

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



For the Fiscal Year Ended June 30, 2018

Prepared by the Finance Department



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION





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THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

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

December 21, 2018

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, 2018.

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, 2018, 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, 2018, 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

Laurie J. Gaylord, Superintendent

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

"An Equal Opportunity Agency"

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 2017-18 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 2017-18, the District provided general, special, vocational, and other education programs to 18,664 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 decreased from 18,748 in September 2017 to 18,664 in September 2018. Based on the 2018-19 Projected FTE survey, the District will have no significant change in student population for fiscal year 2018-19.

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 completed during 2017-18 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 continues to purchase busses, maintain facilities, complete site improvements, and enhance technology for its students.

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.
- *PowerBI* – an analytics solution that allows users to visualize important data related to student success and achievement using business intelligence capabilities.
- *Edivate (blended learning platform)* – a resource that enables districts to meet all employees’ diverse learning needs. Educators drive their own learning with relevant, just-in-time content or address areas of need identified in observations and evaluations. Additional options allow users to collaborate across grade levels and school sites as well as create custom content.

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 earned the grade of “A” from Florida’s Department of Education and remains the only “A” rated school district on the Treasure Coast.
- MCSD is tied for 5th in the state in Mathematics Learning Gains.
- MCSD is 7th in the state for Social Studies Achievement.
- MCSD is 11th in the state for English Language Arts Learning Gains and Mathematics Achievement.
- MCSD was the 5th highest scoring district in the state for student growth as measured by Florida Department of Education’s Value-Added Model for students taking the FSA in ELA and Math.
- The District is fully accredited by AdvancED, the parent organization of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement.
- 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, 10th, and 11th grade students. It is being supported by layers of professional development for teachers and administrators both site-specific and district-wide.
- The District’s strong network of 4,350 volunteers logged over 175,000 hours serving the district in 2017-18. Sixteen Martin County schools earned Golden School Awards and one school earned a Silver School Award. Nine 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 Student Supporting Schools (S3) program is a student enterprise that enhances educational experiences by providing information technology (IT) and customer support

opportunities. Given the proliferation of devices that an Educational Technology Department is responsible for supporting, high school students are recruited, hired, and trained--as part-time employees--to augment schools by providing Level 1 technical support.

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, as evidenced by the operating millage initiative recently brought to and passed by Martin County voters which will provide salary stipends to teachers for each of the next four years.

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 November 14, 2017, 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, 2017. This was the twelfth 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 eleventh consecutive award for Certificate of Excellence in Financial Reporting, for the fiscal year 2016-17. 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.

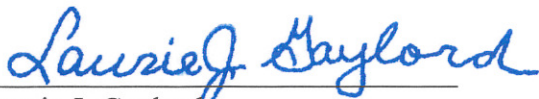
A GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year. We believe our current report continues to meet the requirements of the Certificate of Achievement Program as well as the Certificate of Excellence Program. Accordingly, we are submitting it to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

ACKNOWLEDGEMENTS

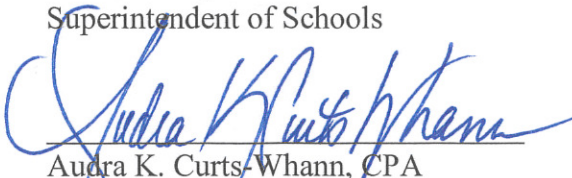
A comprehensive financial report of this nature could not have been prepared without the efficient and dedicated efforts of the Finance Department staff. We would like to express appreciation to all members of the Finance Department and those other staff members who assisted in providing a wealth of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



Audra K. Curts-Whann, CPA
Chief Finance Officer

District School Board of Martin County, Florida



Laurie J. Gaylord
Superintendent



Christia Li Roberts
School Board Chair
District 1



Marsha Powers
School Board Member
District 2



Rebecca Negron
School Board Member
District 3



Tina McSoley
School Board Member
District 4



Michael DiTerlizzi
School Board Vice Chair
District 5



2017-18 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



Garret Grabowski
Chief Operations
Officer



**Audra K. Curts-
Whann, CPA**
Chief Financial Officer



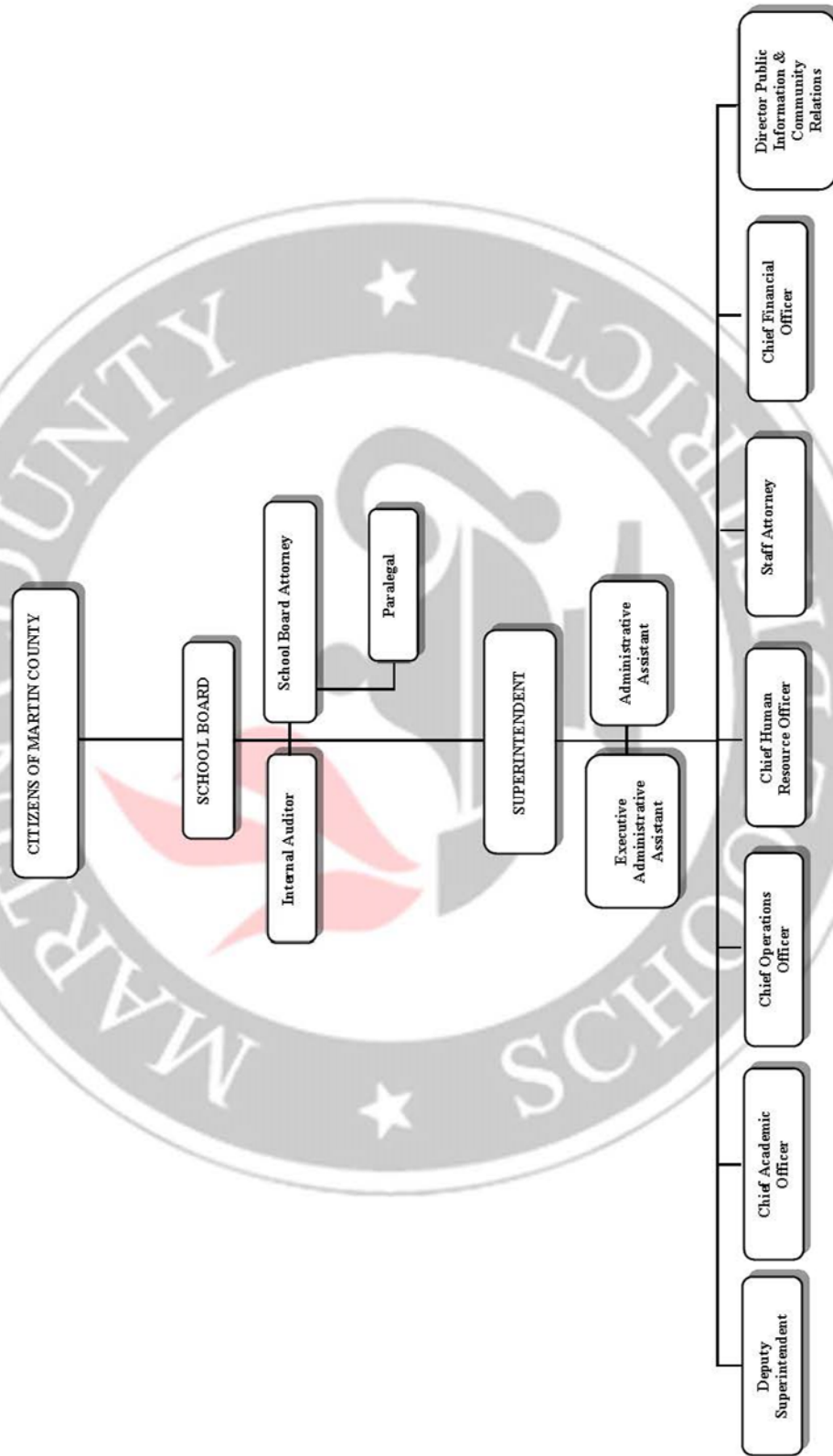
K. Diane Smith
Chief Human Resource
Officer



Molly Shaddock
Staff Attorney



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, 2017

Christopher P. Morrell

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, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



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FINANCIAL SECTION





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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
Tallahassee, Florida 32399-1450



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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of and for the fiscal year ended June 30, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note II.A. to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported for the 2017-18 fiscal year with amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **Management's Discussion and Analysis**, the **Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios**, **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 our report dated December 20, 2018, 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,

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" clearly legible, and a middle initial "F." in between.

Sherrill F. Norman, CPA
Tallahassee, Florida
December 20, 2018
Audit Report No. 2019-092

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, 2018. 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 2017-18 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statement of activities presents functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental

activities of the District include educational programs (basic, vocational, adult, and exceptional education), and school support functions such as transportation, facilities, and administration.

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

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of two broad categories: governmental funds or fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General, Special Revenue - Other Federal Programs, and Capital Projects - Local Capital Improvement Tax Funds. Data from the other seven 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 and Special Revenue – Other Federal Programs. 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 2017-18 fiscal year are as follows:

Government-wide Statements

- The District's assets and deferred outflows exceed its liabilities and deferred inflows at June 30, 2018, by \$281 million (*net position*).
- The District's total net position increased by \$43.7 million, which represents a 18.4 percent increase from the 2016-17 fiscal year. This change is attributable to a restatement in net position of \$32.8 million required by GASB Statement No. 75 for the 2017-18 fiscal year (which resulted in a \$32.8 million reduction of the District's liabilities for OPEB (other postemployment benefits). The remaining \$10.9 million is primarily attributable to the decrease in long-term and other liabilities.
- General revenues total \$199.8 million, or 92.6 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$16.0 million, or 7.4 percent of all revenues. The property taxes levied in total for operational and capital purposes increased over prior year due to the increase in the taxable values for the County.
- Expenses total \$204.9 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 \$10.9 million.

Fund Statements

- At June 30, 2018, the District's governmental funds report combined ending fund balances of \$71.7 million, an increase of \$17.7 million.
- At June 30, 2018, assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$19.7 million or 12.4 percent of total General Fund revenues before carryforward of prior year encumbrances and other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the District's net position as of June 30, 2018, compared to the net position as of June 30, 2017:

District School Board of Martin County, Florida			
Net Position			
	Governmental Activities		Percent Change
	<u>2018</u>	<u>2017</u>	
Current and other assets	\$ 80,813,187	\$ 67,286,133	20.1%
Capital assets	371,241,415	377,638,450	-1.7%
Total assets	<u>452,054,602</u>	<u>444,924,583</u>	1.6%
Net carrying amount of debt refunding	1,126,387	1,206,843	-6.7%
Other postemployment benefits obligation	1,946,032	-	
Pensions	42,487,240	37,286,063	13.9%
Total deferred outflows of resources	<u>45,559,659</u>	<u>38,492,906</u>	18.4%
Other liabilities	8,781,609	12,587,941	-30.2%
Long-term liabilities	195,813,849	229,676,631	-14.7%
Total liabilities	<u>204,595,458</u>	<u>242,264,572</u>	-15.5%
Other postemployment benefits obligation	3,805,388	-	
Pensions	8,221,547	3,844,687	113.8%
Total deferred inflows of resources	<u>12,026,935</u>	<u>3,844,687</u>	212.8%
Net position:			
Net investment in capital assets	337,942,651	340,881,686	-0.9%
Restricted	51,606,645	40,754,281	26.6%
Unrestricted (deficit)	(108,557,428)	(144,327,737)	-24.8%
Total net position	<u>\$ 280,991,868</u>	<u>\$ 237,308,230</u>	18.4%

The largest portion of the District's net position (\$337.9 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, \$51.6 million, represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position balance is negative because of the District's future liabilities for employee

compensated absences, other postemployment benefits, and pension plan obligations; however, the District has sufficient current assets to meet its current obligations.

Restricted net position increased \$10.9 million from June 30, 2017, to June 30, 2018. This net position represents restrictions from specific revenue sources and grants. The deficit in unrestricted net position in the governmental type activities decreased by \$35.8 million, primarily due to the decrease of the OPEB obligations of the District.

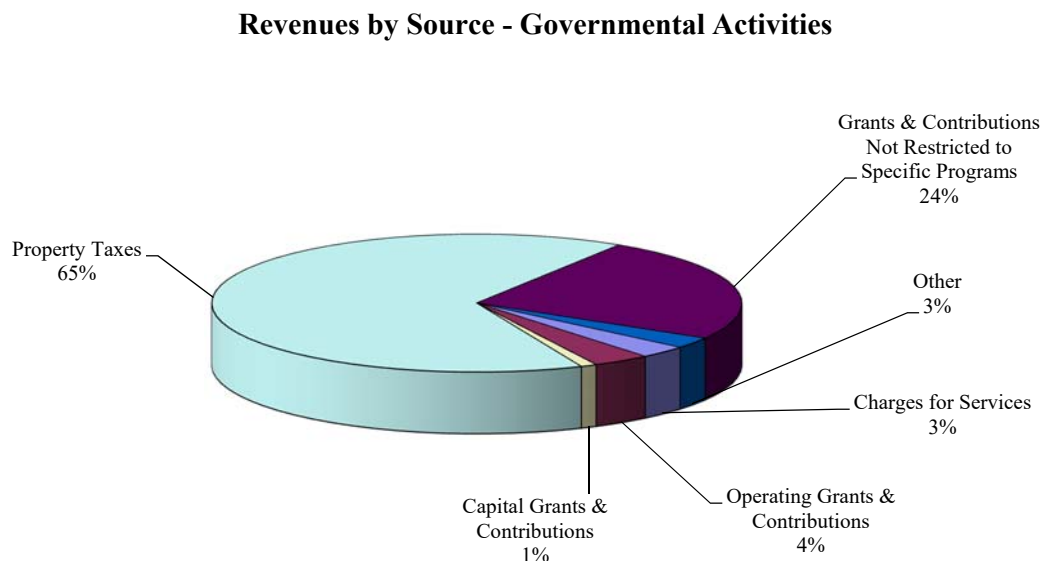
The key elements of the changes in the District's net position for the fiscal years ended June 30, 2018, and June 30, 2017 are as follows:

District School Board of Martin County, Florida			
Changes in Net Position			
	Governmental Activities		Percent
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 6,337,949	\$ 6,432,587	-1.5%
Operating grants and contributions	7,593,471	7,254,275	4.7%
Capital grants and contributions	2,112,878	2,351,112	-10.1%
Total Program revenues	<u>16,044,298</u>	<u>16,037,974</u>	0.0%
General revenues:			
Property taxes, levied for operational purposes	108,967,735	109,593,774	-0.6%
Property taxes, levied for capital purposes	32,352,956	30,549,792	5.9%
Grants and contributions not restricted to specific prog.	52,784,580	47,640,526	10.8%
Other	5,659,939	3,343,287	69.3%
Total General revenues	<u>199,765,210</u>	<u>191,127,379</u>	4.5%
Total revenues	<u>215,809,508</u>	<u>207,165,353</u>	4.2%
Expenses			
Instruction	103,965,867	98,232,929	5.8%
Student support services	9,919,459	9,913,317	0.1%
Instructional media services	2,035,807	2,111,932	-3.6%
Instructional and curriculum development services	3,755,736	3,546,755	5.9%
Instructional staff training services	3,739,423	4,139,857	-9.7%
Instruction related technology	2,044,763	2,291,725	-10.8%
School board	655,107	586,216	11.8%
General administration	1,032,663	957,873	7.8%
School administration	10,115,289	10,097,942	0.2%
Facilities services	20,657,069	23,601,930	-12.5%
Fiscal services	969,310	916,254	5.8%
Food services	9,574,971	8,749,431	9.4%
Central services	3,270,461	3,263,117	0.2%
Student transportation services	7,863,478	6,895,393	14.0%
Operation of plant	14,659,051	13,971,480	4.9%
Maintenance of plant	4,427,980	4,102,677	7.9%
Administrative technology services	714,295	640,906	11.5%
Community services	3,296,315	3,104,925	6.2%
Debt Service	2,206,284	685,518	221.8%
Total expenses	<u>204,903,328</u>	<u>197,810,177</u>	3.6%
Change in net position	10,906,180	9,355,176	
Net position - beginning	237,308,230	227,953,054	
Adjustments to net position ⁽¹⁾	<u>32,777,458</u>	<u>-</u>	
Net position - ending	<u>\$ 280,991,868</u>	<u>\$ 237,308,230</u>	18.4%

Note on prior page schedule: (1) Adjustment to beginning net position is due to the implementation of GASB Statement No. 75, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits

Major changes in revenues were caused by the following:

- Operating grants and contributions – Increased by 4.7 percent in food services due to additional meal programming.
- Property taxes, levied for operational and capital purposes – Decreased by 0.6 percent and increased by 5.9 percent, respectively, due to property tax collections.
- Grants and contributions not restricted to specific programs – Increased by 10.8 percent due to State grants and Florida Best & Brightest Teacher Scholarship Program.
- Other – Increased by 69.3 percent due to impact fee collections and miscellaneous.



