

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



For the Fiscal Year Ended June 30, 2017

Prepared by the Finance Department



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Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	i-vi
2016-17 Fiscal Year Superintendent and School Board Members.....	vii
List of Principal Officials-Appointed.....	viii
Organizational Chart	ix
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	x
ASBO Certificate of Excellence in Financial Reporting.....	xi

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20-21
Fund Financial Statements:	
Balance Sheet—Governmental Funds	22-23
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes	
In Fund Balances—Governmental Funds.....	26-27
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities.....	29
Statement of Revenues, Expenditures, and Changes in	
Fund Balances—Budget and Actual—General Fund, Food Service Fund, and	
Other Federal Programs Fund.....	30-37
Statement of Fiduciary Net Position—Fiduciary Funds	38
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	39
Notes to the Basic Financial Statements	41-82
Other Required Supplementary Information	83
Schedule of Funding Progress— Other Postemployment Benefits Plan	84
Schedule of Changes in Net Pension and Related Ratios	
—Early Retirement Plan	85
Schedule of Employer Contributions—Early Retirement Plan	86-87
Schedule of Investment Returns—Early Retirement Plan	88
Schedule of the District's Proportionate Share of Net Pension Liability—	
Florida Retirement System Pension Plan.....	89
Schedule of District Contributions—Florida Retirement System Pension Plan.....	90
Schedule of the District's Proportionate Share of Net Pension Liability—	
Health Insurance Subsidy Pension Plan	91
Schedule of District Contributions—Health Insurance Subsidy Pension Plan	92

Combining and Individual Fund Financial Statements and Schedules	93-95
Combining Balance Sheet—Nonmajor Governmental Funds	96-97
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances—Nonmajor Governmental Funds	98-99
Schedule of Revenues, Expenditures, and Changes In Fund Balances—Budget and Actual - Other Major and Nonmajor Governmental Funds	103-109
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position—Private-Purpose Trust Funds.....	112
Combining Statement of Changes in Fiduciary Net Position—Private-Purpose Trust Funds..	113
Combining Statement of Changes in Assets and Liabilities—Agency Funds.....	114

STATISTICAL SECTION

Table of Contents	117
Table 1 Net Position by Component	118-119
Table 2 Changes in Net Position—Government-wide	120-121
Table 3 Fund Balances—Governmental Funds	123
Table 4 Changes in Fund Balances—Governmental Funds.....	124-127
Table 5 Assessed and Estimated Actual Value of Taxable Property	128
Table 6 Property Tax Levies and Collections	129
Table 7 Direct and Overlapping Property Tax Rates	130
Table 8 Ratios of Outstanding Debt by Type.....	131
Table 9 Direct and Overlapping Governmental Activities Debt.....	132
Table 10 Anticipated Capital Outlay Millage Levy Required to Cover Certificates of Participation Payments	133
Table 11 Legal Debt Margin	134
Table 12 Demographic and Economic Statistics.....	135
Table 13 Principal Property Taxpayers.....	137
Table 14 District Employees	138-139
Table 15 Teacher Salaries	141
Table 16 School Building Information.....	142-149
Table 17 Principal Employers.....	150
Table 18 Operating Statistics	151
Table 19 Food Service Operating Data	152-153

SINGLE AUDIT SECTION

Federal Reports and Schedules	157
Schedule of Expenditures of Federal Awards.....	159
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 <i>Governmental Auditing Standards</i>	160-161
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	162-164
Schedule of Findings and Questioned Costs.....	165
Prior Audit Follow-up.....	166
Summary Schedule of Prior Audit Findings	167

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 15, 2017

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, 2017.

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, 2017, 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, 2017, 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 2016-17 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 2016-17, the District provided general, special, vocational, and other education programs to 18,748 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 18,714 in September 2016 to 18,748 in September 2017. Based on the 2017-18 Projected FTE survey, the District will have no significant change in student population for fiscal year 2017-18.

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 a new two-story Science Lab and Administrative building for Martin County High School. The District has planned construction for a new Administrative and Media building at Stuart Middle School and a new District Administrative building. 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;
- *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 students in elementary school and middle school English Language Arts classes to support mastery of the Florida Standards.

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:

- MCSD is ranked 10th in the state for percent of total points earned for school grades in the state accountability system and received the grade of “A”.
- The District tied for 1st in the state for Mathematics learning gains and tied for 2nd in the state for Mathematics learning gains of the lowest quartile.
- MCSD consistently ranks among the top districts in the state for graduation rate. In 2016, the graduation rate was 89 percent, top 8 in the state.
- 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 District’s strong network of 4,500 volunteers logged over 180,000 hours serving the district in 2016-17. Eighteen Martin County schools earned Golden School Awards and eight 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 grades 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’s Robostallions finished as the 1st runner up in the global innovation contest, “F.I.R.S.T” Lego League, with an invitation to work with TED Talks 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 June 21, 2016, 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 - 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, 2016. This was the eleventh 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 - 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 tenth consecutive award for Certificate of Excellence in Financial Reporting, for the fiscal year 2015-16. 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 the ASBO for consideration for these awards.

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 Vice Chair
District 1



Marsha Powers
School Board Member
District 2



Rebecca Negron
School Board Member
District 3



Tina McSoley
School Board Chair
District 4



Michael DiTerlizzi
School Board Member
District 5



2016-17 Fiscal Year
Superintendent and School Board Members

District School Board of Martin County, Florida

LIST OF PRINCIPAL OFFICIALS – APPOINTED



**Dr. Ginger
Featherstone**
Deputy
Superintendent



Dr. Tracey Miller
Chief Academic Officer



Thomas E. Sheeran
Chief Operations
Officer



K. Diane Smith
Chief Human Resource
Officer



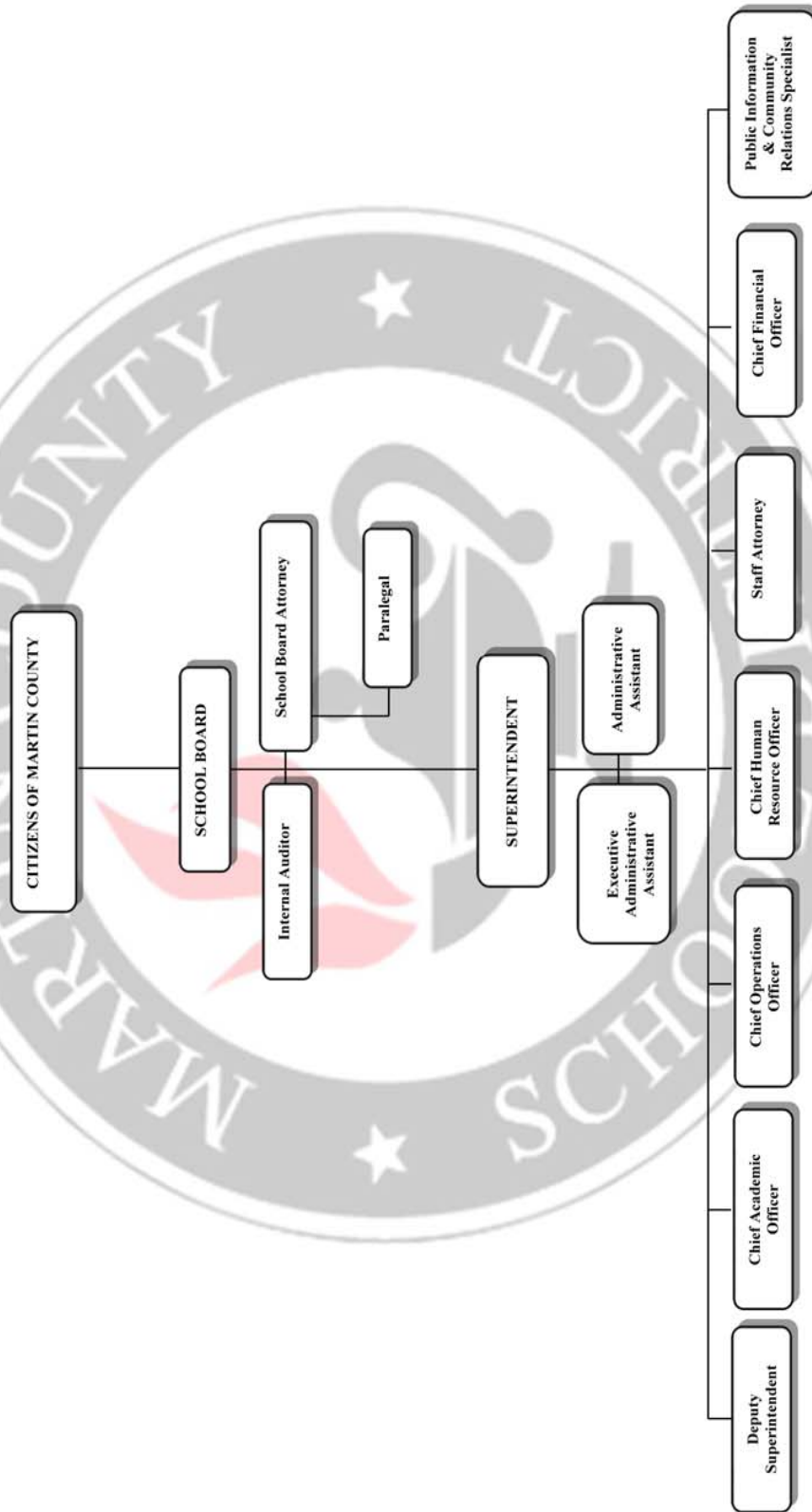
Helene Baxter
Staff Attorney



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, 2016

Executive Director/CEO



**The Certificate of Excellence in Financial Reporting
is presented to**

District School Board of Martin County, FL

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

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

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



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represents 100 percent of the transactions and account balances of the discretely presented component unit's 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, 2017, and the respective changes in financial position and the 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**, the **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. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements and schedules, and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2017
Audit Report No. 2018-069



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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, 2017. 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 2016-17 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 Fund, Special Revenue – Food Service Fund, Special Revenue - Other Federal Programs Fund, Debt Service – State Board of Education Bonds Fund, Capital Projects - Local Capital Improvement Tax Fund, and Capital Projects – Other Capital Projects Fund. Data from the other five 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 2016-17 fiscal year are as follows:

Government-wide Statements

- The District's assets and deferred outflows exceed its liabilities and deferred inflows at June 30, 2017, by \$237.3 million (*net position*).
- The District's total net position increased by \$9.4 million, which represents a 4.1 percent increase from the 2015-16 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 \$191.1 million, or 92.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$16.0 million, or 7.7 percent of all revenues. The property taxes levied for operational and capital purposes increased over prior year due to the increase in the taxable values for the County.
- Expenses total \$197.8 million; \$16.0 million of these expenses are offset by program specific charges, with the remainder paid from the general revenues. Total revenues exceed total expenses by \$9.4 million.

Fund Statements

- At June 30, 2017, the District's governmental funds report combined ending fund balances of \$54.1 million, a decrease of \$2.3 million.
- At June 30, 2017, assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$13.7 million or 9.0 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, 2017, compared to the net position as of June 30, 2016:

District School Board of Martin County, Florida			
Net Position			
	Governmental Activities		Percent Change
	2017	2016	
Current and other assets	\$ 67,286,133	\$ 66,430,560	1.3%
Capital assets	377,638,450	364,076,275	3.7%
Total assets	444,924,583	430,506,835	3.3%
Net carrying amount of debt refunding	1,206,843	1,287,299	-6.2%
Pensions	37,286,063	15,251,696	144.5%
Total deferred outflows of resources	38,492,906	16,538,995	132.7%
Other liabilities	12,587,941	9,019,839	39.6%
Long-term liabilities	229,676,631	199,389,746	15.2%
Total liabilities	242,264,572	208,409,585	16.2%
Pensions	3,844,687	10,683,191	-64.0%
Total deferred inflows of resources	3,844,687	10,683,191	-64.0%
Net position:			
Net investment in capital assets	340,881,686	325,311,543	4.8%
Restricted	40,754,281	43,862,351	-7.1%
Unrestricted (deficit)	(144,327,737)	(141,220,840)	2.2%
Total net position	\$ 237,308,230	\$ 227,953,054	4.1%

The largest portion of the District's net position (\$340.9 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, \$40.8 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 decreased \$3.1 million from June 30, 2016, to June 30, 2017. This net position represents restrictions from specific revenue sources and grants. The deficit

in unrestricted net position in the governmental type activities increased by \$3.1 million, primarily due to the increase in the Net Pension liability of the District.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2017, and June 30, 2016 are as follows:

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

	Governmental Activities		Percent
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 6,432,587	\$ 6,297,264	2.1%
Operating grants and contributions	7,254,275	6,823,025	6.3%
Capital grants and contributions	2,351,112	2,104,279	11.7%
Total Program revenues	<u>16,037,974</u>	<u>15,224,568</u>	5.3%
General revenues:			
Property taxes, levied for operational purposes	109,593,774	108,645,648	0.9%
Property taxes, levied for capital purposes	30,549,792	29,116,037	4.9%
Grants and contributions not restricted to specific prog.	47,640,526	45,755,151	4.1%
Other	3,343,287	6,551,918	-49.0%
Total General revenues	<u>191,127,379</u>	<u>190,068,754</u>	0.6%
Total revenues	<u>207,165,353</u>	<u>205,293,322</u>	0.9%
Expenses			
Instruction	98,232,929	91,064,227	7.9%
Student support services	9,913,317	9,645,370	2.8%
Instructional media services	2,111,932	1,986,100	6.3%
Instructional and curriculum development services	3,546,755	3,420,636	3.7%
Instructional staff training services	4,139,857	3,191,486	29.7%
Instruction related technology	2,291,725	2,072,750	10.6%
School board	586,216	533,539	9.9%
General administration	957,873	813,862	17.7%
School administration	10,097,942	9,395,507	7.5%
Facilities acquisition and construction	23,601,930	22,250,987	6.1%
Fiscal services	916,254	810,950	13.0%
Food services	8,749,431	9,426,056	-7.2%
Central services	3,263,117	5,393,295	-39.5%
Student transportation services	6,895,393	6,254,283	10.3%
Operation of plant	13,971,480	13,951,820	0.1%
Maintenance of plant	4,102,677	3,981,788	3.0%
Administrative technology services	640,906	649,437	-1.3%
Community services	3,104,925	3,008,816	3.2%
Unallocated interest on long-term debt	685,518	1,767,031	-61.2%
Total expenses	<u>197,810,177</u>	<u>189,617,940</u>	4.3%
Change in net position	9,355,176	15,675,382	
Net position - beginning	<u>227,953,054</u>	<u>212,277,672</u>	
Net position - ending	<u>\$ 237,308,230</u>	<u>\$ 227,953,054</u>	4.1%

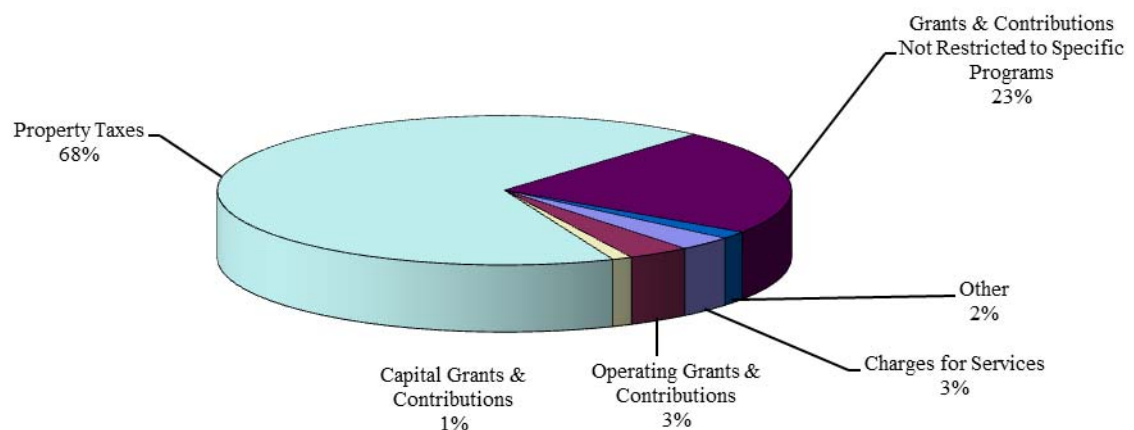
Major changes in revenues were caused by the following:

- Property taxes, levied for operational and capital purposes – Increased by 0.9 and 4.9 percent, respectively, due to an increase in the property values for the County.
- Grants and contributions not restricted to specific programs – Increased by 4.1 percent due to State grants, Florida Best & Brightest Teacher Scholarship Program and District Instructional Leadership & Faculty Development Program.
- Other – Decreased by 49 percent due to the reduction in collection of impact fees and pro-share for health insurance.

