	55.98%	61.25%	62.77%
Average daily revenues	\$ 36,173	\$ 36,684	\$ 38,050	\$ 38,257	\$ 41,333
Total revenues	\$ 6,511,207	\$ 6,603,070	\$ 6,849,010	\$ 6,886,294	\$ 7,439,956
Average daily costs	\$ 39,867	\$ 40,252	\$ 39,502	\$ 36,279	\$ 36,890
Total costs	\$ 7,176,124	\$ 7,245,316	\$ 7,110,363	\$ 6,530,245	\$ 6,640,240

Source: District Records

Table 19

Fiscal Year				
2012	2013	2014	2015	2016
180	180	180	180	180
6,201	6,260	6,138	6,939	7,270
1,116,133	1,126,823	1,104,795	1,249,031	1,308,652
\$ 27,011	\$ 29,471	\$ 31,628	\$ 34,178	\$ 37,906
\$ 4,861,936	\$ 5,304,851	\$ 5,693,100	\$ 6,152,078	\$ 6,823,024
9,630	9,405	9,453	9,612	9,811
1,733,429	1,692,924	1,701,459	1,730,235	1,765,894
64.39%	66.56%	64.93%	72.19%	74.11%
\$ 42,686	\$ 43,771	\$ 45,797	\$ 46,021	\$ 49,700
\$ 7,683,416	\$ 7,878,796	\$ 8,243,385	\$ 8,283,753	\$ 8,946,006
\$ 38,313	\$ 40,992	\$ 42,718	\$ 46,289	\$ 53,597
\$ 6,896,268	\$ 7,378,585	\$ 7,689,160	\$ 8,332,039	\$ 9,647,508



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SINGLE AUDIT SECTION





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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Federal Reports and Schedules

Schedule of Expenditures of Federal Awards

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

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings—Federal Awards

Management's Response



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	15002	\$ 1,252,204.62	\$ -
National School Lunch Program	10.555	15001, 15003	5,237,463.35	-
Summer Food Service Program for Children	10.559	15006	128,022.64	-
Total Child Nutrition Cluster			6,617,690.61	-
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	15004	117,050.00	-
Total United States Department of Agriculture			6,734,740.61	-
United States Department of Education:				
Indirect:				
Special Education Cluster:	84.027			
Florida Department of Education		263	4,203,865.52	17,458.65
St. Lucie County District School Board		None	23,166.00	-
Total Special Education - Grants to States	84.027		4,227,031.52	17,458.65
FDOE Special Education - Preschool Grants	84.173	267	123,197.82	-
Total Special Education Cluster			4,350,229.34	17,458.65
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	130,908.11	-
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	4,148,458.06	-
Migrant Education - State Grant Program	84.011	217	61,146.20	-
Career and Technical Education - Basic Grants to States	84.048	161	163,533.13	-
English Language Acquisition State Grants	84.365	102	311,941.89	-
Improving Teacher Quality State Grants	84.367	224	555,270.25	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RA111	346,171.07	-
Total United States Department of Education			10,067,658.05	17,458.65
United States Department of Health and Human Services:				
Direct:				
Head Start	93.600	N/A	1,873,737.37	-
United States Department of Homeland Security:				
Indirect:				
Federal Emergency Management Agency Hazard Mitigation Grant Program	97.039	4084-12-R	50,113.31	-
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	58,313.93	-
Air Force Junior Reserve Officers Training Corps	None	N/A	133,026.64	-
Total United States Department of Defense			191,340.57	-
Total Expenditures of Federal Awards			\$ 18,917,589.91	\$ 17,458.65

The accompanying notes are an integral part of this schedule.

Notes:

- (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Martin County School Board under programs of the Federal government for the year ending June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.
- (2) Summary of Significant Account Policies. Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance for National School Lunch Program. Includes \$679,648.81 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Head Start. Expenditures include \$814,173.63 for grant number/program year 04CH4785/01 and \$1,059,563.74 for grant number/program year 04CH4785/02.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2016, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 6, 2016
Audit Report No. 2017-065



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

Report on Compliance for Each Major Federal Program

We have audited the Martin County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2016. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

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

Sherrill F. Norman, CPA
Tallahassee, Florida
December 6, 2016
Audit Report No. 2017-065

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Type of auditor's report issued on compliance for major Federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major programs:

CFDA Numbers:

10.553, 10.555, and 10.559
84.010

Name of Federal Program or Cluster:
Child Nutrition Cluster
Title I

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low risk auditee?

No

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2016-082.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Listed below is the District's summary of the status of prior audit findings required to be reported under 2 CFR 200.511:

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2016-082 (1)	Financial Reporting	District financial reporting	Fully corrected	
2016-082 (2015-001)	Title I Grants to Local Educational Agencies (CFDA No. 84.010)	District did not properly allocate Title I Schoolwide Program resources, resulting in \$276,925.71 in questioned costs.	Partially corrected	The deficiencies have been corrected; however, resolution of the questioned costs is pending from the grantor.