Major changes in expenses were caused by the following:

- Instruction – Increased by 5.8 percent or \$5.7 million, primarily due to an increase in instructional pay based on performance.
- Facilities services – Decreased by 12.5 percent or \$2.9 million due primarily to delayed capital expenditures.
- Food services – Increased by 9.4 percent or \$0.8 million due to additional meal programming.
- Student transportation services – Increased by 14 percent or \$0.97 million due primarily to government-wide allocations for depreciation and pension expenses.

- Debt Service - Increased by 221.8 percent due or \$1.5 million due to timing of payments subsequent to the 2016-17 refunding of the certificates of participation.

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

	2018	2017
Fund balance:		
Nonspendable	\$ 637,768	\$ 512,816
Restricted	51,405,588	39,854,747
Assigned	-	691,938
Unassigned	19,687,081	13,012,098
Total fund balance	<u>\$ 71,730,437</u>	<u>\$ 54,071,599</u>

As of the end of the 2017-18 fiscal year, the District's governmental funds reported combined ending fund balances of \$71.7 million, an increase of \$17.7 million in comparison with the prior fiscal year.

Major Funds

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

The General Fund is the chief operating fund of the District. The General Fund has an increase in fund balance of \$3.7 million, primarily due to lapsed budgetary allocations including salaries and benefits. The total fund balance is \$24.8 million, of which \$19.7 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 12.4 percent of total General Fund operating revenue before carryovers and prior year encumbrances, while total fund balance represents 15.7 percent of that same amount.

The Special Revenue – Other Federal Programs Fund accounts for the financial resources of certain Federal grant programs. Revenues and expenditures totaled \$11.3 million each, an 8 percent decrease from 2016-17 fiscal year, primarily due to decreased expenditures of program awards. Because revenues are recognized to the extent of allowable expenditures, this fund does not generally accumulate fund balance.

The Capital Projects – Local Capital Improvement Tax Fund has an increase in fund balance of \$14.5 million to a total fund balance of \$35 million, which is restricted for acquisition, construction, and maintenance of capital assets. The increase is primarily due to major projects currently on hold.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2017-18 fiscal year, the District amended its General Fund budget several times. Budget revisions were due primarily to the need to record prior year carryforward budgets and adjust planned expenditures to ensure maintenance of an adequate fund balance and compliance with State-mandated class-size reduction.

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 expenditure 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, 2018, total \$371.2 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 a decrease of net capital assets compared to the previous fiscal year of approximately 1.7 percent.

Major capital assets events during the 2017-2018 fiscal year include:

- Projects completed:
 - Martin County High School – Science and administration building
- Projects in final phase of completion, awaiting the completion of a punch list:
 - None

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

	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Land	\$ 10,354,648	\$ 10,354,648	0.0%
Construction in progress	3,324,239	18,702,166	-82.2%
Improvements other than buildings	10,153,912	10,853,476	-6.4%
Buildings and fixed equipment	337,776,223	327,253,241	3.2%
Furniture, fixtures, and equipment	4,482,595	4,554,202	-1.6%
Motor vehicles	4,739,924	4,883,022	-2.9%
Property under capital lease	257,137	369,639	-30.4%
Audio visual materials & software	152,737	668,056	-77.1%
Total Capital Assets (Net of Depreciation)	<u>\$ 371,241,415</u>	<u>\$ 377,638,450</u>	-1.7%

Construction in progress decreased due to the completion of Martin County High School. Additional information on the District's capital assets can be found in Note VI of this report.

Long-Term Debt

At June 30, 2018, the District has total long-term debt outstanding of \$34.4 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>2018</u>	<u>2017</u>
COPS	\$ 29,122,816	\$ 30,618,017
State School (SBE) Bonds Payable	5,031,000	6,063,000
Obligations under Capital Lease	271,335	383,055
	<u>\$ 34,425,151</u>	<u>\$ 37,064,072</u>

The District's outstanding debt decreased \$2.6 million during the 2017-18 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 2018-19 fiscal year is projected to be 4.114 mills (a decrease of 0.190 mills), the discretionary millage is projected to be 0.748 mills, and the capital outlay millage is projected to be 1.500 mills. On August 28, 2018, Martin County voters also approved an additional 0.500 mil for operations. General Fund revenues and other financing sources are projected to be at \$198.5 million, and expenditures are expected to be \$183.2 million.

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

- The unemployment rate for Martin County is currently 3.6 percent, which is a decrease from the rate of 4.2 percent a year ago.
- Student enrollment (K-12) decreased slightly from 18,748 in September 2017 to an estimated 18,664 in September 2018.
- The County population remained level for the 2017-18 fiscal year at just over 146,000.

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).



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BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Position
June 30, 2018

	Primary Government	
	Governmental Activities	Component Unit
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 76,792,883	\$ 658,248
Investments	127,165	-
Accounts receivable	566,593	10,860
Deposits	-	1,488
Due from other governmental agencies	2,387,637	1,274
Inventories	589,742	-
Prepaid items	48,026	4,500
Net Pension Asset	22,591	-
Restricted:		
Equity in property and casualty group	278,550	-
Capital assets not being depreciated:		
Land	10,354,648	721,561
Construction in progress	3,324,239	31,353
Capital assets net of accumulated depreciation:		
Improvements other than buildings	10,153,912	7,350
Buildings and fixed equipment	337,776,223	-
Leasehold Improvements	-	24,675
Furniture, fixtures, and equipment	4,482,595	7,770
Motor vehicles	4,739,924	-
Property under capital lease	257,137	-
Audio visual materials and software	152,737	-
Total assets	452,054,602	1,469,079
Deferred outflows of resources		
Net carrying amount of debt refunding	1,126,387	-
Other postemployment benefits obligation	1,946,032	-
Pensions	42,487,240	-
Total deferred outflows of resources	45,559,659	-
Liabilities		
Salaries and benefits payable	5,864,830	49,653
Accounts payable	2,698,633	-
Construction contracts payable - retainage	-	-
Unearned revenue	218,146	-
Long-term liabilities:		
Portion due in one year:		
Notes payable	-	7,089
Obligations under capital lease	115,692	-
Bonds payable	705,000	-
Certificates of participation payable	1,565,201	-
Compensated absences payable	807,571	-
Net pension liability	916,545	-
Other postemployment benefits obligation	1,946,032	-
Portion due in more than one year:		
Notes payable	-	601,861
Obligations under capital lease	155,643	-
Bonds payable	4,326,000	-
Certificates of participation payable	27,557,615	-
Compensated absences payable	11,872,664	-
Net pension liability	100,353,806	-
Other postemployment benefits obligation	45,492,080	-
Total liabilities	204,595,458	658,603
Deferred inflows of resources		
Other postemployment benefits obligation	3,805,388	-
Pensions	8,221,547	-
Total deferred inflows of resources	12,026,935	-
Net position		
Net investment in capital assets	337,942,651	183,759
Restricted for:		
State required carryover programs	4,654,500	-
Capital projects	43,781,993	-
Debt service	127,165	-
Food service	2,980,690	-
Other	62,297	-
Unrestricted net position (deficit)	(108,557,428)	626,717
Total net position	\$ 280,991,868	\$ 810,476

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Instruction	\$ 103,965,867	\$ 323,184	\$ -	\$ -
Student support services	9,919,459	-	-	-
Instructional media services	2,035,807	-	-	-
Instruction and curriculum development services	3,755,736	-	-	-
Instructional staff training services	3,739,423	-	-	-
Instruction related technology	2,044,763	-	-	-
School board	655,107	-	-	-
General administration	1,032,663	-	-	-
School administration	10,115,289	-	-	-
Facilities services	20,657,069	-	-	307,403
Fiscal services	969,310	-	-	-
Food services	9,574,971	1,958,193	7,593,471	-
Central services	3,270,461	-	-	-
Student transportation services	7,863,478	464,648	-	-
Operation of plant	14,659,051	-	-	-
Maintenance of plant	4,427,980	-	-	456,571
Administrative technology services	714,295	-	-	-
Community services	3,296,315	3,591,924	-	-
Unallocated interest on long-term debt	2,206,284	-	-	1,348,904
Total primary government	<u>\$ 204,903,328</u>	<u>\$ 6,337,949</u>	<u>\$ 7,593,471</u>	<u>\$ 2,112,878</u>
Component unit:				
Hope Center for Autism, Inc.	<u>\$ 1,460,425</u>	<u>\$ 19,581</u>	<u>\$ 7,200</u>	<u>\$ 63,804</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
Adjustments to net position
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
\$ (103,642,683)	\$ -
(9,919,459)	-
(2,035,807)	-
(3,755,736)	-
(3,739,423)	-
(2,044,763)	-
(655,107)	-
(1,032,663)	-
(10,115,289)	-
(20,349,666)	-
(969,310)	-
(23,307)	-
(3,270,461)	-
(7,398,830)	-
(14,659,051)	-
(3,971,409)	-
(714,295)	-
295,609	-
(857,380)	-
<u>\$ (188,859,030)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (1,369,840)</u>

108,967,735	1,398,694
32,352,956	-
52,784,580	147,910
1,027,372	227
4,632,567	-
<u>199,765,210</u>	<u>1,546,831</u>
10,906,180	176,991
237,308,230	633,485
32,777,458	-
<u>\$ 280,991,868</u>	<u>\$ 810,476</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue - Other Federal Programs Fund
Assets		
Cash and cash equivalents	\$ 30,242,211	\$ -
Investments	-	-
Accounts receivable	205,620	-
Due from other governmental agencies	-	1,969,658
Due from other funds	1,745,986	
Inventories	388,685	-
Prepaid items	48,026	-
Total assets	\$ 32,630,528	\$ 1,969,658
Liabilities and fund balances		
Liabilities:		
Salaries and benefits payable	\$ 5,615,806	\$ 214,680
Accounts payable	2,153,408	39,430
Due to other funds	-	1,715,548
Unearned revenue	83,022	-
Total liabilities	7,852,236	1,969,658
Fund balances:		
Nonspendable	436,711	-
Restricted	4,654,500	-
Assigned	-	-
Unassigned	19,687,081	-
Total fund balances	24,778,292	-
Total liabilities and fund balances	\$ 32,630,528	\$ 1,969,658

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

Capital Projects - Local Capital Improvement Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 34,995,334	\$ 11,555,338	\$ 76,792,883
-	127,165	127,165
-	360,973	566,593
417,979	-	2,387,637
-	201,057	1,745,986
-	-	589,742
		48,026
<u>\$ 35,413,313</u>	<u>\$ 12,244,533</u>	<u>\$ 82,258,032</u>
\$ -	\$ 34,344	\$ 5,864,830
436,346	69,449	2,698,633
-	30,438	1,745,986
-	135,124	218,146
<u>436,346</u>	<u>269,355</u>	<u>10,527,595</u>
-	201,057	637,768
34,976,967	11,774,121	51,405,588
-	-	-
-	-	19,687,081
<u>34,976,967</u>	<u>11,975,178</u>	<u>71,730,437</u>
<u>\$ 35,413,313</u>	<u>\$ 12,244,533</u>	<u>\$ 82,258,032</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, 2018

Total fund balances - governmental funds	\$ 71,730,437
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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	\$ 13,678,887	
Capital assets being depreciated	<u>357,562,528</u>	371,241,415

Net pension asset is not reported in the governmental funds.	22,591
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The District's portion of the equity held in the risk management consortium is not reported as an asset of the governmental funds.	278,550
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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.	1,126,387
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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	\$ 42,487,240	
Deferred outflow of employer contribution	<u>-</u>	42,487,240
Deferred inflows of resources related to pensions		(8,221,547)

Deferred outflows and inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to OPEB	\$ 1,946,032	
Deferred inflows of resources related to OPEB	<u>(3,805,388)</u>	(1,859,356)

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	\$ (29,122,816)	
Obligations under capital lease	(271,335)	
Bonds payable	(5,031,000)	
Compensated absences payable	(12,680,235)	
Other postemployment benefits obligation	(47,438,112)	
Net pension liability	<u>(101,270,351)</u>	(195,813,849)

Total net position - governmental activities	\$ 280,991,868
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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, 2018

	General Fund	Special Revenue - Other Federal Programs Fund
Revenues		
Federal direct	\$ 401,557	\$ 1,921,539
Federal through state and local	327,087	9,403,411
State	40,725,997	-
Local:		
Taxes	108,967,735	-
Charges for services - food services	-	-
Impact fees	-	-
Miscellaneous	7,905,470	-
Total revenues	<u>158,327,846</u>	<u>11,324,950</u>
Expenditures		
Current:		
Instruction	94,126,899	3,914,708
Student support services	6,674,064	3,149,177
Instructional media services	2,002,944	-
Instruction and curriculum development services	1,906,734	1,809,057
Instructional staff training services	1,643,195	2,062,150
Instruction related technology	2,022,120	-
School board	650,691	-
General administration	1,019,854	280,559
School administration	9,987,000	1,366
Facilities acquisition and construction	792,632	-
Fiscal services	957,252	-
Food services	-	640
Central services	3,585,782	-
Student transportation services	6,383,197	15,918
Operation of plant	14,494,734	82,744
Maintenance of plant	4,244,993	-
Administrative technology services	703,145	-
Community services	3,255,600	2,199
Capital outlay:		
Facilities acquisition and construction	-	-
Other capital outlay	89,979	6,432
Debt service:		
Principal	-	-
Interest and fees	-	-
Paying agent fees	-	-
Total expenditures	<u>154,540,815</u>	<u>11,324,950</u>
Excess of revenues over expenditures	<u>3,787,031</u>	<u>-</u>
Other financing sources (uses)		
Payments to refunded escrow agent	-	-
Insurance loss recoveries	-	-
Transfers in	-	-
Transfers out	(58,570)	-
Total other financing sources (uses)	<u>(58,570)</u>	<u>-</u>
Net change in fund balances	3,728,461	-
Fund balances - beginning	<u>21,049,831</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,778,292</u>	<u>\$ -</u>

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

Capital Projects - Local Capital Improvement Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,323,096
-	7,499,412	17,229,910
-	2,211,927	42,937,924
32,352,956	-	141,320,691
-	1,958,193	1,958,193
-	2,023,804	2,023,804
648,529	6,487	8,560,486
<u>33,001,485</u>	<u>13,699,823</u>	<u>216,354,104</u>
-	-	98,041,607
-	-	9,823,241
-	-	2,002,944
-	-	3,715,791
-	-	3,705,345
-	-	2,022,120
-	-	650,691
-	-	1,300,413
-	-	9,988,366
10,412,096	-	11,204,728
-	-	957,252
-	9,130,955	9,131,595
-	-	3,585,782
-	-	6,399,115
-	-	14,577,478
-	-	4,244,993
-	-	703,145
-	-	3,257,799
3,901,906	456,571	4,358,477
4,067,055	203,379	4,366,845
111,720	2,337,000	2,448,720
11,626	1,494,037	1,505,663
-	5,273	5,273
<u>18,504,403</u>	<u>13,627,215</u>	<u>197,997,383</u>
<u>14,497,082</u>	<u>72,608</u>	<u>18,356,721</u>
-	(706,974)	(706,974)
9,091	-	9,091
-	2,606,476	2,606,476
-	(2,547,906)	(2,606,476)
<u>9,091</u>	<u>(648,404)</u>	<u>(697,883)</u>
14,506,173	(575,796)	17,658,838
<u>20,470,794</u>	<u>12,550,974</u>	<u>54,071,599</u>
<u>\$ 34,976,967</u>	<u>\$ 11,975,178</u>	<u>\$ 71,730,437</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$ 17,658,838
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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 depreciation expense in excess of capital outlays.

Capital outlay	\$ 8,725,322	
Less, depreciation expense	(15,413,303)	
Adjustment	<u>484,177</u>	(6,203,804)

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.

(193,231)

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.

(348,043)

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.

(90,807)

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.

Refunded COPs redeemed	\$ 1,305,000	
Refunded COPs premiums amortized	190,201	
Capital lease repayments	111,720	
Bonds repayment	<u>1,032,000</u>	2,638,921

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 governmental-wide statements. This is the decrease in the net carrying amount of debt refunding for the current period.

(80,456)

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.