Major changes in expenses were caused by the following:

- Instruction – Increased by 7.9 percent or \$7.2 million due to an increase in performance-based instructional pay.
- Instructional staff training services – Increased by 29.7 percent due primarily to additional instructional coaches and staff for professional development.
- Central services – Decreased by 39.5 percent due to the change in payout for benefit eligible retirees over the age of 65 or Medicare eligible.

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

	2017	2016
Fund balance:		
Nonspendable	\$ 512,816	\$ 543,196
Restricted	39,854,747	43,862,351
Assigned	691,938	809,842
Unassigned	13,012,098	11,176,878
Total fund balance	<u>\$ 54,071,599</u>	<u>\$ 56,392,267</u>

As of the end of the 2016-17 fiscal year, the District's governmental funds reported combined ending fund balances of \$54.1 million, an decrease of \$2.3 million in comparison with the prior fiscal year.

Major Funds

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

The General Fund is the chief operating fund of the District. The General Fund has an increase in unassigned fund balance of \$1.8 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 \$21.0 million, of which \$13.0 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 8.6 percent of total General Fund operating revenue, while total fund balance represents 13.9 percent of that same amount.

The Special Revenue – Food Service Fund accounts for and reports on activities of the food service program when serving breakfast and lunch at the schools. The financial

position decreased by 9.2 percent or \$0.3 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 \$12.3 million each, a 6.2 percent increase from 2015-16 fiscal year, primarily due to an increase in program awards. Because revenues are recognized to the extent of allowable expenditures, this fund does not generally accumulate fund balance.

The Debt Service – State Board of Education Bonds Fund accounts for and reports on other long term debt payments 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.

The Capital Projects – Local Capital Improvement Tax Fund has a decrease in fund balance of \$8.5 million to a total fund balance of \$20.5 million, which is restricted for acquisition, construction, and maintenance of capital assets. The decrease is primarily due to the increase in construction and maintenance and repairs of facilities.

The Capital Projects – Other Capital Projects Fund accounts 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2016-17 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, 2017, total \$377.6 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 3.7 percent.

Major capital assets events during the 2016-2017 fiscal year include:

- Projects completed:
 - Indiantown Middle School – Administration and media center building
 - South Fork High School – Kitchen renovation
- Projects in final phase of completion, awaiting the completion of a punch list:
 - Martin County High School – Science and administration building

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

	<u>2017</u>	<u>2016</u>	Percent Change
Land	\$ 10,354,648	\$ 10,354,648	0.0%
Construction in progress	18,702,166	6,373,348	193.4%
Improvements other than buildings	10,853,476	11,017,781	-1.5%
Buildings and fixed equipment	327,253,241	327,303,918	0.0%
Furniture, fixtures, and equipment	4,554,202	4,550,652	0.1%
Motor vehicles	4,883,022	3,397,505	43.7%
Property under capital lease	369,639	490,247	-24.6%
Audio visual materials & software	668,056	588,176	13.6%
Total Capital Assets (Net of Depreciation)	<u><u>\$ 377,638,450</u></u>	<u><u>\$ 364,076,275</u></u>	3.7%

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, 2017, the District has total long-term debt outstanding of \$37.1 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>2017</u>	<u>2016</u>
COPS	\$ 30,618,017	\$ 32,063,218
State School (SBE) Bonds Payable	6,063,000	7,382,000
Obligations under Capital Lease	383,055	490,937
	<u><u>\$ 37,064,072</u></u>	<u><u>\$ 39,936,155</u></u>

The District's outstanding debt decreased \$2.9 million during the 2016-17 fiscal year. The decrease was primarily due to scheduled principal payments. 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 2017-18 fiscal year is projected to be 4.304 mills (a decrease of 0.329 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 \$168.9 million, and expenditures are expected to be \$159.9 million.

Approximately 94.9 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 4.2 percent, which is a decrease from the rate of 4.9 percent a year ago.
- Student enrollment increased from 18,714 in September 2016 to an estimated 18,748 in September 2017.
- The County population increased for the 2016-17 fiscal year from 150,870 to 153,022.

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, 2017

	Primary Government	
	Governmental Activities	Component Unit
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 61,398,902	\$ 617,815
Investments	149,088	-
Accounts receivable	468,921	295
Deposits	-	4,500
Due from other governmental agencies	3,422,840	4,220
Inventories	464,307	-
Prepaid items	48,509	1,488
Deferred charges	706,973	-
Restricted:		
Equity in property and casualty group	626,593	-
Capital assets not being depreciated:		
Land	10,354,648	-
Construction in progress	18,702,166	-
Capital assets net of accumulated depreciation:		
Improvements other than buildings	10,853,476	7,567
Buildings and fixed equipment	327,253,241	-
Leasehold Improvements	-	29,080
Furniture, fixtures, and equipment	4,554,202	8,717
Motor vehicles	4,883,022	-
Property under capital lease	369,639	-
Audio visual materials and software	668,056	-
Total assets	444,924,583	673,682
Deferred outflows of resources		
Net carrying amount of debt refunding	1,206,843	-
Pensions	37,286,063	-
Total deferred outflows of resources	38,492,906	-
Liabilities		
Salaries and benefits payable	5,266,064	39,099
Accounts payable	6,188,819	1,098
Construction contracts payable - retainage	899,535	-
Unearned revenue	193,569	-
Accrued interest payable	39,954	-
Long-term liabilities:		
Portion due in one year:		
Obligations under capital lease	111,720	-
Bonds payable	1,032,000	-
Certificates of participation payable	1,495,201	-
Compensated absences payable	1,294,796	-
Net pension liability	1,805,181	-
Portion due in more than one year:		
Obligations under capital lease	271,335	-
Bonds payable	5,031,000	-
Certificates of participation payable	29,122,816	-
Compensated absences payable	11,294,632	-
Net pension liability	94,189,770	-
Other postemployment benefits obligation	84,028,180	-
Total liabilities	242,264,572	40,197
Deferred inflows of resources		
Pensions	3,844,687	-
Total deferred inflows of resources	3,844,687	-
Net position		
Net investment in capital assets	340,881,686	45,364
Restricted for:		
State required carryover programs	6,975,526	-
Capital projects	30,344,077	89,053
Debt service	816,107	-
Food service	2,556,274	-
Other	62,297	-
Unrestricted net position (deficit)	(144,327,737)	499,068
Total net position	\$ 237,308,230	\$ 633,485

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Instruction	\$ 98,232,929	\$ 338,620	\$ -	\$ -
Student support services	9,913,317	-	-	-
Instructional media services	2,111,932	-	-	-
Instruction and curriculum development services	3,546,755	-	-	-
Instructional staff training services	4,139,857	-	-	-
Instruction related technology	2,291,725	-	-	-
School board	586,216	-	-	-
General administration	957,873	-	-	-
School administration	10,097,942	-	-	-
Facilities services	23,601,930	-	-	276,132
Fiscal services	916,254	-	-	-
Food services	8,749,431	2,188,619	7,254,275	-
Central services	3,263,117	-	-	-
Student transportation services	6,895,393	486,790	-	-
Operation of plant	13,971,480	-	-	-
Maintenance of plant	4,102,677	-	-	695,334
Administrative technology services	640,906	-	-	-
Community services	3,104,925	3,418,558	-	-
Unallocated interest on long-term debt	685,518	-	-	1,379,646
Total primary government	<u>\$ 197,810,177</u>	<u>\$ 6,432,587</u>	<u>\$ 7,254,275</u>	<u>\$ 2,351,112</u>
Component unit:				
Hope Center for Autism, Inc.	<u>\$ 1,204,365</u>	<u>\$ 16,637</u>	<u>\$ -</u>	<u>\$ 11,791</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
\$ (97,894,309)	\$	-
(9,913,317)		-
(2,111,932)		-
(3,546,755)		-
(4,139,857)		-
(2,291,725)		-
(586,216)		-
(957,873)		-
(10,097,942)		-
(23,325,798)		-
(916,254)		-
693,463		-
(3,263,117)		-
(6,408,603)		-
(13,971,480)		-
(3,407,343)		-
(640,906)		-
313,633		-
694,128		-
<u>\$ (181,772,203)</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$</u>	<u>(1,175,937)</u>
109,593,774		-
30,549,792		-
47,640,526	1,239,054	
361,050	53	
2,982,237		-
<u>191,127,379</u>	<u>1,239,107</u>	
9,355,176	63,170	
227,953,054	570,315	
<u>\$ 237,308,230</u>	<u>\$ 633,485</u>	

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Federal Programs Fund
Assets			
Cash and cash equivalents	\$ 25,062,633	\$ 2,782,302	\$ -
Investments	-	-	-
Accounts receivable	146,189	45,376	-
Due from other governmental agencies	-	42,501	2,947,656
Due from other funds	2,820,044	-	-
Cash with fiscal agent	-	-	-
Inventories	321,759	142,548	-
Prepaid items	48,509	-	-
Total assets	\$ 28,399,134	\$ 3,012,727	\$ 2,947,656
Liabilities and fund balances			
Liabilities:			
Salaries and benefits payable	\$ 5,111,538	\$ 40,959	\$ 113,567
Accounts payable	2,149,297	167,845	49,358
Constructions contracts payable - retainage	-	-	-
Due to other funds	-	-	2,784,731
Unearned revenue	88,468	105,101	-
Accrued interest payable	-	-	-
Total liabilities	7,349,303	313,905	2,947,656
Fund balances:			
Nonspendable	370,268	142,548	-
Restricted	6,975,527	2,556,274	-
Assigned	691,938	-	-
Unassigned	13,012,098	-	-
Total fund balances	21,049,831	2,698,822	-
Total liabilities and fund balances	\$ 28,399,134	\$ 3,012,727	\$ 2,947,656

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

Debt Service - State Board of Education Bonds Fund	Capital Projects - Local Capital Improvement Tax Fund	Capital Projects - Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 24,763,063	\$ 7,568,913	\$ 1,221,991	\$ 61,398,902
149,088	-	-	-	149,088
-	4,682	230,436	42,238	468,921
-	417,978	-	14,705	3,422,840
				2,820,044
706,973	-	-	-	706,973
-	-	-	-	464,307
-	-	-	-	48,509
<u>\$ 856,061</u>	<u>\$ 25,185,723</u>	<u>\$ 7,799,349</u>	<u>\$ 1,278,934</u>	<u>\$ 69,479,584</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,266,064
-	3,815,394	-	6,925	6,188,819
-	899,535	-	-	899,535
-	-	-	35,313	2,820,044
-	-	-	-	193,569
39,954	-	-	-	39,954
<u>39,954</u>	<u>4,714,929</u>	<u>-</u>	<u>42,238</u>	<u>15,407,985</u>
-	-	-	-	512,816
816,107	20,470,794	7,799,349	1,236,696	39,854,747
-	-	-	-	691,938
-	-	-	-	13,012,098
<u>816,107</u>	<u>20,470,794</u>	<u>7,799,349</u>	<u>1,236,696</u>	<u>54,071,599</u>
<u>\$ 856,061</u>	<u>\$ 25,185,723</u>	<u>\$ 7,799,349</u>	<u>\$ 1,278,934</u>	<u>\$ 69,479,584</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, 2017

Total fund balances - governmental funds	\$ 54,071,599
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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	\$ 29,056,814	
Capital assets being depreciated	<u>348,581,636</u>	377,638,450

The District's portion of the equity held in the risk management consortium is not reported as an asset of the governmental funds.	626,593
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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.	1,206,843
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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	\$ 29,685,415	
Deferred outflow of employer contribution	<u>7,600,648</u>	37,286,063
Deferred inflows of resources related to pensions		(3,844,687)

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	\$ (30,618,017)	
Obligations under capital lease	(383,055)	
Bonds payable	(6,063,000)	
Compensated absences payable	(12,589,428)	
Other postemployment benefits obligation	(84,028,180)	
Net pension liability	<u>(95,994,951)</u>	<u>(229,676,631)</u>

Total net position - governmental activities	<u>\$ 237,308,230</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, 2017

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Federal Programs Fund
Revenues			
Federal direct	\$ 360,251	\$ -	\$ 2,090,032
Federal through state and local	696,200	7,163,417	10,195,954
State	34,281,009	90,858	-
Local:			
Taxes	109,593,774	-	-
Charges for services - food services	-	2,188,619	-
Impact fees	-	-	-
Miscellaneous	6,695,209	15,387	-
Total revenues	<u>151,626,443</u>	<u>9,458,281</u>	<u>12,285,986</u>
Expenditures			
Current:			
Instruction	90,425,771	-	4,207,948
Student support services	6,300,263	-	3,254,360
Instructional media services	2,031,317	-	-
Instruction and curriculum development services	1,794,262	-	1,615,596
Instructional staff training services	1,787,819	-	2,223,753
Instruction related technology	2,216,722	-	-
School board	569,729	-	-
General administration	921,582	-	579,472
School administration	9,682,962	-	-
Facilities acquisition and construction	769,302	-	-
Fiscal services	882,103	-	-
Food services	-	8,882,624	640
Central services	4,148,310	-	-
Student transportation services	6,603,541	-	78,275
Operation of plant	13,651,280	-	52,839
Maintenance of plant	3,957,440	-	-
Administrative technology services	610,367	-	-
Community services	3,017,774	-	1,600
Capital outlay:			
Facilities acquisition and construction	53,346	754,336	60,738
Other capital outlay	55,185	112,391	210,765
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
Paying agent fees	-	-	-
Total expenditures	<u>149,479,075</u>	<u>9,749,351</u>	<u>12,285,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,147,368</u>	<u>(291,070)</u>	<u>-</u>
Other financing sources (uses)			
Refunding bonds issued	-	-	-
Premium on refunding bonds	-	-	-
Insurance loss recoveries	-	-	-
Transfers in	1,754,369	18,598	-
Transfers out	(18,598)	-	-
Total other financing sources (uses)	<u>1,735,771</u>	<u>18,598</u>	<u>-</u>
Net change in fund balances	<u>3,883,139</u>	<u>(272,472)</u>	<u>-</u>
Fund balances - beginning	<u>17,166,692</u>	<u>2,971,294</u>	<u>-</u>
Fund balances - ending	<u>\$ 21,049,831</u>	<u>\$ 2,698,822</u>	<u>\$ -</u>

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

Debt Service - State Board of Education Bonds Fund	Capital Projects - Local Capital Improvement Tax Fund	Capital Projects - Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,450,283
-	-	-	-	18,055,571
1,328,440	-	41,511	998,242	36,740,060
-	30,549,792	-	-	140,143,566
-	-	-	-	2,188,619
-	-	1,558,169	-	1,558,169
-	211,621	-	1,126	6,923,343
1,328,440	30,761,413	1,599,680	999,368	208,059,611
-	-	-	-	94,633,719
-	-	-	-	9,554,623
-	-	-	-	2,031,317
-	-	-	-	3,409,858
-	-	-	-	4,011,572
-	-	-	-	2,216,722
-	-	-	-	569,729
-	-	-	-	1,501,054
-	-	-	-	9,682,962
-	8,011,302	-	568,848	9,349,452
-	-	-	-	882,103
-	-	-	-	8,883,264
-	-	-	-	4,148,310
-	-	-	-	6,681,816
-	-	-	-	13,704,119
-	-	-	-	3,957,440
-	-	-	-	610,367
-	-	-	-	3,019,374
-	21,083,200	-	126,486	22,078,106
-	5,755,734	-	-	6,134,075
1,007,000	107,882	-	1,255,000	2,369,882
344,984	15,463	-	1,297,631	1,658,078
1,986,224	-	-	5,689	1,991,913
3,338,208	34,973,581	-	3,253,654	213,079,855
(2,009,768)	(4,212,168)	1,599,680	(2,254,286)	(5,020,244)
2,303,000	-	-	-	2,303,000
349,825	-	-	-	349,825
-	46,752	-	-	46,752
-	-	-	2,555,955	4,328,922
-	(4,310,324)	-	-	(4,328,922)
2,652,825	(4,263,572)	-	2,555,955	2,699,577
643,057	(8,475,740)	1,599,680	301,669	(2,320,667)
173,050	28,946,534	6,199,669	935,027	56,392,266
\$ 816,107	\$ 20,470,794	\$ 7,799,349	\$ 1,236,696	\$ 54,071,599



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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, 2017

Net change in fund balances - total governmental funds	\$ (2,320,667)
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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	\$ 28,212,181	
Less, depreciation expense	<u>(14,164,772)</u>	14,047,409

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.