Decrease in OPEB Liability	\$ 3,812,610	
Increase in Deferred Outflows of Resources - OPEB	1,946,032	
Increase in Deferred Inflows of Resources - OPEB	<u>(3,805,388)</u>	1,953,254

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	\$ 8,194,299	
Pension expense	<u>(12,622,791)</u>	(4,428,492)

Change in net position of governmental activities	<u>\$ 10,906,180</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal direct	\$ 419,139	\$ 401,557	\$ 401,557	\$ -
Federal through state and local	443,166	327,087	327,087	-
State	38,853,913	40,725,997	40,725,997	-
Local				
Taxes	108,845,611	108,967,735	108,967,735	-
Miscellaneous	5,576,964	7,905,470	7,905,470	-
Total revenues	154,138,793	158,327,846	158,327,846	-
Expenditures				
Current:				
Instruction				
Salaries	63,328,846	62,695,691	62,695,691	-
Employee benefits	20,689,204	17,933,683	17,933,683	-
Purchased services	7,737,745	7,065,190	7,065,190	-
Materials and supplies	3,043,114	3,437,107	3,437,107	-
Capital outlay	197,425	221,900	221,900	-
Other	2,721,839	2,773,328	2,773,328	-
Total instruction	97,718,173	94,126,899	94,126,899	-
Student support services				
Salaries	4,638,697	4,511,332	4,511,332	-
Employee benefits	1,504,405	1,342,595	1,342,595	-
Purchased services	818,977	768,676	768,676	-
Materials and supplies	31,749	21,641	21,641	-
Other	261	29,820	29,820	-
Total student support services	6,994,089	6,674,064	6,674,064	-
Instructional media services				
Salaries	1,476,194	1,435,031	1,435,031	-
Employee benefits	506,287	429,874	429,874	-
Purchased services	9,568	13,085	13,085	-
Materials and supplies	92,442	22,456	22,456	-
Capital outlay	108,914	100,320	100,320	-
Other	98	2,178	2,178	-
Total instructional media services	2,193,503	2,002,944	2,002,944	-
Instruction and curriculum development services				
Salaries	1,220,884	1,449,850	1,449,850	-
Employee benefits	391,378	432,311	432,311	-
Purchased services	25,219	19,710	19,710	-
Energy services	500	-	-	-
Materials and supplies	3,458	1,839	1,839	-
Capital outlay	200	165	165	-
Other	2,559	2,859	2,859	-
Total instruction and curriculum development services	1,644,198	1,906,734	1,906,734	-

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Instructional staff training services				
Salaries	\$ 1,104,265	\$ 1,007,688	\$ 1,007,688	\$ -
Employee benefits	298,821	254,078	254,078	-
Purchased services	342,145	295,004	295,004	-
Materials and supplies	209,918	71,904	71,904	-
Capital outlay	1,370	-	-	-
Other	10,553	14,521	14,521	-
Total instructional staff training services	1,967,072	1,643,195	1,643,195	-
Instruction related technology				
Salaries	1,928,111	1,477,419	1,477,419	-
Employee benefits	580,423	398,462	398,462	-
Purchased services	154,405	124,262	124,262	-
Materials and supplies	21,500	18,206	18,206	-
Capital outlay	204,963	3,771	3,771	-
Other	500	-	-	-
Total instruction related technology	2,889,902	2,022,120	2,022,120	-
School board				
Salaries	268,176	270,495	270,495	-
Employee benefits	150,077	144,488	144,488	-
Purchased services	257,043	206,630	206,630	-
Materials and supplies	355	222	222	-
Other	27,447	28,856	28,856	-
Total school board	703,098	650,691	650,691	-
General administration				
Salaries	558,680	639,970	639,970	-
Employee benefits	190,016	234,915	234,915	-
Purchased services	110,264	123,543	123,543	-
Materials and supplies	3,979	485	485	-
Capital outlay	591	5,388	5,388	-
Other	16,240	15,553	15,553	-
Total general administration	879,770	1,019,854	1,019,854	-
School administration				
Salaries	7,656,111	7,757,797	7,757,797	-
Employee benefits	2,289,635	2,199,402	2,199,402	-
Purchased services	37,945	19,292	19,292	-
Materials and supplies	17,983	10,040	10,040	-
Capital outlay	5,129	260	260	-
Other	1,394	209	209	-
Total school administration	10,008,197	9,987,000	9,987,000	-

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Facilities services				
Salaries	\$ 639,344	\$ 605,371	\$ 605,371	\$ -
Employee benefits	176,659	171,976	171,976	-
Purchased services	16,700	11,452	11,452	-
Materials and supplies	898	799	799	-
Capital outlay	-	1,274	1,274	-
Other	1,546	1,760	1,760	-
Total facilities services	835,147	792,632	792,632	-
Fiscal services				
Salaries	652,996	704,096	704,096	-
Employee benefits	200,332	199,060	199,060	-
Purchased services	63,983	15,736	15,736	-
Materials and supplies	10,915	7,323	7,323	-
Other	39,469	31,037	31,037	-
Total fiscal services	967,695	957,252	957,252	-
Central services				
Salaries	1,524,932	1,384,503	1,384,503	-
Employee benefits	1,649,147	1,775,329	1,775,329	-
Purchased services	390,085	268,662	268,662	-
Energy services	241	80	80	-
Materials and supplies	68,187	141,826	141,826	-
Capital outlay	6,215	9,767	9,767	-
Other	13,888	5,615	5,615	-
Total central services	3,652,695	3,585,782	3,585,782	-
Student transportation services				
Salaries	3,081,115	3,332,415	3,332,415	-
Employee benefits	1,743,909	1,357,288	1,357,288	-
Purchased services	790,570	565,480	565,480	-
Energy services	659,261	567,157	567,157	-
Materials and supplies	347,099	267,069	267,069	-
Capital outlay	18,822	14,051	14,051	-
Other	780	279,737	279,737	-
Total student transportation services	6,641,556	6,383,197	6,383,197	-
Operation of plant				
Salaries	\$ 4,597,447	\$ 4,731,923	\$ 4,731,923	\$ -
Employee benefits	2,494,131	2,176,573	2,176,573	-
Purchased services	2,714,369	2,734,677	2,734,677	-
Energy services	4,927,598	4,489,977	4,489,977	-
Materials and supplies	349,966	333,518	333,518	-
Other	-	28,066	28,066	-
Total operation of plant	15,083,511	14,494,734	14,494,734	-

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Maintenance of plant				
Salaries	2,937,058	2,864,117	2,864,117	-
Employee benefits	1,221,053	1,002,539	1,002,539	-
Purchased services	89,583	121,965	121,965	-
Materials and supplies	290,459	251,954	251,954	-
Capital outlay	-	3,614	3,614	-
Other	350	804	804	-
Total maintenance of plant	4,538,503	4,244,993	4,244,993	-
Administrative technology services				
Salaries	517,674	554,184	554,184	-
Employee benefits	139,316	148,961	148,961	-
Total administrative technology services	656,990	703,145	703,145	-
Community services				
Salaries	1,792,949	1,925,479	1,925,479	-
Employee benefits	417,775	447,659	447,659	-
Purchased services	145,906	145,142	145,142	-
Materials and supplies	225,000	188,172	188,172	-
Capital outlay	24,027	29,208	29,208	-
Other	385,702	519,940	519,940	-
Total community services	2,991,359	3,255,600	3,255,600	-
Total current operating	160,365,458	154,450,836	154,450,836	-
Capital outlay:				
Other capital outlay	-	89,979	89,979	-
Total expenditures	160,365,458	154,540,815	154,540,815	-
Excess (deficiency) of revenues over (under) expenditures	(6,226,665)	3,787,031	3,787,031	-
Other financing sources (uses)				
Transfers in	3,516,918	-	-	-
Transfers out	(19,000)	(58,570)	(58,570)	-
Total other financing sources (uses)	3,497,918	(58,570)	(58,570)	-
Net change in fund balances	(2,728,747)	3,728,461	3,728,461	-
Fund balances - beginning	21,049,831	21,049,831	21,049,831	-
Fund balances - ending	\$ 18,321,084	\$ 24,778,292	\$ 24,778,292	\$ -

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 - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2018

	Other Federal Programs Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal direct	\$ -	\$ 1,921,539	\$ 1,921,539	\$ -
Federal through state and local	9,340,269	9,403,411	9,403,411	-
Total revenues	9,340,269	11,324,950	11,324,950	-
Expenditures				
Current:				
Instruction				
Salaries	1,291,022	2,219,194	2,219,194	-
Employee benefits	698,133	749,941	749,941	-
Purchased services	485,633	370,721	370,721	-
Materials and supplies	98,038	492,374	492,374	-
Capital outlay	4,250	20,330	20,330	-
Other	6,200	62,148	62,148	-
Total instruction	2,583,276	3,914,708	3,914,708	-
Student support services				
Salaries	1,814,736	2,308,762	2,308,762	-
Employee benefits	282,277	699,742	699,742	-
Purchased services	530,000	110,289	110,289	-
Energy services	20	-	-	-
Materials and supplies	102,763	30,076	30,076	-
Capital outlay	35,600	-	-	-
Other	150	308	308	-
Total student support services	2,765,546	3,149,177	3,149,177	-
Instruction and curriculum development services				
Salaries	1,092,847	1,315,597	1,315,597	-
Employee benefits	317,165	365,304	365,304	-
Purchased services	104,494	96,892	96,892	-
Energy services	2,057	-	-	-
Materials and supplies	43,295	27,794	27,794	-
Capital outlay	12,090	-	-	-
Other	6,281	3,470	3,470	-
Total instruction and curriculum development services	1,578,229	1,809,057	1,809,057	-
Instructional staff training services				
Salaries	1,088,586	1,481,460	1,481,460	-
Employee benefits	379,665	417,263	417,263	-
Purchased services	544,301	135,014	135,014	-
Materials and supplies	16,369	13,620	13,620	-
Other	12,582	14,793	14,793	-
Total instructional staff training services	2,041,503	2,062,150	2,062,150	-
General Administration				
Materials and Supplies	\$ -	\$ 101	\$ 101	\$ -
Other	333,715	280,458	280,458	-
Total general administration	333,715	280,559	280,559	-

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, 2018

	Other Federal Programs Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
School administration				
Purchased Services	-	1,366	1,366	-
Total school administration	-	1,366	1,366	-
Food services				
Other	-	640	640	-
Total food services	-	640	640	-
Student transportation services				
Purchased services	38,000	15,120	15,120	-
Energy services	-	798	798	-
Total student transportation services	38,000	15,918	15,918	-
Operation of plant				
Purchased services	-	45,960	45,960	-
Energy services	-	30,742	30,742	-
Materials and supplies	-	5,053	5,053	-
Capital outlay	-	989	989	-
Total operation of plant	-	82,744	82,744	-
Community services				
Materials and supplies	-	2,199	2,199	-
Total community services	-	2,199	2,199	-
Capital outlay				
Facilities acquisition and construction	-	-	-	-
Other capital outlay	-	6,432	6,432	-
Total capital outlay	-	6,432	6,432	-
Total expenditures	9,340,269	11,324,950	11,324,950	-
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, 2018

	Pension Trust Fund	Private - Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 29,956	\$ 248,433	\$ 2,056,497
Investments			
Mutual funds	5,837,118	-	-
Money market funds	2,718,422	-	-
Accounts receivable	-	-	4,729
Inventory	-	-	35,257
Total assets	\$ 8,585,496	\$ 248,433	\$ 2,096,483
Liabilities			
Due to student organizations	\$ -	\$ -	\$ 2,034,926
Accounts payable	-	-	61,557
Total liabilities	-	-	\$ 2,096,483
Net position			
Restricted for pensions	8,585,496	-	
Held in trust for scholarships	-	248,433	
Net position	\$ 8,585,496	\$ 248,433	

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, 2018

	Pension Trust Fund	Private - Purpose Trust Funds
Investment Earnings and Losses:		
Interest and dividends	\$ 191,660	\$ -
Gain on sale of investments	285,527	-
Net increase in the fair value of investments	263,082	-
Total additions	740,269	-
DEDUCTIONS		
Benefit payments	676,811	-
Scholarships	-	500
Purchased services	13,500	
Administrative expenses	-	-
Total deductions	690,311	500
Change in net position	49,958	(500)
Net Position - beginning	8,535,538	248,933
Net Position - ending	<u>\$ 8,585,496</u>	<u>\$ 248,433</u>

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2018

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

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

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

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

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

1. Government-wide Financial Statements

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

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. *Direct expenses* are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense, if not specifically associated with a particular function, is reported as unallocated. *Program revenues* include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-supporting or draws from the general revenues of the District.

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

2. Fund Financial Statements

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

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. The fiduciary fund statements include financial information for the agency funds, the pension trust fund, and private purpose trust funds. The agency funds of the District primarily represent assets held by the District in a custodial capacity for other individuals.

Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs Fund – to account for the financial resources generated for certain Federal grants.
- Capital Projects – Local Capital Improvement Tax Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, maintenance, repairs, and site improvement.

Additionally, the District reports the following fiduciary fund types:

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

Noncurrent Governmental Assets/Liabilities

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

C. Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

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

The government-wide financial statements and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GAAP. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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

2. Governmental Fund Financial Statements

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

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

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

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

3. Fiduciary Fund Financial Statements

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

4. Component Unit

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

D. Assets, Liabilities, 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, 2018, 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 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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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) until then. The District has three 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 and third, deferred outflows of resources related to pensions and OPEB, are discussed in subsequent notes.

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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District had two items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

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 specified time period 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 2017 tax levy on September 7, 2017. 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, 2018.

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. The District did not have any assigned balance as of June 30, 2018.

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. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2018

The following is a schedule of fund balances by category at June 30, 2018:

	Major Funds				Total Governmental Funds
	General	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	
Fund Balances					
Nonspendable:					
Inventories	\$ 388,685	\$ -	\$ -	\$ 201,057	\$ 589,742
Prepaid Items	48,026	-	-	-	48,026
Spendable:					
Restricted:					
State Req. Carryover	4,654,500	-	-	-	4,654,500
Food Service	-	-	-	2,779,633	2,779,633
Debt Service	-	-	-	127,165	127,165
Capital Projects	-	-	34,976,967	8,805,026	43,781,993
Tourism Awareness Trust	-	-	-	62,297	62,297
Unassigned	19,687,081	-	-	-	19,687,081
Total Fund Balances	\$ 24,778,292	\$ -	\$ 34,976,967	\$ 11,975,178	\$71,730,437

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. Accounting Changes

Governmental Accounting Standards Board Statement No. 75. The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This Statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability. The beginning net position of the District was increased by \$32,777,458 due to implementation of GASB Statement No. 75. The District's total OPEB liability reported at June 30, 2017, decreased by \$32,777,458 to \$51,250,722 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and beginning balances for deferred outflows/inflows of resources were not restated.

B. Budgetary Basis of Accounting

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

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

NOTE III - PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2017 tax roll for the 2017-18 fiscal year:

<u>TAX ROLL</u>	<u>MILLAGES</u>	<u>TAXES LEVIED</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.304	\$ 96,593,657
Basic Discretionary Local Effort	0.748	16,787,188
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.500	33,664,146
Total	6.552	\$ 147,044,991

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NOTE IV – INVESTMENTS

As of June 30, 2018, the District had the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration:		
Florida Prime ⁽¹⁾	30 Day Average	\$ 2,020,714
Debt Service Accounts ⁽²⁾	6 Months	127,165
PFM Funds Government Series Money Market Fund ⁽¹⁾	40 Day Average	20,361,984
Wells Fargo Advantage Government Money Market Fund ⁽¹⁾	22 Day Average	21,018,967
Florida Education Investment Trust Fund ⁽¹⁾		23,366,326
Wells Fargo Heritage Money Market Fund ⁽¹⁾	15 Day Average	1,982,366
Mutual Funds - Equity ⁽²⁾	N/A	5,837,118
Mutual Funds - Fixed Income ⁽²⁾	N/A	2,718,422
Total Investments		<u>\$ 77,433,062</u>

Notes:

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

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

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

		Statement of Net Position and Fiduciary Funds
Fair Value of Investments		<u>\$ 77,433,062</u>
Cash in Bank		<u>10,377,412</u>
Total		<u>\$ 87,810,474</u>
Cash and Cash Equivalents - Statement of Net Position	\$ 76,792,883	
Cash and Cash Equivalents - Fiduciary Funds	<u>2,334,886</u>	
Total Cash and Cash Equivalents		79,127,769
Investments - Statement of Net Position	127,165	
Investments - Pension Trust Fund	<u>8,555,540</u>	
Total Investments		8,682,705
Total		<u>\$ 87,810,474</u>

Interest Rate Risk

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

The District utilizes "weighted average maturity" as a measurement of interest rate risk and as of June 30, 2018, the investment portfolio had a weighted average maturity of .08 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 AA-Am-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 "AA-Am" or "AA-Am-G" or better by Standards & Poor's or the equivalent by another Nationally Recognized Statistical Ratings Organization (NRSRO).
- 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.
- Municipal obligations, rated at least "A" by Moody's and "A" 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. Stripped municipal obligations are prohibited.

- Registered investment companies (money market mutual funds) shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.
- Intergovernmental investment pools shall be rated “AAAm” by Standard & Poor’s or the equivalent NRSRO.

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, 2018, 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, 2018, 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, 50 percent of available funds may be invested in interest bearing time deposit or money market accounts with a 25 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, 25 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 50 percent limit of individual issuers, 75 percent of available funds may be invested in intergovernmental investment pools, with a 50 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, 2018, the District has a total of \$2,387,637 due from other agencies as follows:

- Special Revenue – Other Federal Programs - \$1,969,658
\$1,969,658 is due from the Federal government for various grants and programs
- Capital Project – Local Capital Improvement Tax Fund - \$417,979
\$417,979 is due from Federal Emergency Management Agency

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NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

Government Activities	Balance 7/1/2017	Additions	Deletions	Transfers (1)	Adjustments (2)	Balance 6/30/2018
<u>Capital Assets Not being Depreciated:</u>						
Land	\$ 10,354,648	\$ -	\$ -	\$ -	\$ -	\$ 10,354,648
Construction in Progress	18,702,166	3,705,132	-	(19,083,059)	-	3,324,239
Sub total	29,056,814	3,705,132	-	(19,083,059)	-	13,678,887
<u>Capital Assets being Depreciated:</u>						
Improvements Other than Buildings	24,343,590	7,748	-	35,200	-	24,386,538
Buildings and Fixed Equipment	460,545,945	645,597	-	19,047,859	-	480,239,401
Furniture, Fixtures, and Equipment	28,903,185	2,718,965	2,496,817	-	763,436	29,888,769
Motor Vehicles	13,053,100	1,647,880	1,632,096	-	13,110	13,081,994
Property Under Capital Lease	684,574	-	53,064	-	-	631,510
Audio Visual Materials and Software	5,461,120	-	602,486	-	-	4,858,634
Sub total	532,991,514	5,020,190	4,784,463	19,083,059	776,546	553,086,846
<u>Less Accumulated Depreciation for:</u>						
Improvements Other than Buildings	13,490,114	742,512	-	-	-	14,232,626
Buildings and Fixed Equipment	133,292,704	9,170,474	-	-	-	142,463,178
Furniture, Fixtures, and Equipment	24,348,983	3,240,518	2,475,696	-	292,369	25,406,174
Motor Vehicles	8,170,078	1,792,131	1,620,139	-	-	8,342,070
Property Under Capital Lease	314,935	112,502	53,064	-	-	374,373
Audio Visual Materials and Software	4,793,064	355,166	442,333	-	-	4,705,897
Total Accumulated Depreciation	184,409,878	15,413,303	4,591,232	-	292,369	195,524,318
Depreciated Capital Assets - Net	348,581,636	(10,393,113)	193,231	19,083,059	484,177	357,562,528
Governmental Activities Capital Assets, Net	\$ 377,638,450	\$ (6,687,981)	\$ 193,231	\$ -	\$ 484,177	\$ 371,241,415

Notes:

(1) Transfers are the result of Construction in Progress completed being allocated to related capital assets.

(2) Capital assets and accumulated depreciation includes adjustments totaling \$776,546 and \$292,369, respectively, to correct errors in the capital assets and depreciation schedules, respectively, for certain assets.

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	\$ 3,137,742
Instructional Media Services	13,008
Facilities Services	9,912,986
Food Services	671,143
Central Services	112,502
Student Transportation Services	1,411,963
Maintenance of Plant Administrative	7,903
Technology Services Community	140,496
Services	5,560
Total Depreciation Expense	\$ 15,413,303

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>\$631,510</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
2019	\$ 123,345	\$ 115,692	\$ 7,653
2020	80,691	76,462	4,229
2021	80,690	79,181	1,509
Total	<u>\$ 284,726</u>	<u>\$ 271,335</u>	<u>\$ 13,391</u>

The stated interest rates are 3.5 percent.

B. CERTIFICATES OF PARTICIPATION

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

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$1 per year. The property covered by the ground lease is, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be up to 30 years from the date of inception of the arrangement. The initial terms of the lease agreement for the Series 2005A is 20 years commencing on December 2005. The initial term of the Series 2014A, Refunding is 18 years.

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

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

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

Certificates of Participation

Fiscal Year	Principal	Interest	Total
2019	\$ 1,375,000	\$ 1,172,906	\$ 2,547,906
2020	1,440,000	1,102,531	2,542,531
2021	1,510,000	1,028,781	2,538,781
2022	1,590,000	951,281	2,541,281
2023	1,670,000	869,781	2,539,781
2024-2028	9,620,000	3,041,407	12,661,407
2029-2032	9,255,000	872,460	10,127,460
Total minimum lease payments	26,460,000	9,039,147	35,499,147
Plus: unamortized premium	2,662,816	-	2,662,816
Total Certificates of Participation	<u>\$ 29,122,816</u>	<u>\$ 9,039,147</u>	<u>\$ 38,161,963</u>

C. BONDS PAYABLE

Bonds payable at June 30, 2018, are as follows:

Bond Type	Interest Rate	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2009A	5.00%	2019	\$ 30,000
Series 2010A	4.00% - 5.00%	2022	590,000
Series 2011A	3.00% - 5.00%	2023	915,000
Series 2014A	5.00%	2024	1,211,000
Series 2014B	2.00% - 5.00%	2020	108,000
Series 2017A	3.00% - 5.00%	2028	2,177,000
Total Bonds Payable			<u>\$ 5,031,000</u>

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

State School Bonds

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2018, are as follows:

Bonds Payable			
Fiscal Year	Principal	Interest	Total
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	701,000	228,150	929,150
2024-2028	1,330,000	2,520	1,332,520
Total	\$ 5,031,000	\$ 975,700	\$ 6,006,700

D. CHANGES IN LONG-TERM LIABILITIES

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

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.

GOVERNMENTAL ACTIVITIES	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018	Due in One Year
Certificates of Participation	\$ 27,765,000	\$ -	\$ 1,305,000	\$ 26,460,000	\$ 1,375,000
Unamortized Premiums	2,853,017	-	190,201	2,662,816	190,201
Total Certificates of Participation Payable	30,618,017	-	1,495,201	29,122,816	1,565,201
Obligations Under Capital Lease	383,055	-	111,720	271,335	115,692
Bonds Payable	6,063,000	-	1,032,000	5,031,000	705,000
Compensated Absences Payable	12,589,428	898,378	807,571	12,680,235	807,571
Other Postemployment Benefits Obligation ⁽¹⁾	51,250,722	2,833,247	6,645,857	47,438,112	1,946,032
Net Pension Liability	95,994,951	9,363,316	4,087,916	101,270,351	916,545
Total Governmental Activities	<u>\$ 196,899,173</u>	<u>\$ 13,094,941</u>	<u>\$ 14,180,265</u>	<u>\$ 195,813,849</u>	<u>\$ 6,056,041</u>

⁽¹⁾ OPEB beginning balance adjusted for adoption of GASB Statement No. 75 as described in Note II. A.

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NOTE VIII - INTERFUND TRANSFERS AND ACTIVITIES

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ -	\$ 58,570
Nonmajor Governmental Funds	2,606,476	2,547,906
Total	\$ 2,606,476	\$ 2,606,476

Transfers out from the nonmajor Capital Projects – Other Capital Projects to the nonmajor 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 nonmajor Food Service Fund was to provide School Recognition bonuses to food service workers.

Due to/from other funds consisted of the following balances at June 30, 2018:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 1,745,986	\$ -
Special Revenue:		
Other Federal Programs	-	1,715,548
Nonmajor Governmental Funds	-	30,438
Total Interfund	\$ 1,745,986	\$ 1,745,986

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 \$13.2 million for the fiscal year ended June 30, 2018.

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 – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers – Members who hold specified elective offices in local government.
- Senior Management Service – 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.

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

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

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

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the plan 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.

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Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00	7.92
FRS, Elected County Officers	3.00	45.50
FRS, Senior Management Service	3.00	22.71
 DROP – Applicable to Members from all of the Above Classes	 -	 13.26
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 \$6,465,368 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$67,203,009 for its proportionate share of the Plan's net pension liability. The 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 July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.227195853 percent, which was a decrease of 0.001871526 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$10,755,874 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:

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<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,167,619	\$ 372,270
Change of assumptions	22,584,956	-
Net difference between projected and actual earnings on FRS pension plan investments	-	1,665,459
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	18,576	1,793,216
District FRS contributions subsequent to the measurement date	6,465,368	-
Total	<u><u>\$ 35,236,519</u></u>	<u><u>\$ 3,830,945</u></u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$6,465,368, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 3,049,760
2020	8,830,910
2021	6,037,414
2022	1,013,293
2023	4,349,846
Thereafter	1,658,983
Total	<u><u>\$ 24,940,206</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2017 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	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed income	18%	4.5%	4.4%	4.2%
Global equity	53%	7.8%	6.6%	17.0%
Real estate (property)	10%	6.6%	5.9%	12.8%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	9.7%
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 7.1 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 2017 valuation was updated from 7.6 percent to 7.1 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 7.1 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 (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

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	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 121,633,387	\$ 67,203,009	\$ 22,013,324

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, 2018, the District reported a payable of \$1.3 million for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2018.

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, 2018, 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, 2018, 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 \$1,728,931 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a net pension liability of \$34,067,342 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

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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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.318610851 percent, which was a decrease of 0.001618122 percent from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized the HIS Plan pension expense of \$2,410,265.

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	\$ -	\$ 70,934
Change of assumptions	4,788,697	2,945,839
Net difference between projected and actual earnings on HIS pension plan investments	18,893	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	-	1,040,868
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	430,674	-
District HIS contributions subsequent to the measurement date	1,728,931	-
Total	\$ 6,967,195	\$ 4,057,641

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$1,728,931, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

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

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Fiscal Year Ending June 30	Amount
2019	\$ 377,326
2020	373,751
2021	372,035
2022	322,594
2023	198,096
Thereafter	(463,179)
Total	\$ 1,180,623

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.58 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.58 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 2017 valuation was updated from 2.85 percent to 3.58 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 3.58 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

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	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net pension liability	\$ 38,875,349	\$ 34,067,342	\$ 30,062,538

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, 2018, the District reported a payable of \$0.27 million for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2018.

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. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and forfeited benefits of plan members.

Allocations to the Investment Plan member accounts during the 2017-18 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 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance.

For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1.6 million for the fiscal year ended June 30, 2018.

Payables to the Pension Plan. At June 30, 2018, the District reported a payable of \$0.26 million for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2018.

C. EARLY RETIREMENT PLAN

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

Benefits Provided.

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

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Employees Covered by Benefit Terms.

As of June 30, 2018, employee membership data related to the Plan were as follows:

<u>Summary of Population Statistics</u>	
Inactive ERP Members or Beneficiaries Currently Receiving Benefits	70
Inactive ERP Members Entitled to But Not Yet Received Benefits	-
Active ERP Members	-
Total ERP Members	<u>70</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.

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. No contributions were made in the current year.

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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.87 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset).

The District's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

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The components of the net pension liability (asset) of the ERP at June 30, 2018, were as follows:

Total Pension Liability	\$	8,512,947
Plan Fiduciary Net Position		(8,535,538)
Net Pension Liability (Asset)	\$	<u>(22,591)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		-100.27%

Actuarial Assumptions.

The total pension liability was determined by an actuarial valuation as of July 1, 2016, 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 Asset presented above is based on the actuarial valuation performed as of July 1, 2016. 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.

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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Investments	65%
Fixed Income Securities	35%
Total	<u>100%</u>

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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%
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 funded status and contribution policy, the ERP is expected to remain fully funded until all benefits are paid 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.

Changes in the Net Pension Liability (Asset).

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 8,559,285	\$ 7,725,387	\$ 833,898
Changes for the year:			
Interest	452,951	-	452,951
Differences between expected and actual experience	148,344	-	148,344
Assumption changes	-	-	-
Contributions - employer	-	700,000	(700,000)
Net investment income	-	762,784	(762,784)
Benefit payments, including refunds of employee contributions	(647,633)	(647,633)	-
Administrative expense	-	(5,000)	5,000
Net changes	(46,338)	810,151	(856,489)
Balances at June 30, 2018	\$ 8,512,947	\$ 8,535,538	\$ (22,591)

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

The following presents the net pension liability (asset) of the Plan calculated using the discount rate of 5.5 percent, as well as what the net pension liability (asset) 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 (Asset)	\$ 779,080	\$ (22,591)	\$ (713,153)

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

For the year ended June 30, 2018, the District recognized pension expense of \$156,652. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the ERP from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 283,526	\$ 332,961
Total	<u><u>\$ 283,526</u></u>	<u><u>\$ 332,961</u></u>

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ (23,446)
2020	40,247
2021	1,081
2022	(67,317)
Total	<u><u>\$ (49,435)</u></u>

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 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.

Benefits Provided. The OPEB Plan provides self-insured health and hospitalization plan for medical and prescription drug benefits and fully-insured life insurance coverage benefits for retirees and their dependents. The OPEB Plan provides an explicit subsidy as described above.

Employees Covered by Benefit Terms. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1,060
Active Employees	<u>2,210</u>
Total	<u>3,270</u>

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Total OPEB Liability. The District's total OPEB liability of \$47,438,112 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2017. The beginning OPEB liability was decreased by \$32,777,458 due to the adoption of GASB Statement No. 75. This change caused a restatement of Net Position in the Government-wide Statements as follows:

	Governmental Activities
Net Position, previously reported	\$ 237,308,230
Adjustment for GASB 75 OPEB	32,777,458
Total adjustment	32,777,458
Net position, restated	\$ 270,085,688

Actuarial Assumptions and Other Inputs:

Valuation Date: June 30, 2017

Measurement Date: June 30, 2017

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.56%
Salary Increases	Salary increase rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System; 3.7 percent - 7.8 percent, including inflation.
Retirement Age	Retirement rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75 percent and gradually decreasing to an ultimate trend rate of 4.24 percent plus 0.42 percent increase for excise tax.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

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Changes to the Total OPEB Liability. Below are the details regarding the total OPEB liability for the measurement period from June 30, 2017, to June 30, 2018:

Total OPEB Liability – at 6/30/2017, as Restated	\$ 51,250,722
Service cost	1,331,272
Interest on the Total OPEB Liability	1,501,975
Changes in assumptions and other inputs	(4,356,893)
Benefit payments	(2,288,964)
Net change in Total OPEB Liability	(3,812,610)
Total OPEB Liability – at 6/30/2018	\$ 47,438,112

Changes in assumptions and other inputs include the change in the discount rate from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of June 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability. Total OPEB Liability at the beginning of the initial period of implementation was developed by rolling back the liability from the measurement date as permitted by Q&A 4.499 of the GASB Implementation Guide No. 2017-3. Consequently, there was no difference between expected and actual experience.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

1% Decrease 2.56%	Current Discount Rate Assumption 3.56%	1% Increase 4.56%
\$ 54,495,765	\$ 47,438,112	\$ 41,613,819

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 44,652,994	\$ 47,438,112	\$ 50,923,711

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of \$2,281,742. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows	Deferred Inflows
Changes in assumptions and other inputs	\$ -	\$ 3,805,388
Benefits Paid after the Measurement Date	1,946,032	-
Total	\$ 1,946,032	\$ 3,805,388

The total amount reported as deferred outflows of resources related to OPEB, totaling \$1,946,032 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2019	\$ 551,505
2020	551,505
2021	551,505
2022	551,505
2023	551,505
Thereafter	1,047,863
Total	\$ 3,805,388

NOTE X – OTHER INFORMATION

A. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue sources for the 2017-18 fiscal year:

Source	Amount
Categorical Program (Class Size Reduction)	\$ 21,258,433
Florida Education Finance Program	13,594,744
Florida Best & Brightest Scholarship Program	1,969,000
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,656,307
School Recognition	1,300,013
Workforce Development Program	1,238,849
Voluntary Prekindergarten	962,049
Miscellaneous	467,178
Gross Receipts Tax (Public Education Capital Outlay)	456,571
Discretionary Lottery	34,780
Total	<u><u>\$ 42,937,924</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 flood), respectively. The named wind/hurricane deductible is 5 percent of replacement cost value with a

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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. SCERMP's purchased excess property loss limit during the 2017-18 fiscal year was \$125 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2017-18 fiscal year was \$1 million. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insured retention. Employers' liability is included subject to a maximum of \$2,000,000 per occurrence.