(485,233)

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.

(391,861)

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.

(91,775)

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.

Refunding of bond	\$ (2,303,000)	
Refunded COPs redeemed	1,445,201	
Capital lease repayments	107,882	
Bonds repayment	<u>3,622,000</u>	2,872,083

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	\$ (3,846,419)	
Current year contribution	<u>2,288,964</u>	(1,557,455)

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	\$ 7,600,648	
Pension expense	<u>(10,237,517)</u>	(2,636,869)

Change in net position of governmental activities	<u>\$ 9,355,176</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal direct	\$ 431,958	\$ 360,251	\$ 360,251	\$ -
Federal through state and local	588,000	696,200	696,200	-
State	37,096,395	34,281,009	34,281,009	-
Local				
Taxes	109,549,138	109,593,774	109,593,774	-
Miscellaneous	6,141,354	6,695,209	6,695,209	-
Total revenues	153,806,845	151,626,443	151,626,443	-
Expenditures				
Current:				
Instruction				
Salaries	62,532,724	60,502,473	60,502,473	-
Employee benefits	20,139,260	18,125,501	18,125,501	-
Purchased services	9,455,921	6,925,573	6,925,573	-
Materials and supplies	3,157,840	2,101,744	2,101,744	-
Capital outlay	4,632	115,198	115,198	-
Other	2,137,186	2,655,282	2,655,282	-
Total instruction	97,427,563	90,425,771	90,425,771	-
Student support services				
Salaries	4,126,199	4,276,626	4,276,626	-
Employee benefits	1,340,009	1,246,445	1,246,445	-
Purchased services	763,155	759,058	759,058	-
Materials and supplies	29,077	18,134	18,134	-
Other	15,123	-	-	-
Total student support services	6,273,563	6,300,263	6,300,263	-
Instructional media services				
Salaries	1,437,681	1,441,443	1,441,443	-
Employee benefits	493,136	440,827	440,827	-
Purchased services	5,851	17,260	17,260	-
Materials and supplies	62,153	34,371	34,371	-
Capital outlay	110,493	93,396	93,396	-
Other	2,591	4,020	4,020	-
Total instructional media services	2,111,905	2,031,317	2,031,317	-
Instruction and curriculum development services				
Salaries	1,473,305	1,360,862	1,360,862	-
Employee benefits	486,233	416,847	416,847	-
Purchased services	23,700	11,103	11,103	-
Materials and supplies	51,458	16	16	-
Capital outlay	-	1,980	1,980	-
Other	2,300	3,454	3,454	-
Total instruction and curriculum development services	2,036,996	1,794,262	1,794,262	-

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Instructional staff training services				
Salaries	\$ 926,032	\$ 983,658	\$ 983,658	\$ -
Employee benefits	238,689	238,499	238,499	-
Purchased services	476,602	451,460	451,460	-
Materials and supplies	126,287	104,327	104,327	-
Capital outlay	1,256	-	-	-
Other	10,330	9,875	9,875	-
Total instructional staff training services	1,779,196	1,787,819	1,787,819	-
Instruction related technology				
Salaries	1,412,027	1,402,314	1,402,314	-
Employee benefits	412,692	392,718	392,718	-
Purchased services	123,401	76,730	76,730	-
Materials and supplies	21,500	21,189	21,189	-
Capital outlay	550,099	323,771	323,771	-
Other	500	-	-	-
Total instruction related technology	2,520,219	2,216,722	2,216,722	-
School board				
Salaries	257,188	260,350	260,350	-
Employee benefits	136,879	134,541	134,541	-
Purchased services	236,200	146,999	146,999	-
Materials and supplies	1,100	418	418	-
Other	30,000	27,421	27,421	-
Total school board	661,367	569,729	569,729	-
General administration				
Salaries	535,134	572,979	572,979	-
Employee benefits	199,567	209,312	209,312	-
Purchased services	73,150	118,416	118,416	-
Materials and supplies	7,500	4,409	4,409	-
Capital outlay	-	591	591	-
Other	18,800	15,875	15,875	-
Total general administration	834,151	921,582	921,582	-
School administration				
Salaries	7,676,666	7,476,139	7,476,139	-
Employee benefits	2,226,348	2,173,784	2,173,784	-
Purchased services	20,119	20,900	20,900	-
Materials and supplies	12,161	11,644	11,644	-
Capital outlay	3,601	66	66	-
Other	1,191	429	429	-
Total school administration	9,940,086	9,682,962	9,682,962	-

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Facilities services				
Salaries	\$ 610,000	\$ 585,285	\$ 585,285	\$ -
Employee benefits	175,391	169,792	169,792	-
Purchased services	13,805	10,937	10,937	-
Materials and supplies	3,350	1,742	1,742	-
Other	900	1,546	1,546	-
Total facilities services	803,446	769,302	769,302	-
Fiscal services				
Salaries	617,140	624,280	624,280	-
Employee benefits	186,660	184,312	184,312	-
Purchased services	52,010	24,824	24,824	-
Materials and supplies	6,800	7,992	7,992	-
Other	11,400	40,695	40,695	-
Total fiscal services	874,010	882,103	882,103	-
Central services				
Salaries	1,534,669	1,348,294	1,348,294	-
Employee benefits	2,709,996	2,491,382	2,491,382	-
Purchased services	529,330	296,069	296,069	-
Energy services	500	241	241	-
Materials and supplies	21,700	5,786	5,786	-
Capital outlay	5,600	105	105	-
Other	8,400	6,433	6,433	-
Total central services	4,810,195	4,148,310	4,148,310	-
Student transportation services				
Salaries	2,837,457	3,230,438	3,230,438	-
Employee benefits	1,406,446	1,359,249	1,359,249	-
Purchased services	719,177	842,676	842,676	-
Energy services	585,621	506,628	506,628	-
Materials and supplies	370,000	305,400	305,400	-
Capital outlay	7,000	15,151	15,151	-
Other	371,000	343,999	343,999	-
Total student transportation services	6,296,701	6,603,541	6,603,541	-

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operation of plant				
Salaries	\$ 4,405,759	\$ 4,431,194	\$ 4,431,194	\$ -
Employee benefits	2,391,770	2,158,260	2,158,260	-
Purchased services	2,990,172	2,400,552	2,400,552	-
Energy services	4,861,433	4,290,807	4,290,807	-
Materials and supplies	358,457	308,211	308,211	-
Other	30,400	62,256	62,256	-
Total operation of plant	15,037,991	13,651,280	13,651,280	-
Maintenance of plant				
Salaries	2,625,805	2,671,153	2,671,153	-
Employee benefits	1,055,819	947,360	947,360	-
Purchased services	72,118	82,077	82,077	-
Materials and supplies	246,020	249,867	249,867	-
Capital outlay	-	6,633	6,633	-
Other	500	350	350	-
Total maintenance of plant	4,000,262	3,957,440	3,957,440	-
Administrative technology services				
Salaries	515,152	476,015	476,015	-
Employee benefits	147,236	134,352	134,352	-
Total administrative technology services	662,388	610,367	610,367	-
Community services				
Salaries	1,807,154	1,804,483	1,804,483	-
Employee benefits	429,331	411,433	411,433	-
Purchased services	127,885	145,929	145,929	-
Materials and supplies	270,513	213,961	213,961	-
Capital outlay	19,738	24,027	24,027	-
Other	311,025	417,941	417,941	-
Total community services	2,965,646	3,017,774	3,017,774	-
Total current operating	159,035,685	149,370,544	149,370,544	-
Capital outlay:				
Facilities Acquisition and Construction	-	53,346	53,346	-
Other capital outlay	-	55,185	55,185	-
Total expenditures	159,035,685	149,479,075	149,479,075	-
Excess (deficiency) of revenues over (under) expenditures	(5,228,840)	2,147,368	2,147,368	-
Other financing sources (uses)				
Transfers in	4,975,779	1,754,369	1,754,369	-
Transfers out	(34,400)	(18,598)	(18,598)	-
Total other financing sources (uses)	4,941,379	1,735,771	1,735,771	-
Net change in fund balances	(287,461)	3,883,139	3,883,139	-
Fund balances - beginning	17,166,692	17,166,692	17,166,692	-
Fund balances - ending	\$ 16,879,231	\$ 21,049,831	\$ 21,049,831	\$ -

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, 2017

	Food Service Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal through state and local	\$ 6,274,588	\$ 7,163,417	\$ 7,163,417	\$ -
State	87,500	90,858	90,858	-
Local				
Charges for services - food services	2,031,918	2,188,619	2,188,619	-
Miscellaneous	-	15,387	15,387	-
Total revenues	8,394,006	9,458,281	9,458,281	-
Expenditures				
Current:				
Food services				
Salaries	2,592,808	2,796,073	2,796,073	-
Employee benefits	925,435	952,523	952,523	-
Purchased services	165,137	105,394	105,394	-
Energy services	22,695	25,090	25,090	-
Materials and supplies	4,662,544	4,440,750	4,440,750	-
Capital outlay	670,000	26,045	26,045	-
Other	497,367	536,749	536,749	-
Total food services	9,535,986	8,882,624	8,882,624	-
Capital outlay				
Facilities acquisition and construction	-	754,336	754,336	-
Other capital outlay	-	112,391	112,391	-
Total capital outlay	-	866,727	866,727	-
Total expenditures	9,535,986	9,749,351	9,749,351	-
Excess (deficiency) of revenues over (under) expenditures	(1,141,980)	(291,070)	(291,070)	-
Other financing sources				
Transfers in	34,400	18,598	18,598	-
Total other financing sources	34,400	18,598	18,598	-
Net change in fund balance	(1,107,580)	(272,472)	(272,472)	-
Fund balance - beginning	2,971,294	2,971,294	2,971,294	-
Fund balance - ending	\$ 1,863,714	\$ 2,698,822	\$ 2,698,822	\$ -

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, 2017

	Other Federal Programs Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Federal direct	\$ -	\$ 2,090,032	\$ 2,090,032	\$ -
Federal through state and local	11,561,834	10,195,954	10,195,954	-
Total revenues	11,561,834	12,285,986	12,285,986	-
Expenditures				
Current:				
Instruction				
Salaries	1,613,992	2,181,504	2,181,504	-
Employee benefits	514,972	812,084	812,084	-
Purchased services	562,563	506,742	506,742	-
Materials and supplies	557,609	573,580	573,580	-
Capital outlay	312,213	83,928	83,928	-
Other	62,512	50,110	50,110	-
Total instruction	3,623,861	4,207,948	4,207,948	-
Student support services				
Salaries	2,183,937	2,346,516	2,346,516	-
Employee benefits	839,767	735,991	735,991	-
Purchased services	530,680	124,102	124,102	-
Energy services	-	20	20	-
Materials and supplies	80,618	47,371	47,371	-
Capital outlay	35,600	210	210	-
Other	3,000	150	150	-
Total student support services	3,673,602	3,254,360	3,254,360	-
Instruction and curriculum development services				
Salaries	1,137,227	1,185,042	1,185,042	-
Employee benefits	308,834	325,097	325,097	-
Purchased services	96,160	69,232	69,232	-
Energy services	2,058	-	-	-
Materials and supplies	26,255	29,222	29,222	-
Capital outlay	12,800	4,702	4,702	-
Other	6,000	2,301	2,301	-
Total instruction and curriculum development services	1,589,334	1,615,596	1,615,596	-
Instructional staff training services				-
Salaries	1,164,273	1,536,669	1,536,669	-
Employee benefits	448,618	432,205	432,205	-
Purchased services	534,302	234,835	234,835	-
Materials and supplies	12,000	8,519	8,519	-
Other	9,298	11,525	11,525	-
Total instructional staff training services	2,168,491	2,223,753	2,223,753	-
General Administration				
Other	\$ 471,051	\$ 579,472	\$ 579,472	\$ -
Total general administration	471,051	579,472	579,472	-

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, 2017

	Other Federal Programs Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Facilities services				
Capital outlay	2,000	-	-	-
Total facilities services	2,000	-	-	-
Food services				
Other	-	640	640	-
Total food services	-	640	640	-
Student transportation services				
Salaries	-	1,517	1,517	-
Employee benefits		1,012	1,012	-
Purchased services	28,095	72,594	72,594	-
Energy services	3,400	1,028	1,028	-
Materials and supplies	-	-	-	-
Capital outlay	-	2,124	2,124	-
Total student transportation services	31,495	78,275	78,275	-
Operation of plant				
Purchased services	2,000	47,166	47,166	-
Energy services	-	15	15	-
Materials and supplies	-	5,658	5,658	-
Total operation of plant	2,000	52,839	52,839	-
Community services				
Materials and supplies	-	1,600	1,600	-
Total community services	-	1,600	1,600	-
Capital outlay				
Facilities acquisition and construction	-	60,738	60,738	-
Other capital outlay	-	210,765	210,765	-
Total capital outlay	-	271,503	271,503	-
Total expenditures	11,561,834	12,285,986	12,285,986	-
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, 2017

	Pension Trust Fund	Private - Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 41,059	\$ 248,933	\$ 1,950,407
Investments			
Mutual funds	5,815,473	-	-
Money market funds	2,679,006	-	-
Accounts receivable	-	-	1,551
Inventory	-	-	43,628
Total assets	\$ 8,535,538	\$ 248,933	\$ 1,995,586
Liabilities			
Due to student organizations	\$ -	\$ -	\$ 1,918,036
Accounts payable	-	-	77,550
Total liabilities	-	-	\$ 1,995,586
Net position			
Restricted for pensions	8,535,538	-	
Held in trust for scholarships	-	248,933	
Net position	\$ 8,535,538	\$ 248,933	

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, 2017

	Pension Trust Fund	Private - Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 700,000	\$ -
Gifts, grants and bequests	-	43,979
Investment Earnings and Losses:		
Interest and dividends	165,983	-
Gain on sale of investments	127,375	-
Net increase in the fair value of investments	496,052	-
Total additions	<u>1,489,410</u>	<u>43,979</u>
DEDUCTIONS		
Benefit payments	647,633	-
Scholarships	-	1,500
Purchased services	5,000	-
Administrative expenses	26,626	-
Total deductions	<u>679,259</u>	<u>1,500</u>
Change in net position	810,151	42,479
Net Position - beginning	<u>7,725,387</u>	<u>206,454</u>
Net Position - ending	<u>\$ 8,535,538</u>	<u>\$ 248,933</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, 2017

I	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	43
A.	Reporting Entity	43
B.	Government-wide and Fund Financial Statements—Basis of Presentation.....	44
1.	Government-wide Financial Statements	44
2.	Fund Financial Statements	44
C.	Measurement Focus and Basis of Accounting	46
1.	Government-wide Financial Statements	46
2.	Governmental Fund Financial Statements	46
3.	Fiduciary Fund Financial Statements.....	47
4.	Component Unit.....	47
D.	Assets, Liabilities, and Deferred Inflows/Outflows of Resources	47
1.	Deposits and Investments	47
2.	Inventories and Prepaid Items.....	48
3.	Capital Assets.....	48
4.	Deferred outflows/inflows of resources.....	49
5.	Compensated Absences	49
6.	Other Long-Term Liabilities.....	50
7.	Pensions	50
E.	Revenue Sources	50
1.	State Revenue Sources	50
2.	District Property Taxes	51
3.	Federal Revenue Sources.....	51
4.	Educational Impact Fees.....	51
F.	Fund Balance Reporting.....	52
II	STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY.....	53
III	PROPERTY TAXES	54
IV	INVESTMENTS.....	54
V	DUE FROM OTHER GOVERNMENTAL AGENCIES	57
VI	CAPITAL ASSETS.....	58
VII	LONG-TERM OBLIGATIONS.....	59
A.	Obligations under Capital Lease	59
B.	Certificates of Participation.....	59
C.	Bonds Payable	60
D.	Changes in Long-Term Liabilities	61
E.	Debt Refunding and Defeased Debt	62
VIII	INTERFUND TRANSFERS AND ACTIVITIES.....	62

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

IX	EMPLOYEE BENEFITS	63
	A. Florida Retirement System – Defined Benefit Pension Plan.....	63
	B. Florida Retirement System – Defined Contribution Pension Plan	72
	C. Early Retirement Plan.....	73
	D. Other Postemployment Benefits.....	78
X	OTHER INFORMATION.....	81
	A. Schedule of State Revenue Sources	81
	B. Risk Management Programs.....	81
	C. Significant Commitments	82

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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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 – School 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.
- 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.
- Capital Projects – 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.

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, and Deferred Inflows/Outflows of Resources

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, 2017, 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 capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date of donation. Buildings and fixed equipment totaling \$21,138,038 acquired or constructed prior to the 1979-80 fiscal year are

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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:

Assets	Years
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 reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/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 2016 tax levy on September 6, 2016. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the 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.

F. 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, 2017.

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 Chief Financial Officer 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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

The following is a schedule of fund balances by category at June 30, 2017:

	Major Funds							Total Governmental Funds
	General	Special Revenue - Food Service	Special Revenue - Other Federal Programs	Debt Service - State Board of Education Bonds	Capital Projects - Local Capital Improvement Tax	Capital Projects - Other Capital Projects	Nonmajor Governmental Funds	
Fund Balances								
Nonspendable:								
Inventories	\$ 321,759	\$ 142,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,307
Prepaid Items	48,509	-	-	-	-	-	-	48,509
Spendable:								
Restricted:								
State Req. Carryover	6,975,527	-	-	-	-	-	-	6,975,527
Food Service	-	2,556,274	-	-	-	-	-	2,556,274
Debt Service	-	-	-	816,107	-	-	-	816,107
Capital Projects	-	-	-	-	20,470,794	7,799,349	1,174,399	29,444,542
Tourism Awareness Trust	-	-	-	-	-	-	62,297	62,297
Assigned for purchase obligations	691,938	-	-	-	-	-	-	691,938
Unassigned	13,012,098	-	-	-	-	-	-	13,012,098
Total Fund Balances	\$ 21,049,831	\$ 2,698,822	\$ -	\$ 816,107	\$ 20,470,794	\$ 7,799,349	\$ 1,236,696	\$ 54,071,599

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.

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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

NOTE III - PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2016 tax roll for the 2016-17 fiscal year:

TAX ROLL	MILLAGES	TAXES LEVIED
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.633	\$ 97,731,135
Basic Discretionary Local Effort	0.748	15,778,737
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.500	31,641,852
Total	6.881	\$ 145,151,724

NOTE IV – INVESTMENTS

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

Investments	Maturities	Fair Value
State Board of Administration Debt Service Accounts ⁽²⁾	6 Months	149,088
PFM Funds Government Series Money Market Fund ⁽¹⁾	29 Day Average	332,344
Wells Fargo Advantage Government Money Market Fund ⁽¹⁾	37 Day Average	20,824,605
Florida Education Investment Trust Fund ⁽¹⁾	37 Day Average	35,196,097
Wells Fargo Heritage Money Market Fund ⁽¹⁾	19 Day Average	1,944,951
Mutual Funds - Equity ⁽²⁾	N/A	5,815,473
Mutual Funds - Fixed Income ⁽²⁾	N/A	2,679,006
Total Investments, Primary Government		\$ 66,941,564

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).

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, 2017, the investment portfolio had a weighted average maturity of .10 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, 2017, 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, 2017, 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, 2017, the District has a total of \$3,422,840 due from other agencies as follows:

- Special Revenue – Food Service Fund - \$42,501
\$42,501 is due from the State and local agencies for various programs
- Special Revenue – Other Federal Programs Fund - \$2,947,656
\$2,947,656 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 - \$14,705
\$14,705 due from the State for capital outlay debt servicing

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

Government Activities	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
<u>Capital Assets Not being Depreciated:</u>				
Land	\$ 10,354,648	\$ -	\$ -	\$ 10,354,648
Construction in Progress	6,373,348	16,246,110	3,917,292	18,702,166
Sub total	16,727,996	16,246,110	3,917,292	29,056,814
<u>Capital Assets being Depreciated:</u>				
Improvements Other than Buildings	23,725,410	618,180	-	24,343,590
Buildings and Fixed Equipment	454,382,920	9,131,108	2,968,083	460,545,945
Furniture, Fixtures, and Equipment	27,700,336	3,052,554	1,849,705	28,903,185
Motor Vehicles	11,394,201	2,773,595	1,114,696	13,053,100
Property Under Capital Lease	684,574	-	-	684,574
Audio Visual Materials and Software	5,161,050	307,925	7,855	5,461,120
Sub total	523,048,491	15,883,362	5,940,339	532,991,514
<u>Less Accumulated Depreciation for:</u>				
Improvements Other than Buildings	12,707,629	782,485	-	13,490,114
Buildings and Fixed Equipment	127,079,002	9,003,700	2,789,998	133,292,704
Furniture, Fixtures, and Equipment	23,149,684	2,814,445	1,615,146	24,348,983
Motor Vehicles	7,996,696	1,215,489	1,042,107	8,170,078
Property Under Capital Lease	194,327	120,608	-	314,935
Audio Visual Materials and Software	4,572,874	228,045	7,855	4,793,064
Total Accumulated Depreciation	175,700,212	14,164,772	5,455,106	184,409,878
Depreciated Capital Assets - Net	347,348,279	1,718,590	485,233	348,581,636
Governmental Activities Capital Assets, Net	\$ 364,076,275	\$ 17,964,700	\$ 4,402,525	\$ 377,638,450

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	\$ 149,216
Instructional Media Services	252
Instruction and Curriculum Development Services	1,514
Facilities Services	13,926,272
Food Services	70,850
Student Transportation	14,805
Maintenance of Plant	1,863
Total Depreciation Expense	\$ 14,164,772

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
2018	\$ 123,346	\$ 111,720	\$ 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>\$ 408,072</u>	<u>\$ 383,055</u>	<u>\$ 25,017</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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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
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	1,590,000	951,281	2,541,281
2023-2027	9,205,000	3,471,535	12,676,535
2028-2032	11,340,000	1,312,116	12,652,116
Total minimum lease payments	27,765,000	10,279,053	38,044,053
Plus: unamortized premium	2,853,017	-	2,853,017
Total Certificates of participation	<u>\$ 30,618,017</u>	<u>\$ 10,279,053</u>	<u>\$ 40,897,070</u>

C. BONDS PAYABLE

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

Bond Type	Interest Rate	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2008A	5.00%	2028	30,000
Series 2009A	5.00%	2019	55,000
Series 2010A	4.00% - 5.00%	2022	710,000
Series 2011A	3.00% - 5.00%	2023	1,050,000
Series 2014A	3.00% - 5.00%	2024	1,357,000
Series 2014B	2.00% - 5.00%	2020	558,000
Series 2017A	3.00% - 5.00%	2028	2,303,000
Total Bonds Payable			<u><u>\$ 6,063,000</u></u>

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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, 2017, are as follows:

Fiscal Year	Bonds Payable		Interest	Total
	Principal			
2018	\$ 1,032,000	\$	294,085	\$ 1,326,085
2019	705,000		238,620	943,620
2020	735,000		204,670	939,670
2021	748,000		169,570	917,570
2022	812,000		132,170	944,170
2023-2027	1,947,000		228,150	2,175,150
2028	84,000		2,520	86,520
Total	\$ 6,063,000	\$	1,269,785	\$ 7,332,785

D. CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017	Due in One Year
Certificates of Participation	\$ 29,020,000	\$ -	\$ 1,255,000	\$ 27,765,000	\$ 1,305,000
Unamortized Premiums	3,043,218	-	190,201	2,853,017	190,201
Total Certificates of Participation Payable	32,063,218	-	1,445,201	30,618,017	1,495,201
Obligations Under Capital Lease	490,937	-	107,882	383,055	111,720
Bonds Payable	7,382,000	2,303,000	3,622,000	6,063,000	1,032,000
Compensated Absences Payable	12,497,655	1,386,569	1,294,796	12,589,428	1,294,796
Other Postemployment Benefits Obligation	82,470,725	3,846,419	2,288,964	84,028,180	-
Net Pension Liability	64,485,211	32,343,642	838,902	95,994,951	1,805,181
Total Governmental Activities	<u>\$ 199,389,746</u>	<u>\$ 39,879,630</u>	<u>\$ 9,597,745</u>	<u>\$ 229,676,631</u>	<u>\$ 5,738,898</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.

E. DEBT REFUNDING AND DEFEASED DEBT

The FDOE issued SBE Capital Outlay Refunding Bonds, Series 2017A, on April 27, 2017, for \$35,805,000. The proceeds from these bonds were used to refund \$10,060,000 of the SBE Capital Outlay Bonds, Series 2006A bonds and \$29,840,000 of the SBE Capital Outlay Bonds, Series 2008A bonds.

The District's portion of the Series 2017A bonds totaled \$2,303,000 and was used to advance refund \$670,000 of the District's portion of the Series 2008A bonds maturing in the years 2019 through 2028. The District's pro rata share of the net proceeds of the Series 2017A bonds totaled \$2,600,018 (including premium received of \$349,825, after deduction of \$12,853 by the SBE for the District's pro rata share of underwriting fees, insurance, and other issuance costs and less \$39,954 of accrued interest) were placed in an irrevocable trust and will be used to call and redeem the remaining outstanding Series 2008A debt on January 1, 2018. Since these proceeds placed in a trust were not invested in investments that are considered risk-free, the debt will not be defeased until the bonds are called and redeemed on January 1, 2018.

The District's portion of the Series 2017A bonds totaled \$2,303,000 and was used to refund \$1,945,000 of the District's portion of the Series 2006A bonds maturing in the years 2018 through 2026. The District's pro rata share of the net proceeds of the Series 2017A bonds totaled \$2,600,018 (including premium received of \$349,825, after deduction of \$12,853 by the SBE for the District's pro rata share of underwriting fees, insurance, and other issuance costs and less \$39,954 of accrued interest) were used to call and redeem the remaining outstanding Series 2006A debt on April 27, 2017. The Series 2017A bonds were issued to reduce the total debt service over the next 9 years by \$1,523,420 and to obtain an economic gain of \$1,393,906. The District's portion of the refunding bonds resulted in a reduction in total debt service of \$331,457 over the next 9 years and an economic gain of \$303,283.

NOTE VIII - INTERFUND TRANSFERS AND ACTIVITIES

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 1,754,369	\$ 18,598
Special Revenue:		
Food Service	18,598	-
Capital Projects:		
Local Capital Improvement Tax	-	4,310,324
Debt Service: Other Fund	2,555,955	-
Total	<u><u>\$ 4,328,922</u></u>	<u><u>\$ 4,328,922</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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

Due to/from other funds consisted of the following balances at June 30, 2017:

	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 2,820,044	\$ -
Special Revenue:		
Other Federal Programs	-	2,784,731
Nonmajor Governmental Funds	-	35,313
Total Interfund	<u>\$ 2,820,044</u>	<u>\$ 2,820,044</u>

The amount payable by Special Revenue – Other Federal Programs Fund and the Nonmajor Governmental Funds to the General Fund is to cover temporary cash shortage, related to timing of receipts.

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 \$11.4 million for the fiscal year ended June 30, 2017.

FRS Pension Plan

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-17 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00	7.52
FRS, Elected County Officers	3.00	42.47
FRS, Senior Management Service	3.00	21.77
DROP – Applicable to Members from all of the Above Classes	-	12.99
FRS, Reemployed Retiree	(2)	(2)

Notes:

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The District's contributions to the Plan totaled \$5,914,467 for the fiscal year ended June 30, 2017.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a liability of \$57,839,693 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.229067379 percent, which was a decrease of 0.009442217 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$8,427,436 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,428,652	\$ 538,527
Change of assumptions	3,499,128	-
Net difference between projected and actual earnings on FRS pension plan investments	14,950,856	-
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	26,653	1,948,465
District FRS contributions subsequent to the measurement date	5,914,467	-
Total	\$ 28,819,756	\$ 2,486,992

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$5,914,467, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2018	\$ 2,685,347
2019	2,685,347
2020	8,514,119
2021	5,697,659
2022	631,064
Thereafter	204,761
Total	<u>\$ 20,418,297</u>

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

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

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate (property)	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.4%
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 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2016 valuation was updated from 7.65 to 7.60 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 106,486,791	\$ 57,839,693	\$ 17,347,409

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, 2017, the District reported a payable of \$1.0 million for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2017.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$1,686,181 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a net pension liability of \$37,321,360 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.320228973 percent,

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

which was an increase of 0.006350193 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized the HIS Plan pension expense of \$2,942,105.

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	\$ -	\$ 85,004
Change of assumptions	5,856,670	-
Net difference between projected and actual earnings on HIS pension plan investments	18,870	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	-	1,145,307
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	513,496	-
District HIS contributions subsequent to the measurement date	1,686,181	-
Total	<u>\$ 8,075,217</u>	<u>\$ 1,230,311</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,686,181, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
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:

Fiscal Year Ending June 30	Amount
2017	\$ 878,073
2018	878,073
2019	874,480
2020	872,755
2021	822,611
Thereafter	832,733
Total	\$ 5,158,725

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.85 percent

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

While an experience study had not been completed for the 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 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2016 valuation was updated from 3.8 percent to 2.85 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.85 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85 percent) or 1 percentage point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the net pension liability	\$ 42,816,079	\$ 37,321,360	\$ 32,761,043

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, 2017, the District reported a payable of \$0.2 million for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2017.

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 0.06 percent of payroll and forfeited benefits of plan members.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

Allocations to the investment member's accounts during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
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, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime 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 \$1.6 million for the fiscal year ended June 30, 2016.

Payables to the Pension Plan. At June 30, 2017, the District reported a payable of \$0.2 million for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2017.

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-

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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, 2017, employee membership data related to the Plan were as follows:

Summary of Population Statistics

Inactive ERP Members or Beneficiaries Currently Receiving Benefits	72
Inactive ERP Members Entitled to But Not Yet Received Benefits	-
Active ERP Members	-
Total ERP Members	<u>72</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 2016-17 fiscal year totaled \$700,000, 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, 2017.

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.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.3 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, 2017, 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, 2017, were as follows:

Total Pension Liability	\$	8,559,285
Plan Fiduciary Net Position		(7,725,387)
Net Pension Liability	\$	833,898
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		90.26%

Actuarial Assumptions.

The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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, 2015. Actuarial update procedures were used to roll forward the Total Pension Liability to June 30, 2017, 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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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, 2017, 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	5.20%
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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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, 2016	\$ 8,784,472	\$ 7,116,671	\$ 1,667,801
Changes for the year:			
Interest	465,541	-	465,541
Differences between expected and actual experience	(50,552)	-	(50,552)
Assumption changes	-	-	-
Contributions - employer	-	1,200,000	(1,200,000)
Net investment income	-	64,392	(64,392)
Benefit payments, including refunds of employee contributions	(640,176)	(640,176)	-
Administrative expense	-	(15,500)	15,500
Net changes	(225,187)	608,716	(833,903)
Balances at June 30, 2017	\$ 8,559,285	\$ 7,725,387	\$ 833,898

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	\$ 1,668,593	\$ 833,898	\$ 117,783

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

For the year ended June 30, 2017, the District recognized pension expense of \$67,976. At June 30, 2017, 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	\$ 391,090	\$ 127,384
Total	\$ 391,090	\$ 127,384

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
2018	\$ 43,873
2019	43,871
2020	107,564
2021	68,398
Total	\$ 263,706

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 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 for employees 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 15 or more years of service with the District that were hired on or before June 30, 2011 and either 1. Receive medical

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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 30 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 2016-17 fiscal year, 947 retirees received postemployment benefits. The District provided required contributions of \$2,288,964 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)	\$ 1,598,458
Amortization of Unfunded Actuarial Accrued Liability	2,895,731
Annual Required Contribution	4,494,189
Interest on Net OPEB Obligation	3,100,899
Adjustment to Annual Required Contribution	(3,748,669)
Annual OPEB Cost (Expense)	3,846,419
Contribution Toward the OPEB Cost	(2,288,964)
Increase in Net OPEB Obligation	1,557,455
Net OPEB Obligation, Beginning of Year	82,470,725
Net OPEB Obligation, End of Year	<u>\$84,028,180</u>

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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, 2017, and the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014-15	\$ 14,441,051	24.73%	\$ 81,242,887
2015-16	3,675,741	66.60%	82,470,725
2016-17	3,846,419	59.51%	84,028,180

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 2016-17 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 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 is being amortized as a level percentage of projected

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2017, was 21 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 2016-17 fiscal year:

Source	Amount
Categorical Program (Class Size Reduction)	\$ 21,087,829
Florida Education Finance Program	9,704,266
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,655,778
Workforce Development Program	1,255,757
Voluntary Prekindergarten	707,627
Gross Receipts Tax (Public Education Capital Outlay)	695,334
Florida Best and Brightest Teacher Scholarship Program	433,554
School Recognition	413,113
Discretionary Lottery	323,489
Miscellaneous	463,313
Total	<u><u>\$ 36,740,060</u></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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2017

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 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. SCERPMP's purchased excess property loss limit during the 2016-17 fiscal year was \$125 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2016-17 fiscal year was \$1 million. SCERPMP 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 \$3,701,083. The District's portion of the retained earnings is calculated at 16.93 percent of the total or \$626,593.