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

As a result of recording a liability for specific reserves for claims incurred, but not reported, the property and casualty group has ending retained earnings of \$1,535,556. The District's portion of the retained earnings is calculated at 18.14 percent of the total or \$278,550.

During the 2017-18 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, 2018:

Major Funds				
General	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	Total Governmental Funds
<u>\$ 1,190,805</u>	<u>\$ 25,917</u>	<u>\$ 4,676,718</u>	<u>\$ 144,741</u>	<u>\$ 6,038,181</u>



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OTHER REQUIRED SUPPLEMENTARY INFORMATION

- ♦ **Schedule of Changes in the District's Total Liability and Related Ratios - 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 Changes in the District’s Total
Other Postemployment Benefits Liability and Related Ratios

	2018
Total OPEB Liability	
Service cost	\$ 1,331,272
Interest	1,501,975
Changes in assumptions and other inputs	(4,356,893)
Benefit Payments	(2,288,964)
Net change in total OPEB liability	(3,812,610)
Total OPEB liability - beginning, as Restated	51,250,722
Total OPEB liability - ending	\$ 47,438,112
Covered-employee payroll	\$ 90,498,824
 Total OPEB liability as a percentage of covered-employee payroll	 52.42%

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

Change of assumption: The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017 (based on the Long-Term Municipal Bond rate). This change decreased the Total OPEB Liability.

See page 39 of MARTIN GASB 75 OPEB Report for June 30, 2018.

District School Board of Martin County, Florida
Required Supplementary Information – Schedule of Changes in Net Pension and Related Ratios
Early Retirement Plan
Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Total pension liability					
Interest	\$ 452,951	\$ 465,541	\$ 351,561	\$ 519,582	\$ 469,842
Difference between expected and actual experience	148,344	(50,552)	27,805	-	-
Changes of assumptions	-	-	2,327,539	-	-
Benefit payments, including refunds of member contributions	(647,633)	(640,176)	(628,886)	(615,802)	(605,842)
Net change in total pension liability	(46,338)	(225,187)	2,078,019	(96,220)	(136,000)
Total pension liability - beginning	8,559,285	8,784,472	6,706,453	6,802,673	6,938,673
Total pension liability - ending (a)	\$ 8,512,947	\$ 8,559,285	\$ 8,784,472	\$ 6,706,453	\$ 6,802,673
Plan fiduciary net position					
Contributions - employer	\$ 700,000	\$ 1,200,000	\$ 1,200,000	\$ 400,000	\$ -
Net investment income	762,784	64,392	170,867	776,328	947,273
Benefit payments, including refunds of member contributions	(647,633)	(640,176)	(628,886)	(615,802)	(605,842)
Administrative expense	(5,000)	(15,500)	(13,750)	(6,750)	(72,104)
Net change in plan fiduciary net position	810,151	608,716	728,231	553,776	269,327
Plan fiduciary net position - beginning	7,725,387	7,116,671	6,388,440	5,834,664	5,565,337
Plan fiduciary net position - ending (b)	\$ 8,535,538	\$ 7,725,387	\$ 7,116,671	\$ 6,388,440	\$ 5,834,664
Net pension liability (asset) - ending (a) - (b)	\$ (22,591)	\$ 833,898	\$ 1,667,801	\$ 318,013	\$ 968,009
Plan fiduciary net position as a percentage of the total pension liability	100.27%	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	N/A

*There are no active participants in the Plan

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

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 10,597	\$ 207,988	\$ 252,718	\$ 637,322	\$ 393,798
Contributions in relation to the actuarially determined contribution ⁽¹⁾	<u>TBD</u>	<u>700,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>400,000</u>
Contribution deficiency (excess)	<u>TBD</u>	<u>\$(492,012)</u>	<u>\$(947,282)</u>	<u>\$(562,678)</u>	<u>\$ (6,202)</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, 2017

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	5 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	Mortality rates are the same as those used by the Florida Retirement System for the July 1, 2016 valuation and are taken from the RP-2000 Mortality Tables with generational improvement projections from year 2000 using Scale BB. Female participants: RP-2000 Healthy Female Annuitant rates with 100% White Collar adjustment; Male participants: RP-2000 Healthy Female Annuitant rates with 50% Annuitant White Collar and 50% Annuitant Blue Collar adjustment.

2013	2012	2011	2010	2009
\$ 169,813	\$ 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

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.9%	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⁾

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the FRS net pension liability	0.227195853%	0.229067379%	0.238509596%	0.246269244%	0.245973665%
District's proportionate share of the FRS net pension liability ⁽³⁾	\$ 67,203,009	\$ 57,839,693	\$ 30,806,713	\$ 15,026,044	\$ 42,343,015
District's covered payroll ⁽²⁾	\$ 101,594,431	\$ 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 payroll	66.15%	58.51%	32.35%	15.59%	43.70%
FRS Plan fiduciary net position as a percentage of the total pension liability	83.89%	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.
- (3) Changes of Assumptions. The long-term expected rate of return used to determine total pension liability decreased from 7.6 percent to 7.1 percent from the June 30, 2016, measurement date to the June 30, 2017, measurement date causing an increase in the liability. In addition, the active member mortality assumption was updated.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 6,465,368	\$ 5,914,467	\$ 5,586,173	\$ 5,815,067	\$ 5,394,342
FRS contributions in relation to the contractually required contribution	<u>(6,465,368)</u>	<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>	<u>\$ -</u>
District's covered payroll ⁽²⁾	\$ 104,152,309	\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
FRS contributions as a percentage of covered payroll	6.21%	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⁾

	2017	2016	2015	2014	2013
District's portion of the HIS net pension liability	0.318610851%	0.320228973%	0.313878780%	0.324298459%	0.333494683%
District's proportionate share of the HIS net pension liability ⁽³⁾	\$ 34,067,342	\$ 37,321,360	\$ 32,010,698	\$ 30,322,698	\$ 29,035,097
District's covered payroll ⁽²⁾	\$ 101,594,431	\$ 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 payroll	33.53%	37.75%	33.61%	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.64%	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.
- (3) Changes of Assumptions. The municipal bond rate used to determine total pension liability increased from 2.85 percent to 3.58 percent from the June 30, 2016, measurement date to the June 30, 2017, measurement date causing a decrease in the liability.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 1,728,931	\$ 1,686,181	\$ 1,641,378	\$ 1,199,840	\$ 1,110,937
HIS contributions in relation to the contractually required contribution	<u>(1,728,931)</u>	<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>	<u>\$ -</u>
District's covered payroll ⁽²⁾	\$ 104,152,309	\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
HIS contributions as a percentage of covered payroll	1.66%	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:

Food Service Special Revenue Fund - To account for and report on activities of the food service program when serving breakfast and lunch at the schools.

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 State Board of Education Bonds Fund - To account for and report on payment of principal, interest, and related costs on the State school bonds issued by the State Board of Education on behalf of the District.

Debt Service Other 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.

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.

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, 2018

	Special Revenue			Debt Service		
	Food Services Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	Debt Service - Other Fund	Total Nonmajor Debt Service Funds
Assets						
Cash and cash equivalents	\$ 2,979,376	\$ 62,297	\$ 3,041,673	\$ -	\$ -	\$ -
Investments	-	-	-	126,646	519	127,165
Accounts receivable	34,299	-	34,299	-	-	-
Inventories	201,057	-	201,057	-	-	-
Total assets	<u>\$ 3,214,732</u>	<u>\$ 62,297</u>	<u>\$ 3,277,029</u>	<u>\$ 126,646</u>	<u>\$ 519</u>	<u>\$ 127,165</u>
Liabilities and fund balances						
Liabilities:						
Salaries and Benefits	\$ 34,344	\$ -	\$ 34,344	\$ -	\$ -	\$ -
Accounts Payable	64,574	-	64,574	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	135,124	-	135,124	-	-	-
Total liabilities	<u>234,042</u>	<u>-</u>	<u>234,042</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	201,057	-	201,057	-	-	-
Restricted	2,779,633	62,297	2,841,930	126,646	519	127,165
Total fund balances	<u>2,980,690</u>	<u>62,297</u>	<u>3,042,987</u>	<u>126,646</u>	<u>519</u>	<u>127,165</u>
Total liabilities and fund balances	<u>\$ 3,214,732</u>	<u>\$ 62,297</u>	<u>\$ 3,277,029</u>	<u>\$ 126,646</u>	<u>\$ 519</u>	<u>\$ 127,165</u>

Capital Projects				
Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,500,360	\$ 7,013,305	\$ 8,513,665	\$ 11,555,338
-	-	-	-	127,165
35,313	-	291,361	326,674	360,973
-	-	-	-	201,057
<u>\$ 35,313</u>	<u>\$ 1,500,360</u>	<u>\$ 7,304,666</u>	<u>\$ 8,840,339</u>	<u>\$ 12,244,533</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,344
4,875	-	-	4,875	69,449
30,438	-	-	30,438	30,438
-	-	-	-	135,124
<u>35,313</u>	<u>-</u>	<u>-</u>	<u>35,313</u>	<u>269,355</u>
-	-	-	-	201,057
-	1,500,360	7,304,666	8,805,026	11,774,121
<u>-</u>	<u>1,500,360</u>	<u>7,304,666</u>	<u>8,805,026</u>	<u>11,975,178</u>
<u>\$ 35,313</u>	<u>\$ 1,500,360</u>	<u>\$ 7,304,666</u>	<u>\$ 8,840,339</u>	<u>\$ 12,244,533</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, 2018

	Special Revenue			Debt Service		
	Food Services Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	Debt Service - Other Fund	Total Nonmajor Debt Service Funds
Revenues						
Federal through state and local	\$ 7,499,412	\$ -	\$ 7,499,412	\$ -	\$ -	\$ -
State	94,059	-	94,059	1,304,579	-	1,304,579
Local:						
Charges for services - food services	1,958,193	-	1,958,193	-	-	-
Impact fees	-	-	-	-	-	-
Miscellaneous	5,968	-	5,968	-	519	519
Total revenues	9,557,632	-	9,557,632	1,304,579	519	1,305,098
Expenditures						
Current:						
Food services	9,130,955	-	9,130,955	-	-	-
Capital outlay:						
Facilities acquisition and construction	-	-	-	-	-	-
Other capital outlay	203,379	-	203,379	-	-	-
Debt Service:						
Principal	-	-	-	1,032,000	1,305,000	2,337,000
Interest and fees	-	-	-	254,131	1,239,906	1,494,037
Paying agent fees	-	-	-	935	3,000	3,935
Total expenditures	9,334,334	-	9,334,334	1,287,066	2,547,906	3,834,972
Excess (deficiency) of revenues over (under) expenditures	223,298	-	223,298	17,513	(2,547,387)	(2,529,874)
Other financing sources (uses)						
Payments to refunded escrow agent	-	-	-	(706,974)	-	(706,974)
Transfers in	58,570	-	58,570	-	2,547,906	2,547,906
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	58,570	-	58,570	(706,974)	2,547,906	1,840,932
Net change in fund balances	281,868	-	281,868	(689,461)	519	(688,942)
Fund balances - beginning	2,698,822	62,297	2,761,119	816,107	-	816,107
Fund balances - ending	\$ 2,980,690	\$ 62,297	\$ 3,042,987	\$ 126,646	\$ 519	\$ 127,165

Capital Projects				
Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,499,412
456,571	327,299	29,419	813,289	2,211,927
-	-	-	-	1,958,193
-	-	2,023,804	2,023,804	2,023,804
-	-	-	-	6,487
456,571	327,299	2,053,223	2,837,093	13,699,823
-	-	-	-	9,130,955
456,571	-	-	456,571	456,571
-	-	-	-	203,379
-	-	-	-	2,337,000
-	-	-	-	1,494,037
-	1,338	-	1,338	5,273
456,571	1,338	-	457,909	13,627,215
-	325,961	2,053,223	2,379,184	72,608
-	-	-	-	(706,974)
-	-	-	-	2,606,476
-	-	(2,547,906)	(2,547,906)	(2,547,906)
-	-	(2,547,906)	(2,547,906)	(648,404)
-	325,961	(494,683)	(168,722)	(575,796)
-	1,174,399	7,799,349	8,973,748	12,550,974
\$ -	\$ 1,500,360	\$ 7,304,666	\$ 8,805,026	\$ 11,975,178



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BUDGET AND ACTUAL
OTHER MAJOR AND NONMAJOR FUNDS

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

Special Revenue - Food Service Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal through state and local	\$ 7,133,263	\$ 7,499,412	\$ 7,499,412	\$ -
State	90,858	94,059	94,059	-
Local				
Charges for services - food services	2,261,872	1,958,193	1,958,193	-
Miscellaneous	-	5,968	5,968	-
Total revenues	9,485,993	9,557,632	9,557,632	-
Expenditures				
Current:				
Food services				
Salaries	2,994,963	3,088,061	3,088,061	-
Employee benefits	975,000	1,045,384	1,045,384	-
Purchased services	194,417	128,788	128,788	-
Energy services	37,837	28,225	28,225	-
Materials and supplies	3,313,248	4,262,189	4,262,189	-
Capital outlay	1,408,000	133,732	133,732	-
Other	367,744	444,576	444,576	-
Total food services	9,291,209	9,130,955	9,130,955	-
Capital outlay				
Other capital outlay	-	203,379	203,379	-
Total capital outlay	-	203,379	203,379	-
Total expenditures	9,291,209	9,334,334	9,334,334	-
Excess (deficiency) of revenues over (under) expenditures	194,784	223,298	223,298	-
Other financing sources				
Transfers in	19,000	58,570	58,570	-
Total other financing sources	19,000	58,570	58,570	-
Net change in fund balance	213,784	281,868	281,868	-
Fund balance - beginning	2,698,822	2,698,822	2,698,822	-
Fund balance - ending	<u>\$ 2,912,606</u>	<u>\$ 2,980,690</u>	<u>\$ 2,980,690</u>	<u>\$ -</u>

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

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, 2018

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	62,297
Fund balance - ending	\$ 52,297	\$ 62,297	\$ 62,297

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

Debt Service - State Board of Education Bonds Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,326,085	\$ 1,304,579	\$ 1,304,579	\$ -
Total revenues	1,326,085	1,304,579	1,304,579	-
Expenditures				
Debt service:				
Principal	1,032,000	1,032,000	1,032,000	-
Interest and fees	294,085	254,131	254,131	-
Paying agent fees	-	935	935	-
Total expenditures	1,326,085	1,287,066	1,287,066	-
Excess (deficiency) of revenues over (under) expenditures	-	17,513	17,513	-
Other financing sources (uses)				
Payments to refunded escrow agent	-	(706,974)	(706,974)	-
Total other financing sources (uses)	-	(706,974)	(706,974)	-
Net change in fund balance	-	(689,461)	(689,461)	-
Fund balance - beginning	816,107	816,107	816,107	-
Fund balance - ending	<u>\$ 816,107</u>	<u>\$ 126,646</u>	<u>\$ 126,646</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, 2018

Debt Service - Other Fund			
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
Revenues			
Local	\$ -	\$ 519	\$ 519
Total revenues	-	519	-
Expenditures			
Debt service:			
Principal	1,305,000	1,305,000	1,305,000
Interest and fees	1,239,907	1,239,906	1,239,906
Paying agent fees	-	3,000	3,000
Total expenditures	2,544,907	2,547,906	2,547,906
Excess (deficiency) of revenues over (under) expenditures	(2,544,907)	(2,547,387)	(2,547,387)
Other financing sources (uses)			
Transfers in	2,544,907	2,547,906	2,547,906
Total other financing sources (uses)	2,544,907	2,547,906	2,547,906
Net change in fund balance	-	519	519
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ 519	\$ 519

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, 2018

Capital Projects - Public Education Capital Outlay Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 483,886	\$ 456,571	\$ 456,571	\$ -
Total revenues	483,886	456,571	456,571	-
Expenditures				
Capital outlay:				
Facilities acquisition and construction	483,886	456,571	456,571	-
Total expenditures	483,886	456,571	456,571	-
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, 2018