During the 2016-17 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, 2017:

Major Funds						
General	Special Revenue - Food Service	Special Revenue - Other Federal Programs	Debt Service - School Board of Education Bond	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 691,938	\$ 147,671	\$ 269,579	\$ -	\$ 8,791,734	\$ -	\$ 9,900,922

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 4 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability				
Interest	\$ 465,541	\$ 351,561	\$ 519,582	\$ 469,842
Difference between expected and actual experience	(50,552)	27,805	-	-
Changes of assumptions	-	2,327,539	-	-
Benefit payments, including refunds of member contributions	(640,176)	(628,886)	(615,802)	(605,842)
Net change in total pension liability	<u>(225,187)</u>	<u>2,078,019</u>	<u>(96,220)</u>	<u>(136,000)</u>
Total pension liability - beginning	<u>8,784,472</u>	<u>6,706,453</u>	<u>6,802,673</u>	<u>6,938,673</u>
Total pension liability - ending (a)	<u><u>\$ 8,559,285</u></u>	<u><u>\$ 8,784,472</u></u>	<u><u>\$ 6,706,453</u></u>	<u><u>\$ 6,802,673</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 1,200,000	\$ 1,200,000	\$ 400,000	\$ -
Net investment income	64,392	170,867	776,328	947,273
Benefit payments, including refunds of member contributions	(640,176)	(628,886)	(615,802)	(605,842)
Administrative expense	(15,500)	(13,750)	(6,750)	(72,104)
Net change in plan fiduciary net position	<u>608,716</u>	<u>728,231</u>	<u>553,776</u>	<u>269,327</u>
Plan fiduciary net position - beginning	<u>7,116,671</u>	<u>6,388,440</u>	<u>5,834,664</u>	<u>5,565,337</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 7,725,387</u></u>	<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>\$ 833,898</u></u>	<u><u>\$ 1,667,801</u></u>	<u><u>\$ 318,013</u></u>	<u><u>\$ 968,009</u></u>
Plan fiduciary net position as a percentage of the total pension liability	90.26%	81.01%	95.26%	85.77%
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

*There are no active participants in the Plan

Note: Amounts listed for the 2016 and 2015 years have been updated based on the most recent actuarial information for reporting year ending June 30, 2017.

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

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 207,988	\$ 252,718	\$ 637,322	\$ 393,798	\$ 169,813
Contributions in relation to the actuarially determined contribution ⁽¹⁾	700,000	1,200,000	1,200,000	400,000	-
Contribution deficiency (excess)	<u>\$ (492,012)</u>	<u>\$ (947,282)</u>	<u>\$ (562,678)</u>	<u>\$ (6,202)</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, 2015

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	14 years
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.

2012	2011	2010	2009	2008
\$ 157,234	\$ 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

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.3%	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⁾

	2016	2015	2014	2013
District's portion of the FRS net pension liability	0.229067379%	0.238509596%	0.246269244%	0.245973665%
District's proportionate share of the FRS net pension liability	\$ 57,839,693	\$ 30,806,713	\$ 15,026,044	\$ 42,343,015
District's covered-employee payroll ⁽²⁾	\$ 98,856,889	\$ 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	58.51%	32.35%	15.59%	43.70%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 5,914,467	\$ 5,586,173	\$ 5,815,067	\$ 5,394,342
FRS contributions in relation to the contractually required contribution	<u>(5,914,467)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll ⁽²⁾	\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
FRS contributions as a percentage of covered-employee payroll	5.82%	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⁾

	2016	2015	2014	2013
District's portion of the HIS net pension liability	0.320228973%	0.313878780%	0.324298459%	0.333494683%
District's proportionate share of the HIS net pension liability	\$ 37,321,360	\$ 32,010,698	\$ 30,322,698	\$ 29,035,097
District's covered-employee payroll ⁽²⁾	\$ 98,856,889	\$ 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	37.75%	33.61%	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	1.78%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 1,686,181	\$ 1,641,378	\$ 1,199,840	\$ 1,110,937
HIS contributions in relation to the contractually required contribution	<u>(1,686,181)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll ⁽²⁾	\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
HIS contributions as a percentage of covered-employee payroll	1.66%	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:

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.

Debt Service Other Bonds Fund - To account for and report on payment of principal, interest, and related costs on the Certificate of Participation bonds issued by the School Board.

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.

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, 2017

	Special Revenue		Debt Service	
	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	Debt Service - Other Fund	Total Nonmajor Debt Service Funds
Assets				
Cash and cash equivalents	\$ 62,297	\$ 62,297	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Total assets	<u>\$ 62,297</u>	<u>\$ 62,297</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	62,297	62,297	-	-
Total fund balances	<u>62,297</u>	<u>62,297</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 62,297</u>	<u>\$ 62,297</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects			
Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,159,694	\$ 1,159,694	\$ 1,221,991
42,238	-	42,238	42,238
-	14,705	14,705	14,705
<u>\$ 42,238</u>	<u>\$ 1,174,399</u>	<u>\$ 1,216,637</u>	<u>\$ 1,278,934</u>
\$ 6,925	\$ -	\$ 6,925	\$ 6,925
35,313	-	35,313	35,313
<u>42,238</u>	<u>-</u>	<u>42,238</u>	<u>42,238</u>
-	1,174,399	1,174,399	1,236,696
-	1,174,399	1,174,399	1,236,696
<u>\$ 42,238</u>	<u>\$ 1,174,399</u>	<u>\$ 1,216,637</u>	<u>\$ 1,278,934</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, 2017

	Special Revenue		Debt Service	
	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	Debt Service - Other Fund	Total Nonmajor Debt Service Funds
Revenues				
State	\$ -	\$ -	\$ -	\$ -
Local:				
Miscellaneous	-	-	1,126	1,126
Total revenues	-	-	1,126	1,126
Expenditures				
Current:				
Facilities acquisition and construction	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Debt Service:				
Principal	-	-	1,255,000	1,255,000
Interest and fees	-	-	1,297,631	1,297,631
Paying agent fees	-	-	4,450	4,450
Total expenditures	-	-	2,557,081	2,557,081
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,555,955)	(2,555,955)
Other financing sources (uses)				
Transfers in	-	-	2,555,955	2,555,955
Total other financing sources (uses)	-	-	2,555,955	2,555,955
Net change in fund balances	-	-	-	-
Fund balances - beginning	62,297	62,297	-	-
Fund balances - ending	\$ 62,297	\$ 62,297	\$ -	\$ -

Capital Projects			
Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 695,334	\$ 302,908	\$ 998,242	\$ 998,242
-	-	-	1,126
695,334	302,908	998,242	999,368
568,848	-	568,848	568,848
126,486	-	126,486	126,486
-	-	-	1,255,000
-	-	-	1,297,631
-	1,239	1,239	5,689
695,334	1,239	696,573	3,253,654
-	301,669	301,669	(2,254,286)
-	-	-	2,555,955
-	-	-	2,555,955
-	301,669	301,669	301,669
-	872,730	872,730	935,027
\$ -	\$ 1,174,399	\$ 1,174,399	\$ 1,236,696



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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, 2017

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	-	-
Total expenditures	10,000	-	-
Excess (deficiency) of revenues over (under) expenditures	(10,000)	-	-
Net change in fund balances	(10,000)	-	-
Fund balance - beginning	62,297	62,297	-
Fund balance - ending	\$ 52,297	\$ 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, 2017

Debt Service - State Board of Education Bonds Fund (Major Fund)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,351,984	\$ 1,328,440	\$ 1,328,440	\$ -
Total revenues	1,351,984	1,328,440	1,328,440	-
Expenditures				
Debt service:				
Principal	1,007,000	1,007,000	1,007,000	-
Interest and fees	344,984	344,984	344,984	-
Paying agent fees	-	1,986,224	1,986,224	-
Total expenditures	1,351,984	3,338,208	3,338,208	-
Excess (deficiency) of revenues over (under) expenditures	-	(2,009,768)	(2,009,768)	-
Other financing sources (uses)				
Refunding bonds issued	-	2,303,000	2,303,000	-
Premium on refunding bonds	-	349,825	349,825	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	-	2,652,825	2,652,825	-
Net change in fund balance	-	643,057	643,057	-
Fund balance - beginning	173,050	173,050	173,050	-
Fund balance - ending	<u>\$ 173,050</u>	<u>\$ 816,107</u>	<u>\$ 816,107</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, 2017

	Debt Service - Other Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Local	\$ -	\$ 1,126	\$ 1,126	\$ -
Total revenues	-	1,126	1,126	-
Expenditures				
Debt service:				
Principal	1,255,000	1,255,000	1,255,000	-
Interest and fees	1,297,630	1,297,631	1,297,631	-
Paying agent fees	-	4,450	4,450	-
Total expenditures	2,552,630	2,557,081	2,557,081	-
Excess (deficiency) of revenues over (under) expenditures	(2,552,630)	(2,555,955)	(2,555,955)	-
Other financing sources (uses)				
Transfers in	2,552,630	2,555,955	2,555,955	-
Total other financing sources (uses)	2,552,630	2,555,955	2,555,955	-
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, 2017

Capital Projects - Public Education Capital Outlay Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 671,048	\$ 695,334	\$ 695,334	\$ -
Total revenues	671,048	695,334	695,334	-
Expenditures				
Current:				
Facilities acquisition and construction	671,048	568,848	568,848	-
Capital outlay:				
Facilities acquisition and construction	-	126,486	126,486	-
Total expenditures	671,048	695,334	695,334	-
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, 2017

Capital Projects - Capital Outlay and Debt Service Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 284,169	\$ 302,908	\$ 302,908	\$ -
Total revenues	284,169	302,908	302,908	-
Expenditures				
Debt service:				
Paying agent fees	-	1,239	1,239	-
Total expenditures	-	1,239	1,239	-
Excess (deficiency) of revenues over (under) expenditures	284,169	301,669	301,669	-
Net change in fund balance	284,169	301,669	301,669	-
Fund balance - beginning	872,730	872,730	872,730	-
Fund balance - ending	<u>\$ 1,156,899</u>	<u>\$ 1,174,399</u>	<u>\$ 1,174,399</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, 2017

Capital Projects - Local Capital Improvement Tax Fund (Major Fund)			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
Revenues			
Local			
Taxes	\$ 30,509,888	\$ 30,549,792	\$ 30,549,792 -
Miscellaneous	-	211,621	211,621 -
Total revenues	30,509,888	30,761,413	30,761,413 -
Expenditures			
Current:			
Facilities acquisition and construction	-	8,011,302	8,011,302 -
Capital outlay:			
Facilities acquisition and construction	34,370,000	21,083,200	21,083,200 -
Other capital outlay	-	5,755,734	5,755,734 -
Debt service:			
Principal	-	107,882	107,882 -
Interest and fees	-	15,463	15,463 -
Total expenditures	34,370,000	34,973,581	34,973,581 -
Excess (deficiency) of revenues over (under) expenditures	(3,860,112)	(4,212,168)	(4,212,168) -
Other financing sources (uses)			
Inception of capital lease	-	-	-
Insurance loss recoveries	-	46,752	46,752 -
Transfers out	(7,528,409)	(4,310,324)	(4,310,324) -
Total other financing sources (uses)	(7,528,409)	(4,263,572)	(4,263,572) -
Net change in fund balance	(11,388,521)	(8,475,740)	(8,475,740) -
Fund balance - beginning	28,946,534	28,946,534	28,946,534 -
Fund balance - ending	\$ 17,558,013	\$ 20,470,794	\$ 20,470,794 \$ -

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, 2017

Capital Projects - Other Capital Projects Fund (Major Fund)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 40,000	\$ 41,511	\$ 41,511	\$ -
Local				
Impact fees	1,750,000	1,558,169	1,558,169	-
Total revenues	1,790,000	1,599,680	1,599,680	-
Expenditures				
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,790,000	1,599,680	1,599,680	-
Net change in fund balance	1,790,000	1,599,680	1,599,680	-
Fund balance - beginning	6,199,669	6,199,669	6,199,669	-
Fund balance - ending	\$ 7,989,669	\$ 7,799,349	\$ 7,799,349	\$ -



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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, 2017

	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	\$ 3,794	\$ 67,122	\$ 163,979	\$ 9,458	\$ 248,933
NET POSITION								
Held in Trust for Scholarships	\$ 2,249	\$ 1,906	\$ 425	\$ 3,794	\$ 67,122	\$ 163,979	\$ 9,458	\$ 248,933

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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,979	\$ -	\$ 43,979
Total Additions	-	-	-	-	-	43,979	-	43,979
DEDUCTIONS								
Scholarships	-	-	-	1,000	500	-	-	1,500
Change in Net Position	-	-	-	(1,000)	(500)	43,979	-	42,479
Net Position - Beginning	2,249	1,906	425	4,794	67,622	120,000	9,458	206,454
Net Position - Ending	\$ 2,249	\$ 1,906	\$ 425	\$ 3,794	\$ 67,122	\$ 163,979	\$ 9,458	\$ 248,933

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
<u>Internal School Funds</u>				
Assets				
Cash and cash equivalents	\$ 1,887,632	\$ 4,621,703	\$ 4,558,928	\$ 1,950,407
Accounts receivable	773	1,551	773	1,551
Inventory	45,139	71,974	73,485	43,628
Total assets	<u>\$ 1,933,544</u>	<u>\$ 4,695,228</u>	<u>\$ 4,633,186</u>	<u>\$ 1,995,586</u>
Liabilities				
Due to student organizations	\$ 1,874,754	\$ 4,617,678	\$ 4,574,396	\$ 1,918,036
Accounts payable	58,790	77,550	58,790	77,550
Total liabilities	<u>\$ 1,933,544</u>	<u>\$ 4,695,228</u>	<u>\$ 4,633,186</u>	<u>\$ 1,995,586</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, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Primary Government:					
Net investment in capital assets	\$ 269,985,466	\$ 281,062,894	\$ 300,336,151	\$ 319,932,319	\$ 328,366,440
Restricted	79,028,507	75,730,138	63,951,404	42,529,840	30,311,138
Unrestricted	<u>(12,173,357)</u>	<u>(21,623,079)</u>	<u>(32,814,040)</u>	<u>(40,388,280)</u>	<u>(57,672,174)</u>
Total primary government net position	<u>\$ 336,840,616</u>	<u>\$ 335,169,953</u>	<u>\$ 331,473,515</u>	<u>\$ 322,073,879</u>	<u>\$ 301,005,404</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 years. 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, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
\$ 327,870,571	\$ 326,249,703	\$ 322,910,925	\$ 325,311,543	\$ 340,881,686
25,931,065	29,868,235	37,837,728	43,862,351	40,754,281
(68,567,035)	(76,418,952)	(148,470,981)	(141,220,840)	(144,327,737)
<u>\$ 285,234,601</u>	<u>\$ 279,698,986</u>	<u>\$ 212,277,672</u>	<u>\$ 227,953,054</u>	<u>\$ 237,308,230</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Changes in Net Position - Government-wide (1)

Last 10 Fiscal Years

(Unaudited)

Primary Government	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Expenses					
Governmental activities:					
Instruction	\$ 100,088,071	\$ 96,028,710	\$ 99,394,082	\$ 101,154,165	\$ 96,030,312
Student support services	9,416,081	8,990,622	10,769,701	9,928,751	9,903,132
Instructional media services	2,718,646	2,755,296	2,393,206	2,263,085	2,213,015
Instruction and curriculum development services	3,654,795	3,454,527	3,333,307	3,418,956	3,711,583
Instructional staff training services	2,094,178	1,982,599	3,001,115	3,155,887	2,895,164
Instruction related technology (3)	1,301,506	832,089	1,641,862	1,699,938	1,741,333
School board	743,919	826,006	866,172	731,165	729,644
General administration	961,588	753,206	739,511	750,550	729,721
School administration	10,127,670	9,990,153	10,209,565	9,925,657	10,316,230
Facilities acquisition and construction	25,904,672	25,881,704	19,629,027	26,211,680	26,041,389
Fiscal services	857,860	829,305	1,162,258	1,159,594	1,066,902
Food services	7,400,658	7,332,469	6,854,384	6,591,543	7,170,203
Central services (3)	3,623,885	3,630,236	3,669,788	4,216,113	4,822,277
Student transportation services	7,213,168	6,595,659	6,451,503	6,143,955	6,468,443
Operation of plant	15,511,085	15,083,575	14,207,089	15,184,217	13,838,429
Maintenance of plant	3,344,687	3,241,597	4,392,925	4,595,135	4,373,070
Administrative technology services(3)	600,242	408,321	656,490	563,005	563,865
Community services	3,190,881	3,164,681	2,880,821	2,729,930	2,740,540
Unallocated Interest on long-term debt	2,414,359	2,366,566	2,291,704	2,239,480	2,203,833
Total expenses	<u>201,167,951</u>	<u>194,147,321</u>	<u>194,544,510</u>	<u>202,662,806</u>	<u>197,559,085</u>
Governmental activities:					
Charges for services					
Instruction	2,836,003	2,865,145	2,731,917	371,096	429,597
Food services	3,324,172	3,156,448	2,923,061	2,954,156	2,808,455
Student transportation	-	-	-	-	-
Community services	-	-	-	2,559,255	2,765,234
Operating grants and contributions	7,457,767	7,590,006	4,046,600	4,520,960	4,830,648
Capital grants and contributions	12,047,688	3,496,132	3,503,253	3,075,398	1,994,232
Total program revenues	<u>25,665,630</u>	<u>17,107,731</u>	<u>13,204,831</u>	<u>13,480,865</u>	<u>12,828,166</u>
Primary government net expense	<u>\$ (175,502,321)</u>	<u>\$ (177,039,590)</u>	<u>\$ (181,339,679)</u>	<u>\$ (189,181,941)</u>	<u>\$ (184,730,919)</u>
Governmental activities:					
Property taxes:					
Levied for operational purposes	\$ 101,005,604	\$ 93,508,345	\$ 99,281,016	\$ 97,202,185	\$ 89,175,396
Levied for capital projects	43,886,882	36,356,391	28,656,156	26,738,877	26,224,667
Grants and contributions not restricted to specific programs	43,765,216	43,493,062	46,726,435	52,672,114	45,362,980
Insurance loss recoveries	56,190	116,796	-	-	-
Miscellaneous	2,914,896	1,896,946	2,072,294	2,701,383	2,719,167
Unrestricted investment earnings	3,856,205	(2,613)	907,340	467,746	180,234
Total primary government	<u>\$ 195,484,993</u>	<u>\$ 175,368,927</u>	<u>\$ 177,643,241</u>	<u>\$ 179,782,305</u>	<u>\$ 163,662,444</u>
Change in Net Position					
Total primary government (2)	<u>\$ 19,982,672</u>	<u>\$ (1,670,663)</u>	<u>\$ (3,696,438)</u>	<u>\$ (9,399,636)</u>	<u>\$ (21,068,475)</u>

Notes: (1) Includes all governmental fund types

(2) The District has no business type activities.

Source: District Records

Table 2

<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
\$ 94,230,526	\$ 96,807,293	\$ 97,511,574	\$ 91,064,227	\$ 98,232,929
9,835,181	10,244,916	9,560,480	9,645,370	9,913,317
2,209,088	2,172,342	2,082,654	1,986,100	2,111,932
3,615,999	3,601,545	3,778,735	3,420,636	3,546,755
2,365,365	2,785,963	2,962,444	3,191,486	4,139,857
1,655,201	1,720,419	1,874,605	2,072,750	2,291,725
902,968	566,506	597,054	533,539	586,216
659,120	503,988	496,860	813,862	957,873
9,598,008	10,222,149	10,164,576	9,395,507	10,097,942
29,581,334	22,916,304	21,355,569	22,250,987	23,601,930
908,486	859,453	862,146	810,950	916,254
7,678,953	8,011,020	9,251,136	9,426,056	8,749,431
5,086,568	5,293,707	7,162,409	5,393,295	3,263,117
6,593,395	6,370,280	6,144,052	6,254,283	6,895,393
14,098,913	13,942,964	14,125,494	13,951,820	13,971,480
4,438,963	4,596,677	4,031,091	3,981,788	4,102,677
614,590	639,763	636,857	649,437	640,906
2,931,948	2,840,225	2,901,806	3,008,816	3,104,925
2,095,227	1,854,429	1,748,295	1,767,031	685,518
<u>199,099,833</u>	<u>195,949,943</u>	<u>197,247,837</u>	<u>189,617,940</u>	<u>197,810,177</u>
434,820	330,051	348,719	346,838	338,620
2,573,283	2,542,053	2,125,725	2,113,026	2,188,619
-	-	18,407	506,806	486,790
2,847,631	3,088,660	3,188,209	3,330,594	3,418,558
5,385,431	5,693,100	6,152,078	6,823,025	7,254,275
1,650,204	1,795,600	2,114,250	2,104,279	2,351,112
<u>12,891,369</u>	<u>13,449,464</u>	<u>13,947,388</u>	<u>15,224,568</u>	<u>16,037,974</u>
<u>\$ (186,208,464)</u>	<u>\$ (182,500,479)</u>	<u>\$ (183,300,449)</u>	<u>\$ (174,393,372)</u>	<u>\$ (181,772,203)</u>
\$ 93,749,587	\$ 101,934,042	\$ 103,006,102	\$ 108,645,648	\$ 109,593,774
26,034,115	26,489,776	27,406,923	29,116,037	30,549,792
45,816,980	44,246,019	46,504,240	45,755,151	47,640,526
1,234,903	122,775	-	93,223	46,752
3,214,781	4,090,952	4,377,436	6,283,568	2,935,484
387,295	81,300	25,276	175,127	361,051
<u>\$ 170,437,661</u>	<u>\$ 176,964,864</u>	<u>\$ 181,319,977</u>	<u>\$ 190,068,754</u>	<u>\$ 191,127,379</u>
<u>\$ (15,770,803)</u>	<u>\$ (5,535,615)</u>	<u>\$ (1,980,472)</u>	<u>\$ 15,675,382</u>	<u>\$ 9,355,176</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	2017
General Fund							
Nonspendable	\$ 488,370	\$ 534,622	\$ 593,201	\$ 433,231	\$ 462,129	\$ 424,315	\$ 370,268
Restricted	2,227,392	1,201,292	1,077,255	2,414,503	4,288,488	4,755,657	6,975,527
Assigned	611,930	6,545	97,986	100,738	214,301	809,842	691,938
Unassigned	9,389,240	5,372,118	3,177,357	5,291,075	5,885,978	11,176,878	13,012,098
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>	<u>\$ 21,049,831</u>
All Other Governmental Funds							
Nonspendable	\$ 209,683	\$ 65,937	\$ 901,705	\$ 526,316	\$ 207,199	\$ 118,881	\$ 142,548
Restricted	40,092,765	29,043,909	23,952,105	27,263,055	33,549,240	39,106,694	32,879,220
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>	<u>\$ 33,021,768</u>
Pre-GASB 54							
	Fiscal Year						
	2008	2009	2010				
General Fund							
Reserved	\$ 2,044,033	\$ 956,033	\$ 2,744,719				
Unreserved	7,533,302	7,006,402	8,156,558				
Total General Fund	<u>\$ 9,577,335</u>	<u>\$ 7,962,435</u>	<u>\$ 10,901,277</u>				
All Other Governmental Funds							
Reserved	\$ 19,585,661	\$ 18,539,720	\$ 23,840,637				
Unreserved, reported in:							
Capital projects funds	58,508,274	56,861,866	37,558,622				
Special revenue funds	324,357	254,141	671,564				
Total All Other Governmental Funds	<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

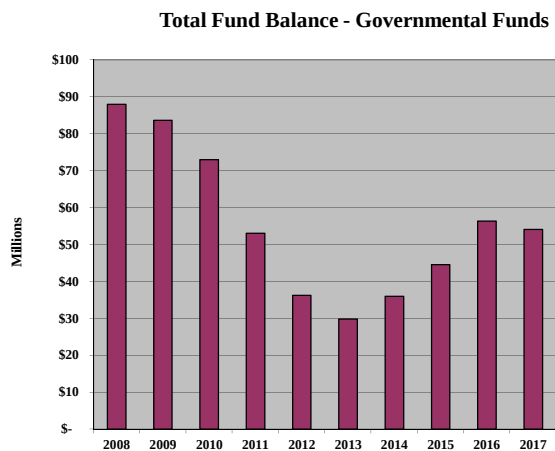


Table 4

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					
	2008	2009	2010	2011	2012	2013
Revenues						
Federal sources:						
Federal grants	\$ 10,007,447	\$ 10,598,248	\$ 20,657,783	\$ 24,325,420	\$ 13,059,853	\$ 12,336,627
Food services	3,115,573	3,592,138	3,878,793	4,404,315	4,755,475	5,223,047
Total federal sources	13,123,020	14,190,386	24,536,576	28,729,735	17,815,328	17,559,674
State sources:						
Florida education finance program	5,964,391	6,996,147	2,403,077	3,740,327	8,056,777	8,354,799
Public education capital outlay	4,442,279	1,491,672	493,045	1,080,309	122,073	94,689
Food services	84,008	83,029	83,508	76,029	106,461	81,804
State grants and other	39,656,973	31,817,966	25,740,509	26,642,072	26,087,224	26,682,036
Total state sources	50,147,651	40,388,814	28,720,139	31,538,737	34,372,535	35,213,328
Local sources:						
Ad valorem taxes	144,892,486	129,864,736	127,937,172	123,941,062	115,400,063	119,783,702
Food service sales	3,403,489	3,156,448	2,923,061	2,954,156	2,808,455	2,573,283
Interest and other income	3,856,205	(2,613)	907,340	467,786	180,234	387,295
Other revenues	5,902,759	5,149,261	6,030,595	6,131,098	6,415,634	6,883,720
Total local sources	158,054,939	138,167,832	137,798,168	133,494,102	124,804,386	129,628,000
Total revenues	221,325,610	192,747,032	191,054,883	193,762,574	176,992,249	182,401,002
Expenditures						
Instruction	94,605,958	90,758,627	91,793,659	95,516,711	88,504,026	88,693,698
Student support services	8,960,642	8,515,685	9,985,276	9,519,092	9,126,374	9,386,355
Instructional media services	2,571,184	2,599,008	2,141,954	2,220,756	2,026,156	2,111,462
Instruction and curriculum development services	3,425,227	3,290,025	3,031,846	3,469,525	3,283,924	3,480,554
Instructional staff training services	1,998,475	1,885,811	2,830,290	3,086,300	2,687,875	2,275,235
Instructional related technology	1,230,586	753,182	1,532,256	1,590,478	1,607,734	1,537,181
School board	705,570	781,836	825,496	681,689	680,731	869,548
General administration	1,180,544	1,100,042	1,214,885	1,294,507	1,072,389	1,116,367
School administration	9,509,932	9,477,912	9,265,796	9,403,915	9,287,670	8,972,904
Facilities services	9,874,902	10,778,771	8,106,544	12,545,299	12,711,138	9,753,739
Fiscal services	818,681	774,884	1,047,597	1,077,272	974,087	844,077
Food services	7,170,356	7,102,339	6,527,545	6,635,390	6,858,976	7,306,448
Central services	3,444,513	3,435,115	3,322,138	3,916,853	4,304,803	4,695,849
Student transportation services	6,972,314	6,317,510	6,103,839	5,758,515	6,086,852	6,364,056
Operation of plant	15,136,879	14,630,408	13,755,521	14,121,493	13,220,275	13,570,654
Maintenance of plant	3,164,044	3,040,362	4,083,006	4,350,845	3,985,346	4,290,026
Administrative technology services	566,930	370,795	601,882	524,156	518,326	589,731
Community services	3,050,637	3,009,962	2,646,810	2,543,416	2,544,048	2,762,234
Capital Outlay:						
Facilities acquisition and construction	56,881,422	20,826,632	26,332,897	28,348,362	18,359,013	13,748,336
Other capital outlay	3,663,269	3,620,821	2,675,971	4,276,078	2,638,689	3,298,743
Debt Service:						
Principal	1,720,000	1,805,000	1,870,000	1,935,000	2,201,182	2,270,196
Interest and fiscal charges	2,414,358	2,366,566	2,316,365	2,234,938	2,203,832	2,123,326
Total expenditures	\$ 239,066,423	\$ 197,241,293	\$ 202,011,573	\$ 215,050,590	\$ 194,883,446	\$ 190,060,719

Table 4

Fiscal Year			
2014	2015	2016	2017
\$ 11,820,371	\$ 12,551,259	\$ 12,662,980	\$ 13,342,437
5,606,130	6,063,754	6,734,741	7,163,417
17,426,501	18,615,013	19,397,721	20,505,854
7,852,296	9,420,263	8,361,358	9,704,266
159,095	480,018	464,248	695,334
86,971	88,324	88,284	90,585
26,209,856	26,166,950	26,370,844	26,249,875
34,308,218	36,155,555	35,284,734	36,740,060
128,423,818	130,413,025	137,761,685	140,143,566
2,542,053	2,125,725	2,113,026	2,188,619
81,300	25,276	175,127	361,050
8,144,202	8,763,713	11,321,469	8,120,462
139,191,373	141,327,739	151,371,307	150,813,697
190,926,092	196,098,307	206,053,762	208,059,611
90,710,910	93,507,850	91,841,224	94,633,719
9,529,655	9,156,836	9,720,589	9,554,623
2,038,894	1,988,513	2,003,013	2,031,317
3,343,325	3,636,791	3,454,552	3,409,858
2,631,378	2,844,947	3,223,616	4,011,572
1,608,656	1,804,347	2,090,021	2,216,722
537,791	576,082	538,202	569,729
1,091,861	1,318,791	1,354,848	1,501,054
9,545,719	9,873,724	9,476,272	9,682,962
9,796,767	9,017,604	9,548,817	9,349,452
801,605	842,342	819,918	882,103
7,613,617	7,879,963	8,630,343	8,883,264
4,778,260	5,866,846	5,265,628	4,148,310
6,055,266	5,922,747	6,291,268	6,681,816
13,468,400	13,801,238	14,018,057	13,704,119
4,295,586	3,869,186	4,024,239	3,957,440
596,753	610,589	655,930	610,367
2,645,798	2,766,942	3,024,389	3,019,374
4,816,723	4,444,591	11,021,858	22,078,106
4,482,500	3,974,653	3,653,484	6,134,075
2,344,665	2,495,304	2,374,874	2,369,882
2,084,375	1,826,722	1,767,031	3,649,991
\$ 184,818,504	\$ 188,026,608	\$ 194,798,173	\$ 213,079,855

(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)