Capital Projects - Capital Outlay and Debt Service Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 245,415	\$ 327,299	\$ 327,299	\$ -
Total revenues	245,415	327,299	327,299	-
Expenditures				
Capital outlay:				
Facilities acquisition and construction	245,415	-	-	-
Debt service:				
Paying agent fees	-	1,338	1,338	-
Total expenditures	245,415	1,338	1,338	-
Excess (deficiency) of revenues over (under) expenditures	-	325,961	325,961	-
Net change in fund balance	-	325,961	325,961	-
Fund balance - beginning	1,174,399	1,174,399	1,174,399	-
Fund balance - ending	\$ 1,174,399	\$ 1,500,360	\$ 1,500,360	\$ -

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, 2018

Capital Projects - Local Capital Improvement Tax Fund (Major Fund)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local				
Taxes	\$ 32,317,581	\$ 32,352,956	\$ 32,352,956	-
Interest	-	442,756	442,756	-
Miscellaneous	-	205,773	205,773	-
Total revenues	32,317,581	33,001,485	33,001,485	-
Expenditures				
Current:				
Facilities acquisition and construction	-	10,200,439	10,412,096	(211,657)
Capital outlay:				
Facilities acquisition and construction	42,555,099	4,236,909	3,901,906	335,003
Other capital outlay	-	4,067,055	4,067,055	-
Debt service:				
Principal	-	-	111,720	(111,720)
Interest and fees	-	-	11,626	(11,626)
Total expenditures	42,555,099	18,504,403	18,504,403	-
Excess (deficiency) of revenues over (under) expenditures	(10,237,518)	14,497,082	14,497,082	-
Other financing sources (uses)				
Insurance loss recoveries	-	9,091	9,091	-
Transfers out	(3,516,918)	-	-	-
Total other financing sources (uses)	(3,516,918)	9,091	9,091	-
Net change in fund balance	(13,754,436)	14,506,173	14,506,173	-
Fund balance - beginning	20,470,794	20,470,794	20,470,794	-
Fund balance - ending	\$ 6,716,358	\$ 34,976,967	\$ 34,976,967	\$ -

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

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, 2018

	Capital Projects - Other Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
State	\$ 40,000	\$ 29,419	\$ 29,419	\$ -
Local				
Impact fees	1,600,000	2,023,804	2,023,804	-
Total revenues	1,640,000	2,053,223	2,053,223	-
Expenditures				
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,640,000	2,053,223	2,053,223	-
Other financing sources (uses)				
Transfers out	(2,544,907)	(2,547,906)	(2,547,906)	-
Total other financing sources (uses)	(2,544,907)	(2,547,906)	(2,547,906)	-
Net change in fund balance	(904,907)	(494,683)	(494,683)	-
Fund balance - beginning	7,799,349	7,799,349	7,799,349	-
Fund balance - ending	\$ 6,894,442	\$ 7,304,666	\$ 7,304,666	\$ -



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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, 2018

	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	\$ 66,622	\$ 163,979	\$ 9,458	\$ 248,433
NET POSITION								
Held in Trust for Scholarships	\$ 2,249	\$ 1,906	\$ 425	\$ 3,794	\$ 66,622	\$ 163,979	\$ 9,458	\$ 248,433

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, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Additions	-	-	-	-	-	-	-	-
DEDUCTIONS								
Scholarships	-	-	-	-	500	-	-	500
Change in Net Position	-	-	-	-	(500)	-	-	(500)
Net Position - Beginning	2,249	1,906	425	3,794	67,122	163,979	9,458	248,933
Net Position - Ending	<u>\$ 2,249</u>	<u>\$ 1,906</u>	<u>\$ 425</u>	<u>\$ 3,794</u>	<u>\$ 66,622</u>	<u>\$ 163,979</u>	<u>\$ 9,458</u>	<u>\$ 248,433</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018
<u>Internal School Funds</u>				
Assets				
Cash and cash equivalents	\$ 1,950,407	\$ 4,545,412	\$ 4,439,322	\$ 2,056,497
Accounts receivable	1,551	4,729	1,551	4,729
Inventory	43,628	55,698	64,069	35,257
Total assets	<u>\$ 1,995,586</u>	<u>\$ 4,605,839</u>	<u>\$ 4,504,942</u>	<u>\$ 2,096,483</u>
Liabilities				
Due to student organizations	\$ 1,918,036	\$ 4,544,282	\$ 4,427,392	\$ 2,034,926
Accounts payable	77,550	61,557	77,550	61,557
Total liabilities	<u>\$ 1,995,586</u>	<u>\$ 4,605,839</u>	<u>\$ 4,504,942</u>	<u>\$ 2,096,483</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
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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
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These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity	131-134
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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
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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
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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, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Primary Government:					
Net investment in capital assets	\$ 281,062,894	\$ 300,336,151	\$ 319,932,319	\$ 328,366,440	\$ 327,870,571
Restricted	75,730,138	63,951,404	42,529,840	30,311,138	25,931,065
Unrestricted	<u>(21,623,079)</u>	<u>(32,814,040)</u>	<u>(40,388,280)</u>	<u>(57,672,174)</u>	<u>(68,567,035)</u>
Total primary government net position	<u>\$ 335,169,953</u>	<u>\$ 331,473,515</u>	<u>\$ 322,073,879</u>	<u>\$ 301,005,404</u>	<u>\$ 285,234,601</u>

Note: 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. Net position increased significantly from 2017 to 2018 primarily due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which required a restatement and corresponding decrease of OPEB liability for the 2017 year of \$32.8 million.

Source: District Records

Table 1

<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
\$ 326,249,703	\$ 322,910,925	\$ 325,311,543	\$ 340,881,686	\$ 337,942,651
29,868,235	37,837,728	43,862,351	40,754,281	51,606,645
<u>(76,418,952)</u>	<u>(148,470,981)</u>	<u>(141,220,840)</u>	<u>(144,327,737)</u>	<u>(108,557,428)</u>
<u>\$ 279,698,986</u>	<u>\$ 212,277,672</u>	<u>\$ 227,953,054</u>	<u>\$ 237,308,230</u>	<u>\$ 280,991,868</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Changes in Net Position - Government-wide (1)

Last 10 Fiscal Years

(Unaudited)

Primary Government	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Expenses					
Governmental activities:					
Instruction	\$ 96,028,710	\$ 99,394,082	\$ 101,154,165	\$ 96,030,312	\$ 94,230,526
Student support services	8,990,622	10,769,701	9,928,751	9,903,132	9,835,181
Instructional media services	2,755,296	2,393,206	2,263,085	2,213,015	2,209,088
Instruction and curriculum development services	3,454,527	3,333,307	3,418,956	3,711,583	3,615,999
Instructional staff training services	1,982,599	3,001,115	3,155,887	2,895,164	2,365,365
Instruction related technology (3)	832,089	1,641,862	1,699,938	1,741,333	1,655,201
School board	826,006	866,172	731,165	729,644	902,968
General administration	753,206	739,511	750,550	729,721	659,120
School administration	9,990,153	10,209,565	9,925,657	10,316,230	9,598,008
Facilities acquisition and construction	25,881,704	19,629,027	26,211,680	26,041,389	29,581,334
Fiscal services	829,305	1,162,258	1,159,594	1,066,902	908,486
Food services	7,332,469	6,854,384	6,591,543	7,170,203	7,678,953
Central services (3)	3,630,236	3,669,788	4,216,113	4,822,277	5,086,568
Student transportation services	6,595,659	6,451,503	6,143,955	6,468,443	6,593,395
Operation of plant	15,083,575	14,207,089	15,184,217	13,838,429	14,098,913
Maintenance of plant	3,241,597	4,392,925	4,595,135	4,373,070	4,438,963
Administrative technology services(3)	408,321	656,490	563,005	563,865	614,590
Community services	3,164,681	2,880,821	2,729,930	2,740,540	2,931,948
Unallocated Interest on long-term debt	2,366,566	2,291,704	2,239,480	2,203,833	2,095,227
Total expenses	<u>194,147,321</u>	<u>194,544,510</u>	<u>202,662,806</u>	<u>197,559,085</u>	<u>199,099,833</u>
Governmental activities:					
Charges for services					
Instruction	2,865,145	2,731,917	371,096	429,597	434,820
Food services	3,156,448	2,923,061	2,954,156	2,808,455	2,573,283
Student transportation	-	-	-	-	-
Community services	-	-	2,559,255	2,765,234	2,847,631
Operating grants and contributions	7,590,006	4,046,600	4,520,960	4,830,648	5,385,431
Capital grants and contributions	3,496,132	3,503,253	3,075,398	1,994,232	1,650,204
Total program revenues	<u>17,107,731</u>	<u>13,204,831</u>	<u>13,480,865</u>	<u>12,828,166</u>	<u>12,891,369</u>
Primary government net expense	<u>\$ (177,039,590)</u>	<u>\$ (181,339,679)</u>	<u>\$ (189,181,941)</u>	<u>\$ (184,730,919)</u>	<u>\$ (186,208,464)</u>
Governmental activities:					
Property taxes:					
Levied for operational purposes	\$ 93,508,345	\$ 99,281,016	\$ 97,202,185	\$ 89,175,396	\$ 93,749,587
Levied for capital projects	36,356,391	28,656,156	26,738,877	26,224,667	26,034,115
Grants and contributions not restricted to specific programs	43,493,062	46,726,435	52,672,114	45,362,980	45,816,980
Insurance loss recoveries	116,796	-	-	-	1,234,903
Miscellaneous	1,896,946	2,072,294	2,701,383	2,719,167	3,214,781
Unrestricted investment earnings	(2,613)	907,340	467,746	180,234	387,295
Total primary government	<u>\$ 175,368,927</u>	<u>\$ 177,643,241</u>	<u>\$ 179,782,305</u>	<u>\$ 163,662,444</u>	<u>\$ 170,437,661</u>
Change in Net Position					
Total primary government (2)(3)	<u>\$ (1,670,663)</u>	<u>\$ (3,696,438)</u>	<u>\$ (9,399,636)</u>	<u>\$ (21,068,475)</u>	<u>\$ (15,770,803)</u>

Notes: (1) Includes all governmental fund types

(2) The District has no business type activities.

(3) 2018 Change to Net Position excludes restatement of net position (increase of \$32.8 million) due to implementation of GASB Statement No. 75.

Source: District Records

Table 2

<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
\$ 96,807,293	\$ 97,511,574	\$ 91,064,227	\$ 98,232,929	\$ 103,965,867
10,244,916	9,560,480	9,645,370	9,913,317	9,919,459
2,172,342	2,082,654	1,986,100	2,111,932	2,035,807
3,601,545	3,778,735	3,420,636	3,546,755	3,755,736
2,785,963	2,962,444	3,191,486	4,139,857	3,739,423
1,720,419	1,874,605	2,072,750	2,291,725	2,044,763
566,506	597,054	533,539	586,216	655,107
503,988	496,860	813,862	957,873	1,032,663
10,222,149	10,164,576	9,395,507	10,097,942	10,115,289
22,916,304	21,355,569	22,250,987	23,601,930	20,657,069
859,453	862,146	810,950	916,254	969,310
8,011,020	9,251,136	9,426,056	8,749,431	9,574,971
5,293,707	7,162,409	5,393,295	3,263,117	3,270,461
6,370,280	6,144,052	6,254,283	6,895,393	7,863,478
13,942,964	14,125,494	13,951,820	13,971,480	14,659,051
4,596,677	4,031,091	3,981,788	4,102,677	4,427,980
639,763	636,857	649,437	640,906	714,295
2,840,225	2,901,806	3,008,816	3,104,925	3,296,315
1,854,429	1,748,295	1,767,031	685,518	2,206,284
<u>195,949,943</u>	<u>197,247,837</u>	<u>189,617,940</u>	<u>197,810,177</u>	<u>204,903,328</u>
330,051	348,719	346,838	338,620	323,184
2,542,053	2,125,725	2,113,026	2,188,619	1,958,193
-	18,407	506,806	486,790	464,648
3,088,660	3,188,209	3,330,594	3,418,558	3,591,924
5,693,100	6,152,078	6,823,025	7,254,275	7,593,471
1,795,600	2,114,250	2,104,279	2,351,112	2,112,878
<u>13,449,464</u>	<u>13,947,388</u>	<u>15,224,568</u>	<u>16,037,974</u>	<u>16,044,298</u>
<u>\$ (182,500,479)</u>	<u>\$ (183,300,449)</u>	<u>\$ (174,393,372)</u>	<u>\$ (181,772,203)</u>	<u>\$ (188,859,030)</u>
\$ 101,934,042	\$ 103,006,102	\$ 108,645,648	\$ 109,593,774	\$ 108,967,735
26,489,776	27,406,923	29,116,037	30,549,792	32,352,956
44,246,019	46,504,240	45,755,151	47,640,526	52,784,580
122,775	-	93,223	46,752	9,091
4,090,952	4,377,436	6,283,568	2,935,484	4,623,476
81,300	25,276	175,127	361,051	1,027,372
<u>\$ 176,964,864</u>	<u>\$ 181,319,977</u>	<u>\$ 190,068,754</u>	<u>\$ 191,127,379</u>	<u>\$ 199,765,210</u>
<u>\$ (5,535,615)</u>	<u>\$ (1,980,472)</u>	<u>\$ 15,675,382</u>	<u>\$ 9,355,176</u>	<u>\$ 10,906,180</u>

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
General Fund					
Nonspendable	\$ 488,370	\$ 534,622	\$ 593,201	\$ 433,231	\$ 462,129
Restricted	2,227,392	1,201,292	1,077,255	2,414,503	4,288,488
Assigned	611,930	6,545	97,986	100,738	214,301
Unassigned	9,389,240	5,372,118	3,177,357	5,291,075	5,885,978
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>
All Other Governmental Funds					
Nonspendable	\$ 209,683	\$ 65,937	\$ 901,705	\$ 526,316	\$ 207,199
Restricted	40,092,765	29,043,909	23,952,105	27,263,055	33,549,240
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>

Pre-GASB 54		
	Fiscal Year	
	2009	2010
General Fund		
Reserved	\$ 956,033	\$ 2,744,719
Unreserved	7,006,402	8,156,558
Total General Fund	<u>\$ 7,962,435</u>	<u>\$ 10,901,277</u>
All Other Governmental Funds		
Reserved	\$ 18,539,720	\$ 23,840,637
Unreserved, reported in:		
Capital projects funds	56,861,866	37,558,622
Special revenue funds	254,141	671,564
Total All Other Governmental Funds	<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

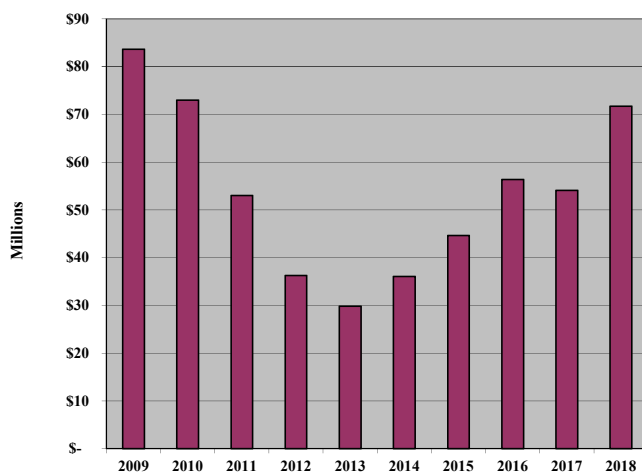
Total Fund Balance - Governmental Funds

Table 3

2016	2017	2018
\$ 424,315	\$ 370,268	\$ 436,711
4,755,657	6,975,527	4,654,500
809,842	691,938	-
11,176,878	13,012,098	19,687,081
<u>\$ 17,166,692</u>	<u>\$ 21,049,831</u>	<u>\$ 24,778,292</u>
\$ 118,881	\$ 142,548	\$ 201,057
39,106,694	32,879,220	46,751,088
<u>\$ 39,225,575</u>	<u>\$ 33,021,768</u>	<u>\$ 46,952,145</u>