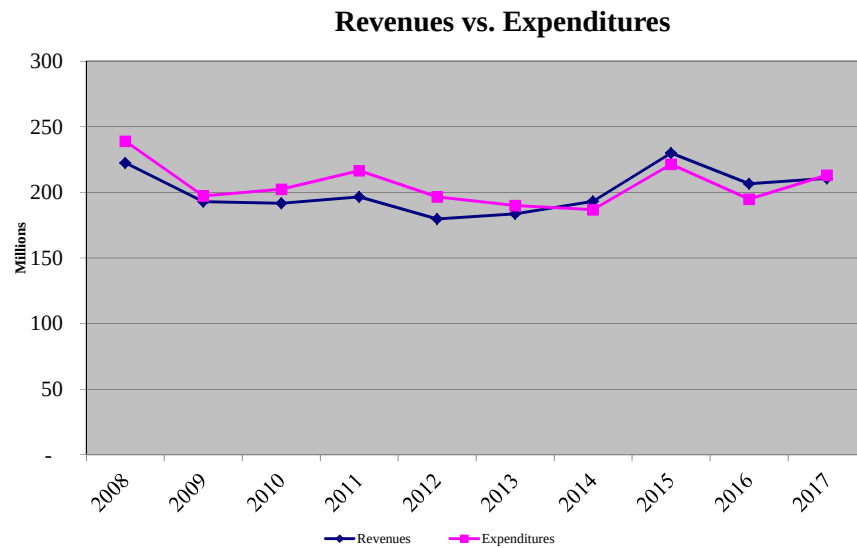
	Fiscal Year					
	2008	2009	2010	2011	2012	2013
Excess of revenues over (under) expenditures	\$ (17,740,813)	\$ (4,494,261)	\$ (10,956,690)	\$ (21,288,016)	\$ (17,891,197)	\$ (7,659,717)
Other Financing Sources (Uses)						
Loss recoveries	-	-	-	-	-	-
Long-term debt issued	925,000	-	-	-	-	-
Refunding COPS issued	-	-	-	-	-	-
Premium on refunding COPS	-	-	-	-	-	-
Refunding bonds issue	-	-	350,000	1,205,000	1,505,000	-
Payment to refunded debt escrow agent	-	-	(377,799)	(1,404,877)	(1,730,010)	-
Premium of sale/refunding of bonds/COP	33,397	-	30,978	195,334	229,483	-
Discount on sale of bonds/COP	-	-	-	-	-	-
Capital leases	-	-	-	1,239,801	-	-
FEMA and insurance loss recoveries	56,190	116,796	307,449	100,038	1,091,767	1,234,903
Transfers in	5,446,766	8,178,799	8,804,532	8,426,038	8,852,137	9,299,893
Transfers out	(5,446,766)	(8,178,799)	(8,804,532)	(8,426,038)	(8,852,137)	(9,299,893)
Total other financing sources (uses)	1,014,587	116,796	310,628	1,335,296	1,096,240	1,234,903
Net change in fund balances	<u>\$ (16,726,226)</u>	<u>\$ (4,377,465)</u>	<u>\$ (10,646,062)</u>	<u>\$ (19,952,720)</u>	<u>\$ (16,794,957)</u>	<u>\$ (6,424,814)</u>
Debt service as a percentage of noncapital expenditures	2.13%	2.46%	2.41%	2.26%	2.53%	2.61%

Notes: (1) Includes all governmental fund types

Source: District records

Table 4

Fiscal Year			
2014	2015	2016	2017
\$ 6,107,588	\$ 8,071,699	\$ 11,255,589	\$ (5,020,244)
-	-	-	46,752
-	-	-	-
-	29,020,000	-	-
-	3,233,419	-	-
1,769,000	1,378,000	-	2,303,000
(2,056,194)	(33,475,406)	-	-
286,140	131,078	-	349,825
-	195,392	-	-
-	-	436,120	-
122,775	24,235	93,223	-
9,071,683	8,666,861	3,928,355	4,328,922
(9,071,683)	(8,666,861)	(3,928,355)	(4,328,922)
121,721	506,718	529,343	2,699,577
<u>\$ 6,229,309</u>	<u>\$ 8,578,417</u>	<u>\$ 11,784,932</u>	<u>\$ (2,320,667)</u>
2.52%	2.47%	2.56%	3.68%

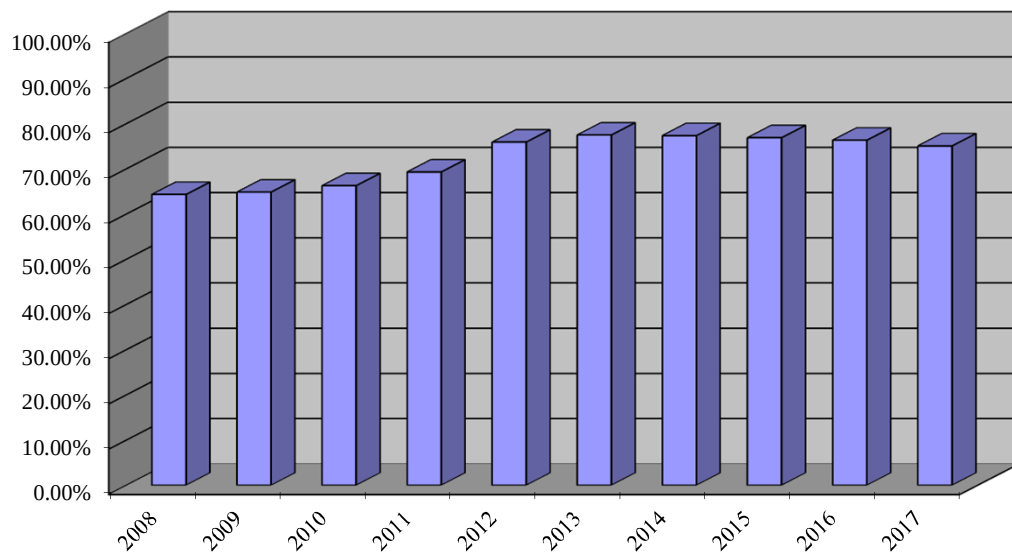


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Assessed and Estimated Actual Value of Taxable Property****Last 10 Fiscal Years****(Amounts expressed in thousands)****(Unaudited)**

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
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
2017	25,152,586	2,886,913	63,522	28,103,021	7,008,453	21,094,568	75.06%	6.881

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

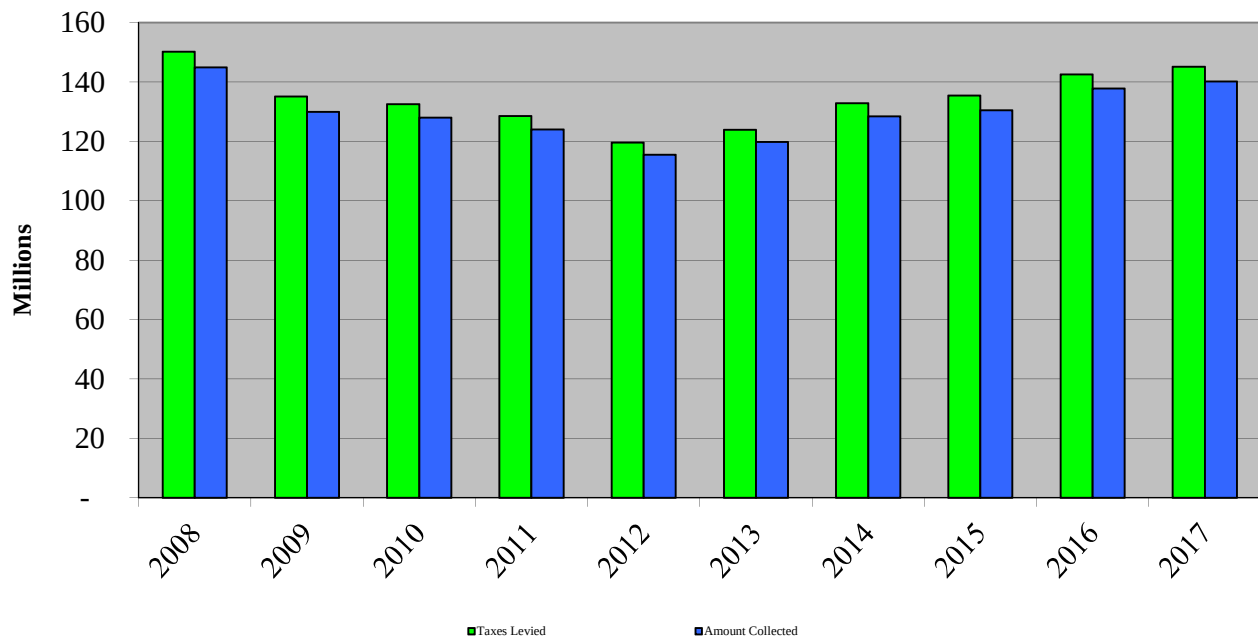
Ratio of Taxable Value to Estimated Actual Value

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
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%	39,719	137,747,433	96.64%
2017	145,151,724	140,103,847	96.52%	-	140,103,847	96.52%

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				
2008	4.602	2.000	6.602	4.5480	0.1220	0.9557	0.6796	4.5573	2.9994	2.1690	2.2911
2009	4.502	1.750	6.252	4.8970	0.1270	1.0108	0.7027	4.5788	3.1400	2.2300	2.4241
2010	5.203	1.500	6.703	5.3090	0.1382	1.0108	0.8754	4.6081	3.2350	2.2300	2.2459
2011	5.456	1.500	6.956	5.5250	0.0826	1.0100	0.9610	4.6436	3.3841	2.1800	2.6295
2012	5.104	1.500	6.604	5.7336	0.0368	0.8401	0.9636	4.6674	4.9528	2.2896	4.6799
2013	5.404	1.500	6.904	5.6960	0.0373	0.8327	0.9755	4.9041	4.2861	2.2896	4.7910
2014	5.778	1.500	7.278	5.8300	0.0368	0.8148	1.0240	5.1601	4.2769	2.3500	5.0619
2015	5.638	1.500	7.138	5.9651	0.0000	0.7805	1.0487	4.8540	4.1653	2.6000	4.9472
2016	5.598	1.500	7.098	6.1264	0.0000	0.7489	1.0660	4.8327	4.0250	2.8700	3.9814
2017	5.381	1.500	6.881	6.2407	0.0000	0.7245	1.0289	4.8224	3.9329	2.8700	5.2177

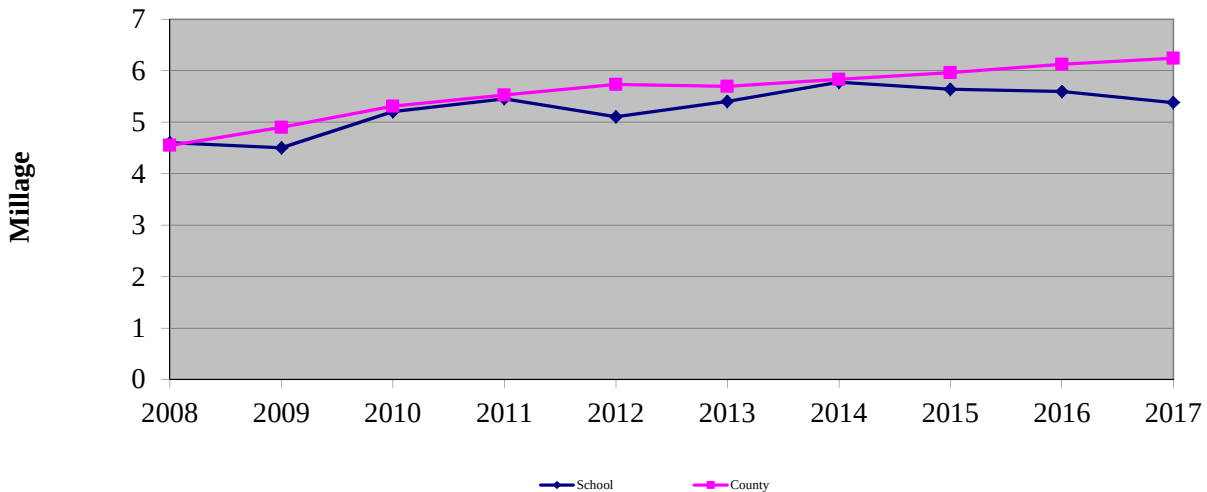
Notes:

(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)

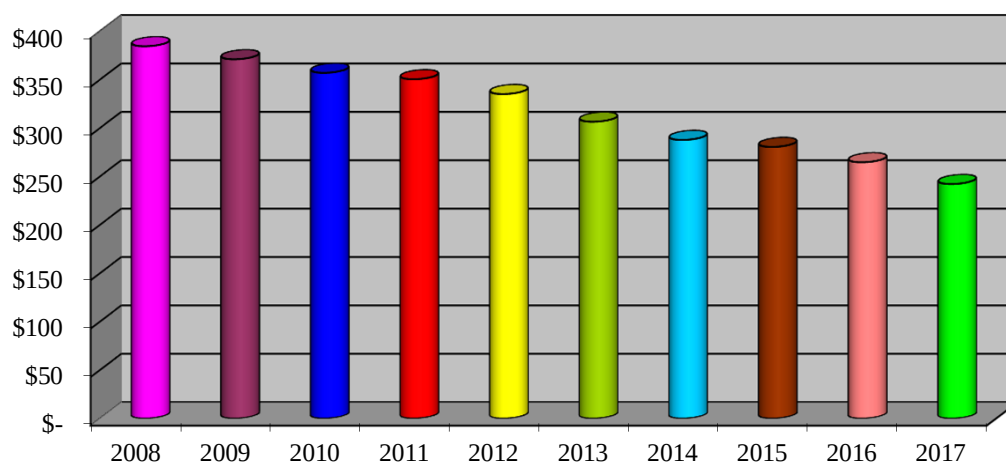
Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2008	\$ 15,175	\$ 39,810	\$ 341	\$ 55,326	0.66%	\$ 384.56
2009	14,385	38,795	204	53,384	0.65%	371.09
2010	13,540	37,745	61	51,346	0.68%	357.12
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	0.38%	280.56
2016	7,382	32,063	491	39,936	N/A	264.70
2017	6,063	30,618	383	37,064	N/A	242.21

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 2016 and 2017.

*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, 2017
(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	\$ 39,304,760	100%	\$ 39,304,760
Capital Leases	13,352,297	100%	13,352,297
State Revolving Fund Loans	1,317,605	100%	1,317,605
City of Stuart ⁽¹⁾			
Revenue Bond Loans and Notes	2,466,544	100%	2,466,544
General Obligation Bonds	6,385,000	100%	6,385,000
Town of Jupiter Island ⁽¹⁾			
General Obligation Notes Payable	7,857,460	100%	7,857,460
South Florida Water Management District ⁽¹⁾			
Certificate of Participation	332,094,694	2.31%	7,671,387
Subtotal, overlapping debt			78,355,053
District School Board of Martin County Direct Debt ⁽²⁾			<u>37,064,072</u>
Total direct and overlapping debt			<u>\$ 115,419,125</u>

Notes:

(1) Source: Martin County, Florida Comprehensive Annual Financial Report dated September 30, 2016.

(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 dividing it by each unit's total taxable value.

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⁾
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
2017	2016	21,094,568	1,255,000	1,297,630	2,552,630	0.126 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⁾
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	11,126,863	71,197	18,583	5.5
2016	150,870	N/A	N/A	18,714	4.9
2017	153,022	N/A	N/A	18,748	4.2

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, 2017 and 9 years ago****(Amounts expressed in thousands)****(Unaudited)**

Taxpayer	2017			2008		
	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value
Florida Power & Light Co.	1	\$ 2,196,846	7.82%	1	\$ 1,231,309	3.49%
Treasure Coast - JCP Associates Ltd.	2	86,546	0.31%	3	83,918	0.24%
Indiantown Cogeneration LP	3	83,084	0.30%	2	292,311	0.83%
Jupiter Island Revocable	4	46,140	0.16%		-----	-----
Florida Gas Transmission	5	45,436	0.16%		-----	-----
Jeffrey H. Sands	6	39,801	0.14%	5	48,486	0.14%
Gulfstream Natural Gas	7	34,266	0.12%		-----	-----
Arium Jensen Beach	8	32,601	0.12%		-----	-----
Hamm, Edward H	9	30,670	0.11%		-----	-----
ARHC Alstuf101 LLC	10	30,250	0.11%		-----	-----
Louis Drefus Citrus Inc,	-	-----	-----	4	49,991	0.14%
D R Horton	-	-----	-----	6	45,307	0.13%
Bellsouth Telecom	-	-----	-----	7	44,309	0.13%
Lowe's Home Centers, Inc.	-	-----	-----	8	33,170	0.09%
Estate of Stuart LLC	-	-----	-----	9	31,886	0.09%
South Florida Water Mgmt	-	-----	-----	10	16,308	0.05%
Total		<u>\$ 2,625,640</u>	<u>9.35%</u>		<u>\$ 1,876,995</u>	<u>5.33%</u>

Source: Martin County Tax Collector's Office

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

	2008	2009	2010	2011	2012
Instructional administrators	9	8	8	9	11
Non-instructional administrators	6	4	6	8	7
Consultants/supervisors of instruction	2	3	3	4	3
Principals	21	23	23	23	23
Assistant principals	30	32	31	32	32
Elementary classroom teachers	414	414	415	461	455
Secondary classroom teachers	468	460	461	464	453
ESE teachers	214	218	230	238	231
Other teachers (adult)	38	100	99	72	58
Guidance counselors	43	39	37	37	35
Visiting teachers/Social workers	1	1	1	0	0
Psychologists	7	7	7	7	7
Librarians	24	24	20	20	20
Other professionals (instructional)	74	85	99	94	101
Other professionals (non-instructional)	89	89	93	89	85
Aides	270	268	282	279	290
Technicians	14	15	14	10	11
Clerical/secretarial	171	164	169	163	168
Service workers	295	297	290	292	297
Skilled crafts	33	34	34	36	32
Unskilled laborers	18	18	18	11	12
Total employees	<u>2,241</u>	<u>2,303</u>	<u>2,340</u>	<u>2,349</u>	<u>2,331</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

2013	2014	2015	2016	2017
12	15	11	11	12
7	8	9	10	11
4	4	2	2	2
23	23	23	23	22
31	31	35	35	36
460	463	464	473	480
451	450	449	456	454
233	233	250	252	250
54	41	27	28	26
38	35	36	37	39
0	0	0	0	0
7	6	8	7	8
20	20	19	20	20
109	111	97	100	110
84	76	79	82	84
287	288	294	286	304
10	12	25	24	26
168	164	160	165	167
299	288	299	287	274
32	33	27	31	28
12	11	10	11	9
<u>2,341</u>	<u>2,312</u>	<u>2,324</u>	<u>2,340</u>	<u>2,362</u>



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

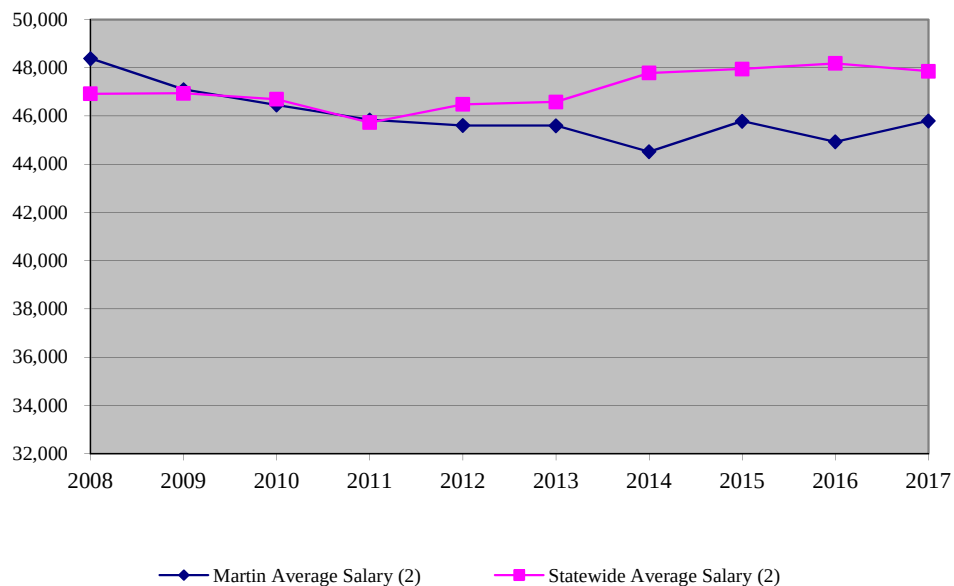
Fiscal Year	Minimum Salary⁽¹⁾	Maximum Salary⁽¹⁾	Martin Average Salary⁽²⁾	Statewide Average Salary⁽²⁾
2008	\$ 37,000	\$ 67,952	\$ 48,384	\$ 46,922
2009	37,000	67,952	47,102	46,938
2010	37,000	67,952	46,455	46,696
2011	37,000	68,427	45,841	45,723
2012	37,000	68,901	45,604	46,479
2013	37,000	68,901	45,603	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
2017	38,000	62,900	45,800	47,858

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				
	2008	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾
<u>Elementary</u>					
Seawind Elementary (1993)					
Square feet	137,803	136,075	127,350	127,350	127,350
Capacity	837	797	783	783	764
Enrollment	673	689	735	738	721
JD Parker Elementary (2004/re-built) ⁽²⁾					
Square feet	125,940	125,940	125,691	125,691	125,691
Capacity	757	757	754	754	695
Enrollment	607	610	612	626	614
Palm City Elementary (1958)					
Square feet	118,524	114,074	107,872	102,532	102,532
Capacity	929	953	808	698	670
Enrollment	881	794	740	700	649
Port Salerno Elementary (2002/re-built) ⁽²⁾					
Square feet	108,962	108,962	109,944	109,944	115,120
Capacity	757	757	757	757	805
Enrollment	660	646	653	722	761
Hobe Sound Elementary (2004/re-built) ⁽²⁾					
Square feet	110,804	110,804	115,632	115,632	115,632
Capacity	797	797	793	793	776
Enrollment	711	712	689	696	665
Warfield Elementary (1959)					
Square feet	142,024	114,653	147,410	145,941	145,941
Capacity	911	845	1,084	1,048	1,048
Enrollment	618	638	643	671	704
Jensen Beach Elementary (1970)					
Square feet	97,829	96,760	100,201	100,201	100,468
Capacity	775	721	721	721	668
Enrollment	626	603	571	555	576
Pinewood Elementary (1988)					
Square feet	132,001	129,603	128,796	120,994	122,256
Capacity	982	996	888	718	756
Enrollment	761	730	710	710	754
Crystal Lake Elementary (1989)					
Square feet	106,147	106,027	104,574	100,176	103,681
Capacity	720	720	720	630	621
Enrollment	733	505	504	492	528

Table 16

Fiscal Year				
2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾
127,350	127,350	128,282	127,350	127,350
764	764	764	764	764
687	711	743	743	700
125,691	125,691	125,691	125,691	125,691
695	695	695	695	695
682	808	761	753	718
103,422	103,422	103,422	103,422	104,312
696	696	696	696	696
639	671	714	719	698
126,076	126,076	126,076	126,076	126,076
877	931	877	877	877
789	839	838	904	881
115,632	115,632	115,632	115,632	115,632
776	776	776	776	776
647	701	654	678	648
133,961	133,961	133,961	133,961	133,961
886	886	886	886	886
730	785	789	802	801
102,196	102,196	102,960	102,960	102,960
704	740	704	722	784
583	652	688	698	678
126,576	126,576	126,576	126,576	128,304
784	784	784	784	864
742	833	851	893	922
108,079	108,079	108,079	108,079	108,079
688	688	688	688	688
557	598	623	636	621

(continued)

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

School	Fiscal Year				
	2008	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾
Bessey Creek Elementary (1995)					
Square feet	118,312	111,296	122,445	122,445	122,445
Capacity	745	589	599	599	599
Enrollment	752	572	556	534	525
Felix A. Williams Elementary (1993)					
Square feet	140,197	138,469	111,844	111,059	111,059
Capacity	759	723	653	635	635
Enrollment	653	633	684	647	631
Citrus Grove Elementary (2009)					
Square feet			124,838	124,838	124,838
Capacity		767	767	767	767
Enrollment		457	521	565	603

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				
2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾
112,445	112,445	122,445	122,445	122,637
599	599	599	599	599
544	579	591	558	570
112,709	112,709	112,709	112,709	112,901
671	671	671	671	671
662	694	708	719	670
124,838	124,838	124,838	124,838	124,838
767	767	767	767	767
590	604	648	690	725

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

School	Fiscal Year				
	2008	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾
<u>Middle</u>					
Dr. David L. Anderson Middle School (2005)					
Square feet	210,194	210,194	219,253	219,253	219,253
Capacity	1,255	1,395	1,316	1,184	1,184
Enrollment	901	904	889	984	956
Hidden Oaks Middle School (1991)					
Square feet	177,323	172,041	178,828	173,566	173,566
Capacity	1,458	1,445	1,455	1,210	1,210
Enrollment	1,119	1,113	1,147	1,090	1,086
Indiantown Middle School (1969)					
Square feet	102,183	98,053	155,404	155,404	155,404
Capacity	706	770	1,348	1,213	1,213
Enrollment	408	400	399	401	421
Murray Middle School(1961)					
Square feet	188,198	185,670	213,597	211,889	211,889
Capacity	1,509	1,641	1,643	1,439	1,177
Enrollment	750	767	757	760	747
Stuart Middle School(1971)					
Square feet	166,760	148,006	198,350	174,517	174,517
Capacity	11,337	1,130	1,852	1,156	1,156
Enrollment	919	877	854	881	927
<u>High</u>					
Martin County High School (1963)					
Square feet	371,536	426,584	431,008	431,008	396,341
Capacity	2,489	2,589	2,517	2,391	1,651
Enrollment	1,951	1,993	1,966	1,945	1,998
South Fork High School(1982)					
Square feet	337,462	311,353	298,302	313,984	313,984
Capacity	2,603	2,369	2,114	1,672	1,634
Enrollment	1,964	1,917	1,863	1,829	1,840
Jensen Beach High School (2002)					
Square feet	323,747	323,747	323,999	323,857	323,857
Capacity	1,590	1,674	1,636	1,554	1,554
Enrollment	1,523	1,527	1,542	1,573	1,634

Table 16

Fiscal Year				
2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾
219,253	219,253	219,253	219,253	219,253
1,184	1,184	1,184	1,184	1,184
941	989	988	1,020	1,011
178,828	178,828	178,828	178,828	178,828
1,329	1,329	1,329	1,329	1,329
1,048	1,094	1,064	1,090	1,045
155,404	155,404	158,860	158,860	133,803
1,213	1,213	1,173	1,173	1,173
463	491	534	547	592
215,345	215,345	134,447	131,296	132,395
1,256	1,256	1,312	999	999
815	851	795	798	756
174,517	174,517	177,004	177,004	177,004
1,179	1,179	1,179	1,179	1,179
967	1,032	1,054	1,025	1,007
417,947	417,947	421,184	421,184	465,200
2,214	2,214	2,214	2,214	2,214
2,119	2,209	2,245	2,318	2,292
317,078	317,078	319,898	319,898	319,898
1,685	1,685	1,685	1,685	1,685
1,933	2,007	2,037	1,990	1,914
323,999	323,999	323,999	323,999	323,999
1,554	1,554	1,554	1,554	1,554
1,771	1,805	1,878	1,735	1,663
(continued)				

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

School	Fiscal Year				
	2008	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾
Other					
Spectrum JR/SR High School (1932)					
Square feet	23,234	20,298	20,024	15,655	15,655
Capacity	317	218	231	130	130
Enrollment	111	155	77	90	85
Willoughby Learning Center (1988)					
Square feet	46,573	51,577	44,205	44,105	44,105
Capacity	171	171	171	171	171
Enrollment	80	75	71	58	38

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				
2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾
19,159	19,159	19,159	19,159	19,487
218	218	218	218	218
61	143	154	148	99
44,155	44,155	44,155	44,155	44,155
171	171	171	171	171
31	44	46	87	56

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

Current year (2016):			Percentage	
Employer	Rank	Employees	of Total	Product/Service
			County	
			Employment	
Martin Health Systems	1	3,433	4.86%	Health Care
Martin County School District	2	2,589	3.67%	Government
Martin County Government	3	1,653	2.34%	Government
State of Florida	4	543	0.77%	Government
Triumph Aerostructures	5	400	0.57%	Aerospace Products
Paradigm Precision	6	370	0.52%	Aerospace Products
Liberator Medical Supply	7	368	0.52%	Medical Supplies
Seacoast National Bank	8	340	0.48%	Banking
Florida Power & Light	9	321	0.45%	Utility
City of Stuart	10	255	0.36%	Government
Total		<u>10,272</u>	<u>14.54%</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 2007 was not available, so this schedule was prepared with the data of 2006.

The labor force figures for 2016 and 2006 are 70,629 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 2016 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
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
2017	166,478,977	18,748	8,880	1.69%	1,382	13.6

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				
	2008	2009	2010	2011	2012
Days meals were served	180	180	180	180	180
Average number of free and reduced lunches served daily	4,536	4,930	5,336	5,916	6,201
Total number of free and reduced lunches served	816,466	887,337	960,559	1,064,941	1,116,133
Average daily subsidy received	\$ 17,775	\$ 20,418	\$ 22,013	\$ 24,891	\$ 27,011
Total subsidy received	\$ 3,199,581	\$ 3,675,167	\$ 3,962,301	\$ 4,480,344	\$ 4,861,936
Average number of lunches served daily	8,998	8,806	8,712	9,425	9,630
Total number of lunches served	1,619,721	1,585,167	1,568,250	1,696,459	1,733,429
Percentage of free and reduced lunches served to total meals	50.41%	55.98%	61.25%	62.77%	64.39%
Average daily revenues	\$ 36,684	\$ 38,050	\$ 38,257	\$ 41,333	\$ 42,686
Total revenues	\$ 6,603,070	\$ 6,849,010	\$ 6,886,294	\$ 7,439,956	\$ 7,683,416
Average daily costs	\$ 40,252	\$ 39,502	\$ 36,279	\$ 36,890	\$ 38,313
Total costs	\$ 7,245,316	\$ 7,110,363	\$ 6,530,245	\$ 6,640,240	\$ 6,896,268

Note:

(1) District was closed on October 6, 2016 and October 7, 2016 due to Hurricane Matthew.

Source: District Records

Table 19

Fiscal Year				
2013	2014	2015	2016	2017 ⁽¹⁾
180	180	180	180	178
6,260	6,138	6,939	7,270	7,556
1,126,823	1,104,795	1,249,031	1,308,652	1,344,882
\$ 29,471	\$ 31,628	\$ 34,178	\$ 37,906	\$ 40,754
\$ 5,304,851	\$ 5,693,100	\$ 6,152,078	\$ 6,823,024	\$ 7,254,275
9,405	9,453	9,612	9,811	9,784
1,692,924	1,701,459	1,730,235	1,765,894	1,741,463
66.56%	64.93%	72.19%	74.11%	77.23%
\$ 43,771	\$ 45,797	\$ 46,021	\$ 49,700	\$ 53,136
\$ 7,878,796	\$ 8,243,385	\$ 8,283,753	\$ 8,946,005	\$ 9,458,281
\$ 40,992	\$ 42,718	\$ 46,289	\$ 53,597	\$ 54,772
\$ 7,378,585	\$ 7,689,160	\$ 8,332,039	\$ 9,647,508	\$ 9,749,351



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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



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

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
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	17002	\$ 1,317,458.45	\$ -
National School Lunch Program	10.555	17001, 17003	5,489,181.87	-
Summer Food Service Program for Children	10.559	17006	234,226.80	-
Total Child Nutrition Cluster			7,040,867.12	-
Special Education Cluster:				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	4,592,038.32	16,929.60
St. Lucie County District School Board		None	23,166.00	-
Total Special Education - Grants to States	84.027		4,615,204.32	16,929.60
Special Education - Preschool Grants	84.173	267	124,196.16	-
Total Special Education Cluster			4,739,400.48	16,929.60
Not Clustered				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	17004	122,550.00	-
United States Department of Defense:				
Army Junior Reserve Officers Training Corps				
	None	N/A	77,692.33	-
Air Force Junior Reserve Officers Training Corps				
	None	N/A	126,667.28	-
Total United States Department of Defense			204,359.61	-
United States Department of Education:				
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	103,192.00	-
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	4,147,230.72	-
Migrant Education - State Grant Program	84.011	217	33,482.87	-
Career and Technical Education - Basic Grants to States	84.048	161	223,325.35	-
English Language Acquisition State Grants	84.365	102	458,693.42	-
Improving Teacher Quality State Grants	84.367	224	513,795.23	-
Total United States Department of Education			5,479,719.59	-
United States Department of Health and Human Services:				
Head Start				
	93.600	N/A	2,090,031.50	-
Total Expenditures of Federal Awards			\$ 19,676,928.30	\$ 16,929.60

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.
- (2) Summary of Significant Account Policies. Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance for National School Lunch Program. Includes \$666,839.93 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 \$1,031,878.50 for grant number/program year 04CH4785/02 and \$1,058,153.00 for grant number/program year 04CH4785/03.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2017, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2017
Audit Report No. 2018-069



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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Fax: (850) 488-6975

The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2017. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

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

Sherrill F. Norman, CPA
Tallahassee, Florida
December 15, 2017
Audit Report No. 2018-069

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

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

Unmodified

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

No

Identification of major Federal programs:

CFDA Numbers:

10.553, 10.555, and 10.559

93.600

Name of Federal Program or Cluster:

Child Nutrition Cluster

Head Start

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

\$750,000

Auditee qualified as low risk auditee?

No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

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



Educate all students for success

Audit Report No. (Finding No.)	Program/Area	Brief Description	Status	Comments
2016-082 (2015-001)	Title I Grants to Local Education 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.

Laurie J. Gaylord, Superintendent

School Board Members: Christia Li Roberts • Marsha Powers • Rebecca Negron • Tina McSoley • Michael DiTerlizzi

"An Equal Opportunity Agency"