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

Table 4

Fiscal Year				
2014	2015	2016	2017	2018
\$ 11,820,371	\$ 12,551,259	\$ 12,662,980	\$ 13,342,437	\$ 12,053,294
5,606,130	6,063,754	6,734,741	7,163,417	7,499,712
17,426,501	18,615,013	19,397,721	20,505,854	19,553,006
7,852,296	9,420,263	8,361,358	9,704,266	13,594,744
159,095	480,018	464,248	695,334	456,571
86,971	88,324	88,284	90,585	94,059
26,209,856	26,166,950	26,370,844	26,249,875	28,792,550
34,308,218	36,155,555	35,284,734	36,740,060	42,937,924
128,423,818	130,413,025	137,761,685	140,143,566	141,320,691
2,542,053	2,125,725	2,113,026	2,188,619	1,958,193
81,300	25,276	175,127	361,050	1,027,372
8,144,202	8,763,713	11,321,469	8,120,462	9,556,918
139,191,373	141,327,739	151,371,307	150,813,697	153,863,174
190,926,092	196,098,307	206,053,762	208,059,611	216,354,104
90,710,910	93,507,850	91,841,224	94,633,719	98,041,607
9,529,655	9,156,836	9,720,589	9,554,623	9,823,241
2,038,894	1,988,513	2,003,013	2,031,317	2,002,944
3,343,325	3,636,791	3,454,552	3,409,858	3,715,791
2,631,378	2,844,947	3,223,616	4,011,572	3,705,345
1,608,656	1,804,347	2,090,021	2,216,722	2,022,120
537,791	576,082	538,202	569,729	650,691
1,091,861	1,318,791	1,354,848	1,501,054	1,300,413
9,545,719	9,873,724	9,476,272	9,682,962	9,988,366
9,796,767	9,017,604	9,548,817	9,349,452	11,204,728
801,605	842,342	819,918	882,103	957,252
7,613,617	7,879,963	8,630,343	8,883,264	9,131,595
4,778,260	5,866,846	5,265,628	4,148,310	3,585,782
6,055,266	5,922,747	6,291,268	6,681,816	6,399,115
13,468,400	13,801,238	14,018,057	13,704,119	14,577,478
4,295,586	3,869,186	4,024,239	3,957,440	4,244,993
596,753	610,589	655,930	610,367	703,145
2,645,798	2,766,942	3,024,389	3,019,374	3,257,799
4,816,723	4,444,591	11,021,858	22,078,106	4,358,477
4,482,500	3,974,653	3,653,484	6,134,075	4,366,845
2,344,665	2,495,304	2,374,874	2,369,882	2,448,720
2,084,375	1,826,722	1,767,031	3,649,991	1,510,936
\$ 184,818,504	\$ 188,026,608	\$ 194,798,173	\$ 213,079,855	\$ 197,997,383

(continued)

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

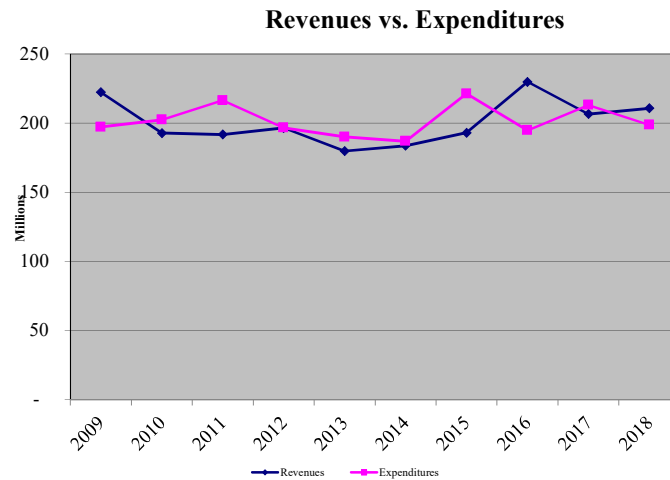
	Fiscal Year				
	2009	2010	2011	2012	2013
Excess of revenues over (under) expenditures	\$ (4,494,261)	\$ (10,956,690)	\$ (21,288,016)	\$ (17,891,197)	\$ (7,659,717)
Other Financing Sources (Uses)					
Loss recoveries	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Refunding COPS issued	-	-	-	-	-
Premium on 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	-	30,978	195,334	229,483	-
Discount on sale of bonds/COP	-	-	-	-	-
Capital leases	-	-	1,239,801	-	-
FEMA and insurance loss recoveries	116,796	307,449	100,038	1,091,767	1,234,903
Transfers in	8,178,799	8,804,532	8,426,038	8,852,137	9,299,893
Transfers out	(8,178,799)	(8,804,532)	(8,426,038)	(8,852,137)	(9,299,893)
Total other financing sources (uses)	116,796	310,628	1,335,296	1,096,240	1,234,903
Net change in fund balances	\$ (4,377,465)	\$ (10,646,062)	\$ (19,952,720)	\$ (16,794,957)	\$ (6,424,814)
Debt service as a percentage of noncapital expenditures	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	2018
\$ 6,107,588	\$ 8,071,699	\$ 11,255,589	\$ (5,020,244)	\$ 18,356,721
-	-	-	46,752	9,091
-	-	-	-	-
-	29,020,000	-	-	-
-	3,233,419	-	-	-
1,769,000	1,378,000	-	2,303,000	-
(2,056,194)	(33,475,406)	-	-	(706,974)
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	2,606,476
(9,071,683)	(8,666,861)	(3,928,355)	(4,328,922)	(2,606,476)
121,721	506,718	529,343	2,699,577	(697,883)
\$ 6,229,309	\$ 8,578,417	\$ 11,784,932	\$ (2,320,667)	\$ 17,658,838
2.52%	2.47%	2.56%	2.18%	2.09%



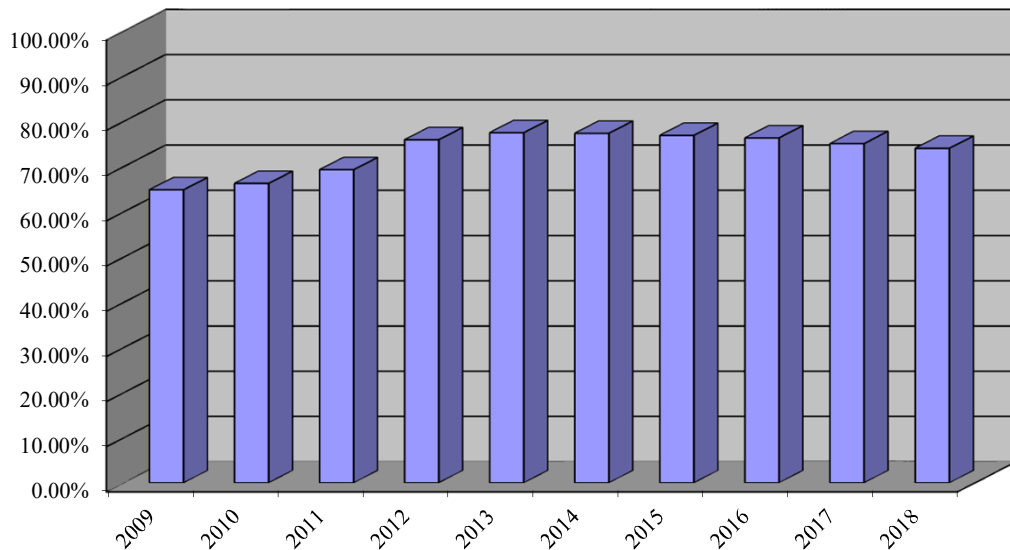
DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Assessed and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

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
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
2018	27,000,054	3,151,616	65,573	30,217,243	7,848,711	22,368,532	74.03%	6.552

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

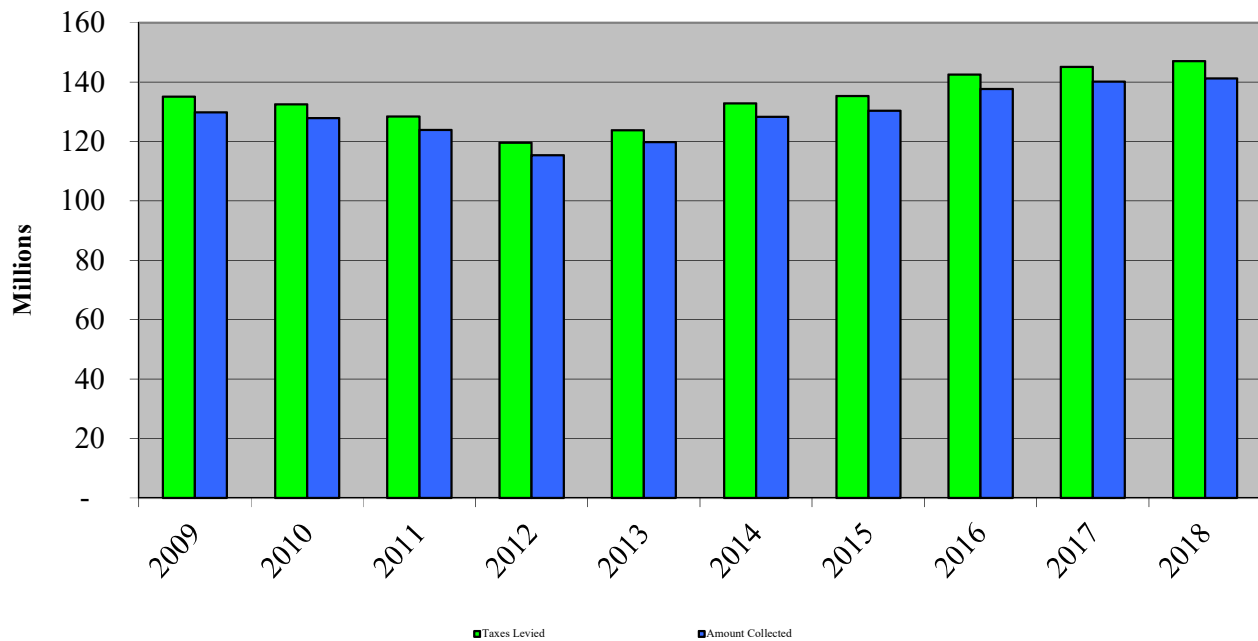


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Property Tax Levies and Collections
Last 10 Fiscal Years
(Unaudited)

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
2009	\$ 135,139,841	\$ 129,864,736	96.10%	\$ 3	\$ 129,864,739	96.10%
2010	132,510,715	127,937,173	96.55%	23,176	127,960,349	96.57%
2011	128,512,929	123,917,914	96.42%	59,000	123,976,914	96.47%
2012	119,608,739	115,341,118	96.43%	89,785	115,430,903	96.51%
2013	123,853,938	119,694,063	96.64%	93,607	119,787,670	96.72%
2014	132,828,984	128,330,239	96.61%	37,384	128,367,623	96.64%
2015	135,364,485	130,377,703	96.32%	57,206	130,434,909	96.36%
2016	142,540,457	137,707,714	96.61%	48,563	137,756,277	96.64%
2017	145,151,724	140,103,847	96.52%	45,174	140,149,021	96.55%
2018	147,044,991	141,320,691	96.11%	-	141,320,691	96.11%

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							
	Operating	Capital	Total	Operating	Debt Service	Other	MSTU	City of Stuart	Jupiter Island	Sewall's Point	Ocean Breeze Park
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	5.0794	2.2896	4.6799
2013	5.404	1.500	6.904	5.6960	0.0373	0.8327	0.9755	4.9041	4.7229	2.2896	4.7910
2014	5.778	1.500	7.278	5.8300	0.0368	0.8148	1.0240	5.1601	4.7047	2.3500	5.0619
2015	5.638	1.500	7.138	5.9651	0.0000	0.7805	1.0487	4.8540	4.5813	2.6000	4.9472
2016	5.598	1.500	7.098	6.1264	0.0000	0.7489	1.0660	4.8327	4.4270	2.8700	3.9814
2017	5.381	1.500	6.881	6.2407	0.0000	0.7245	1.0289	4.8224	4.3087	2.8700	5.2177
2018	5.052	1.500	6.552	6.3887	0.0000	0.7038	0.8490	4.7572	4.1724	2.8700	5.4750

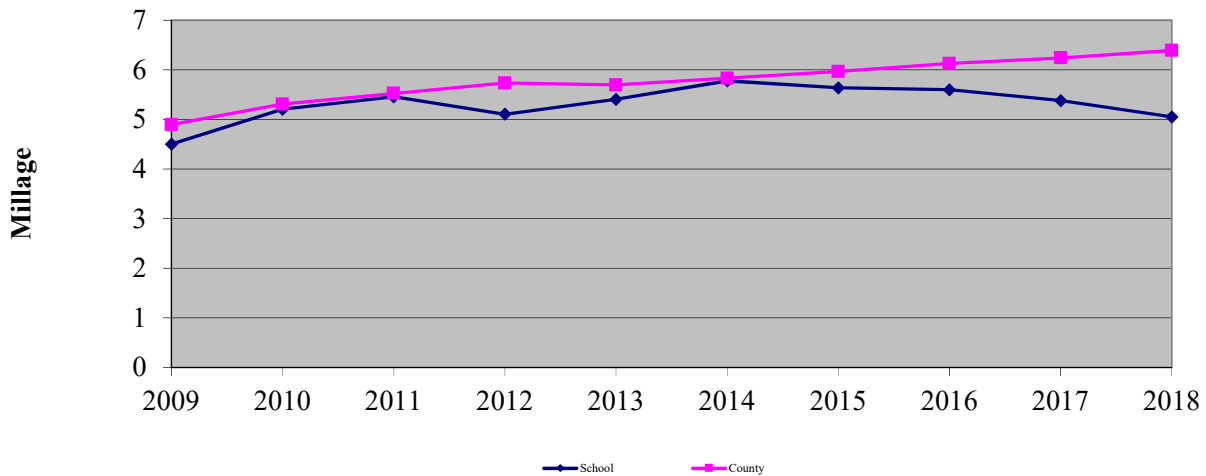
Notes:

(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



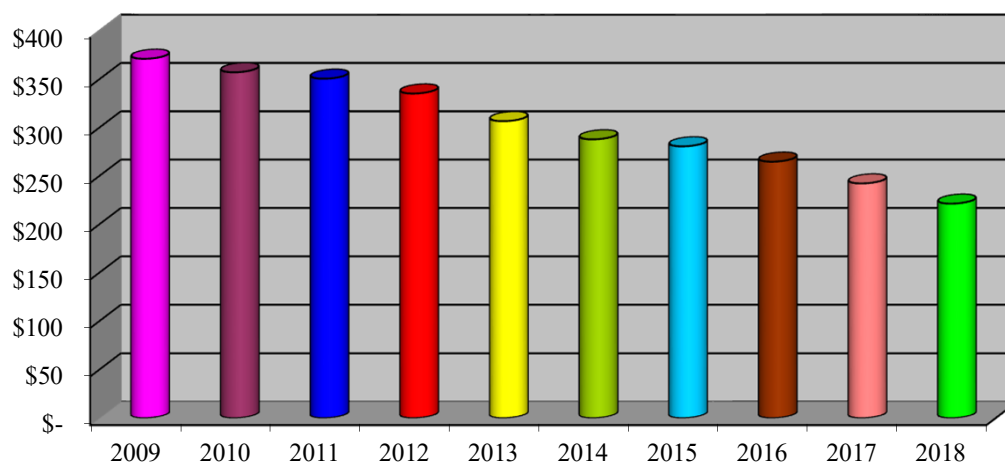
DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Ratios of Outstanding Debt by Type****Last 10 Fiscal Years****(Amounts expressed in thousands, except per capita amount)****(Unaudited)**

Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2009	\$ 14,385	\$ 38,795	\$ 204	\$ 53,384	0.68%	\$ 371.09
2010	13,540	37,745	61	51,346	0.63%	357.12
2011	13,895	36,660	822	51,377	0.58%	350.49
2012	13,165	35,530	646	49,341	0.50%	335.19
2013	10,580	34,360	461	45,401	0.48%	306.60
2014	9,414	33,145	266	42,825	0.40%	287.77
2015	8,331	33,563	207	42,101	0.37%	280.56
2016	7,382	32,063	491	39,936	0.34%	264.70
2017	6,063	30,618	383	37,064	N/A	242.21
2018	5,031	29,123	271	34,425	N/A	221.30

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, 2018
(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	\$ 40,409,754	100%	\$ 40,409,754
Capital Leases	10,735,207	100%	10,735,207
State Revolving Fund Loans	1,186,466	100%	1,186,466
City of Stuart ⁽¹⁾			
Revenue Bond Loans and Notes	2,108,533	100%	2,108,533
General Obligation Bonds	6,120,000	100%	6,120,000
Town of Jupiter Island ⁽¹⁾			
General Obligation Notes Payable	7,360,009	100%	7,360,009
South Florida Water Management District ⁽¹⁾			
Certificate of Participation	444,068,682	2.38%	10,568,835
Subtotal, overlapping debt			78,488,804
District School Board of Martin County Direct Debt			34,425,151
Total direct and overlapping debt			<u>\$ 112,913,955</u>

Notes:

(1) Source: Each Entity's Comprehensive Annual Financial Report September 30, 2017 Fiscal Year.

(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⁾
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
2018	2017	22,368,532	1,305,000	1,239,905	2,544,905	0.119 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⁾
2009	143,856	\$ 7,854,500	\$ 53,981	17,631	11.2
2010	143,777	8,091,273	55,051	17,612	11.7
2011	146,587	8,789,693	59,513	17,759	10.9
2012	147,203	9,964,911	66,903	17,964	9.8
2013	148,077	9,557,019	63,192	18,267	7.8
2014	148,817	10,752,732	70,155	18,296	6.3
2015	150,062	11,508,277	73,864	18,583	5.5
2016	150,870	11,632,136	73,296	18,714	4.9
2017	153,022	N/A	N/A	18,748	4.2
2018	155,556	N/A	N/A	18,664	3.9

N/A = Data not currently available

Sources:

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



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**Principal Property Taxpayers****January 1, 2018 and 9 years ago****(Amounts expressed in thousands)****(Unaudited)**

Taxpayer	2018			2009		
	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value
Florida Power & Light Co.	1	\$ 2,339,410	11.25%	1	\$ 1,226,285	5.95%
Treasure Coast - JCP Associates Ltd.	2	83,364	0.40%	3	79,680	0.39%
Indiantown Cogeneration LP	3	56,470	0.27%	2	283,735	1.38%
Jupiter Island Revocable	4	47,110	0.23%	-	-----	-----
Florida Gas Transmission	5	48,844	0.23%	-	-----	-----
Publix Super Markets, Inc.	6	46,184	0.22%	-	-----	-----
Jeffrey H. Sands	7	43,794	0.21%	5	48,893	0.24%
Ted Glasrud Associates Fl.	8	36,433	0.18%	-	-----	-----
Arium Jensen Beach	9	32,500	0.16%	-	-----	-----
Hamm, Edward H	10	31,314	0.15%	-	-----	-----
Louis Drefus Citrus Inc,	-	-----	-----	7	42,058	0.20%
Bellsouth Telecom	-	-----	-----	4	46,772	0.23%
FL East Coast Railroad Co.	-	-----	-----	6	43,251	0.21%
Lowe's Home Centers, Inc.	-	-----	-----	8	32,136	0.16%
Columbia Properties	-	-----	-----	9	32,482	0.16%
Sandhill Cover Properties, Inc.	-	-----	-----	10	30,826	0.15%
Total		<u>\$ 2,765,423</u>	<u>13.30%</u>		<u>\$ 1,866,118</u>	<u>9.07%</u>

Source: Martin County Tax Collector's Office

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

	2009	2010	2011	2012	2013
Instructional administrators	8	8	9	11	12
Non-instructional administrators	4	6	8	7	7
Consultants/supervisors of instruction	3	3	4	3	4
Principals	23	23	23	23	23
Assistant principals	32	31	32	32	31
Elementary classroom teachers	414	415	461	455	460
Secondary classroom teachers	460	461	464	453	451
ESE teachers	218	230	238	231	233
Other teachers (adult)	100	99	72	58	54
Guidance counselors	39	37	37	35	38
Visiting teachers/Social workers	1	1	0	0	0
Psychologists	7	7	7	7	7
Librarians	24	20	20	20	20
Other professionals (instructional)	85	99	94	101	109
Other professionals (non-instructional)	89	93	89	85	84
Aides	268	282	279	290	287
Technicians	15	14	10	11	10
Clerical/secretarial	164	169	163	168	168
Service workers	297	290	292	297	299
Skilled crafts	34	34	36	32	32
Unskilled laborers	18	18	11	12	12
Total employees	<u>2,303</u>	<u>2,340</u>	<u>2,349</u>	<u>2,331</u>	<u>2,341</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

2014	2015	2016	2017	2018
15	11	11	12	11
8	9	10	11	11
4	2	2	2	3
23	23	23	22	23
31	35	35	36	37
463	464	473	480	470
450	449	456	454	464
233	250	252	250	216
41	27	28	26	25
35	36	37	39	37
0	0	0	0	0
6	8	7	8	7
20	19	20	20	20
111	97	100	110	116
76	79	82	84	83
288	294	286	304	299
12	25	24	26	29
164	160	165	167	168
288	299	287	274	269
33	27	31	28	31
11	10	11	9	9
<u>2,312</u>	<u>2,324</u>	<u>2,340</u>	<u>2,362</u>	<u>2,328</u>



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

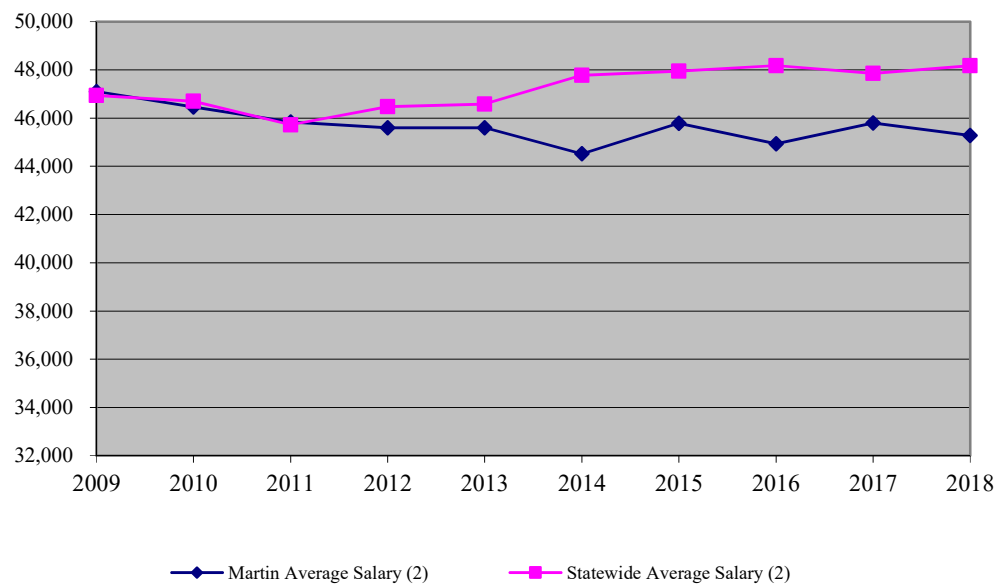
Fiscal Year	Minimum Salary⁽¹⁾	Maximum Salary⁽¹⁾	Martin Average Salary⁽²⁾	Statewide Average Salary⁽²⁾
2009	\$ 37,000	\$ 67,952	\$ 47,102	\$ 46,938
2010	37,000	67,952	46,455	46,696
2011	37,000	68,427	45,841	45,723
2012	37,000	68,901	45,604	46,479
2013	37,000	68,901	45,603	46,583
2014	37,300	60,076	44,522	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
2018	38,000	62,900	45,286	48,168

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				
	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾
<u>Elementary</u>					
Seawind Elementary (1993)					
Square feet	136,075	127,350	127,350	127,350	127,350
Capacity	797	783	783	764	764
Enrollment	689	735	738	721	687
JD Parker Elementary (2004/re-built) ⁽²⁾					
Square feet	125,940	125,691	125,691	125,691	125,691
Capacity	757	754	754	695	695
Enrollment	610	612	626	614	682
Palm City Elementary (1958)					
Square feet	114,074	107,872	102,532	102,532	103,422
Capacity	953	808	698	670	696
Enrollment	794	740	700	649	639
Port Salerno Elementary (2002/re-built) ⁽²⁾					
Square feet	108,962	109,944	109,944	115,120	126,076
Capacity	757	757	757	805	877
Enrollment	646	653	722	761	789
Hobe Sound Elementary (2004/re-built) ⁽²⁾					
Square feet	110,804	115,632	115,632	115,632	115,632
Capacity	797	793	793	776	776
Enrollment	712	689	696	665	647
Warfield Elementary (1959)					
Square feet	114,653	147,410	145,941	145,941	133,961
Capacity	845	1,084	1,048	1,048	886
Enrollment	638	643	671	704	730
Jensen Beach Elementary (1970)					
Square feet	96,760	100,201	100,201	100,468	102,196
Capacity	721	721	721	668	704
Enrollment	603	571	555	576	583
Pinewood Elementary (1988)					
Square feet	129,603	128,796	120,994	122,256	126,576
Capacity	996	888	718	756	784
Enrollment	730	710	710	754	742
Crystal Lake Elementary (1989)					
Square feet	106,027	104,574	100,176	103,681	108,079
Capacity	720	720	630	621	688
Enrollment	505	504	492	528	557

Table 16

Fiscal Year				
2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾	2018 ⁽⁶⁾
127,350	128,282	127,350	127,350	127,350
764	764	764	764	764
711	743	743	700	691
125,691	125,691	125,691	125,691	125,691
695	695	695	695	695
808	761	753	718	742
103,422	103,422	103,422	104,312	104,312
696	696	696	696	714
671	714	719	698	685
126,076	126,076	126,076	126,076	126,076
931	877	877	877	877
839	838	904	881	835
115,632	115,632	115,632	115,632	115,632
776	776	776	776	776
701	654	678	648	622
133,961	133,961	133,961	133,961	133,961
886	886	886	886	886
785	789	802	801	799
102,196	102,960	102,960	102,960	102,960
740	704	722	784	722
652	688	698	678	658
126,576	126,576	126,576	128,304	128,337
784	784	784	864	864
833	851	893	922	864
108,079	108,079	108,079	108,079	108,079
688	688	688	688	688
598	623	636	621	617

(continued)

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

School	Fiscal Year				
	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾
Bessey Creek Elementary (1995)					
Square feet	111,296	122,445	122,445	122,445	112,445
Capacity	589	599	599	599	599
Enrollment	572	556	534	525	544
Felix A. Williams Elementary (1993)					
Square feet	138,469	111,844	111,059	111,059	112,709
Capacity	723	653	635	635	671
Enrollment	633	684	647	631	662
Citrus Grove Elementary (2009)					
Square feet		124,838	124,838	124,838	124,838
Capacity	767	767	767	767	767
Enrollment	457	521	565	603	590

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				
2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾	2018 ⁽⁶⁾
112,445	122,445	122,445	122,637	124,635
599	599	599	599	635
579	591	558	570	585
112,709	112,709	112,709	112,901	112,901
671	671	671	671	671
694	708	719	670	669
124,838	124,838	124,838	124,838	126,566
767	767	767	767	803
604	648	690	725	712

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

School	Fiscal Year				
	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾
<u>Middle</u>					
Dr. David L. Anderson Middle School (2005)					
Square feet	210,194	219,253	219,253	219,253	219,253
Capacity	1,395	1,316	1,184	1,184	1,184
Enrollment	904	889	984	956	941
Hidden Oaks Middle School (1991)					
Square feet	172,041	178,828	173,566	173,566	178,828
Capacity	1,445	1,455	1,210	1,210	1,329
Enrollment	1,113	1,147	1,090	1,086	1,048
Indiantown Middle School (1969)					
Square feet	98,053	155,404	155,404	155,404	155,404
Capacity	770	1,348	1,213	1,213	1,213
Enrollment	400	399	401	421	463
Murray Middle School(1961)					
Square feet	185,670	213,597	211,889	211,889	215,345
Capacity	1,641	1,643	1,439	1,177	1,256
Enrollment	767	757	760	747	815
Stuart Middle School(1971)					
Square feet	148,006	198,350	174,517	174,517	174,517
Capacity	1,130	1,852	1,156	1,156	1,179
Enrollment	877	854	881	927	967
<u>High</u>					
Martin County High School (1963)					
Square feet	426,584	431,008	431,008	396,341	417,947
Capacity	2,589	2,517	2,391	1,651	2,214
Enrollment	1,993	1,966	1,945	1,998	2,119
South Fork High School(1982)					
Square feet	311,353	298,302	313,984	313,984	317,078
Capacity	2,369	2,114	1,672	1,634	1,685
Enrollment	1,917	1,863	1,829	1,840	1,933
Jensen Beach High School (2002)					
Square feet	323,747	323,999	323,857	323,857	323,999
Capacity	1,674	1,636	1,554	1,554	1,554
Enrollment	1,527	1,542	1,573	1,634	1,771

Table 16

Fiscal Year				
2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾	2018 ⁽⁶⁾
219,253	219,253	219,253	219,253	219,253
1,184	1,184	1,184	1,184	1,184
989	988	1,020	1,011	1,056
178,828	178,828	178,828	178,828	178,828
1,329	1,329	1,329	1,329	1,329
1,094	1,064	1,090	1,045	1,112
155,404	158,860	158,860	133,803	133,803
1,213	1,173	1,173	1,173	854
491	534	547	592	631
215,345	134,447	131,296	132,395	132,395
1,256	1,312	999	999	999
851	795	798	756	790
174,517	177,004	177,004	177,004	180,298
1,179	1,179	1,179	1,179	1,197
1,032	1,054	1,025	1,007	985
417,947	421,184	421,184	465,200	463,290
2,214	2,214	2,214	2,214	2,037
2,209	2,245	2,318	2,292	2,316
317,078	319,898	319,898	319,898	319,898
1,685	1,685	1,685	1,685	1,685
2,007	2,037	1,990	1,914	1,937
323,999	323,999	323,999	323,999	323,999
1,554	1,554	1,554	1,554	1,554
1,805	1,878	1,735	1,663	1,648
(continued)				

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

School	Fiscal Year				
	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾
Other					
Spectrum JR/SR High School (1932)					
Square feet	20,298	20,024	15,655	15,655	19,159
Capacity	218	231	130	130	218
Enrollment	155	77	90	85	61
Willoughby Learning Center (1988)					
Square feet	51,577	44,205	44,105	44,105	44,155
Capacity	171	171	171	171	171
Enrollment	75	71	58	38	31

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				
2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016 ⁽⁶⁾	2017 ⁽⁶⁾	2018 ⁽⁶⁾
19,159	19,159	19,159	19,487	19,487
218	218	218	218	218
143	154	148	99	130
44,155	44,155	44,155	44,155	44,155
171	171	171	171	171
44	46	87	56	85

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

Current year (2017):			Percentage of Total County Employment	
Employer	Rank	Employees	Employment	Product/Service
Martin Health Systems	1	3,505	4.82%	Health Care
Martin County School District	2	2,330	3.20%	Government
Martin County Government	3	1,714	2.36%	Government
State of Florida	4	508	0.70%	Government
Liberator Medical Supply	5	400	0.55%	Medical Supplies
Triumph Aerostructures	6	360	0.49%	Aerospace Products
Paradigm Precision	8	365	0.50%	Aerospace Products
Seacoast National Bank	8	340	0.47%	Banking
Florida Power & Light	9	321	0.44%	Utility
City of Stuart	10	246	0.34%	Government
Total		<u>10,089</u>	<u>13.87%</u>	
Nine years ago (2008):				
Martin Health Systems	1	2,714	4.06%	Health Care
Martin County School District	2	2,539	3.80%	Government
Martin County Government	3	1,594	2.39%	Government
Publix Super Markets	4	1,008	1.51%	Grocery Chain
State of Florida	5	677	1.01%	Government
Armellini Express Lines	6	560	0.84%	Trucking
Wal-Mart	7	420	0.63%	Retail Department Store
Turbocombustor Technology	8	375	0.56%	Fabrication
Winn-Dixie Stores	9	332	0.50%	Grocery Chain
The Home Depot	10	296	0.44%	Retail Hardware Chain
Total		<u>10,515</u>	<u>15.74%</u>	

Note:

(1) Information for 2018 and 2009 was not available, so this schedule was prepared with the data of 2017 and 2008.

Sources:

Martin County CAFR 09/30/2017.

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
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
2018	170,849,878	18,664	9,154	3.09%	1,355	13.8

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				
	2009	2010	2011	2012	2013
Days meals were served	180	180	180	180	180
Average number of free and reduced lunches served daily	4,930	5,336	5,916	6,201	6,260
Total number of free and reduced lunches served	887,337	960,559	1,064,941	1,116,133	1,126,823
Average daily subsidy received	\$ 20,418	\$ 22,013	\$ 24,891	\$ 27,011	\$ 29,471
Total subsidy received	\$ 3,675,167	\$ 3,962,301	\$ 4,480,344	\$ 4,861,936	\$ 5,304,851
Average number of lunches served daily	8,806	8,712	9,425	9,630	9,405
Total number of lunches served	1,585,167	1,568,250	1,696,459	1,733,429	1,692,924
Percentage of free and reduced lunches served to total meals	55.98%	61.25%	62.77%	64.39%	66.56%
Average daily revenues	\$ 38,050	\$ 38,257	\$ 41,333	\$ 42,686	\$ 43,771
Total revenues	\$ 6,849,010	\$ 6,886,294	\$ 7,439,956	\$ 7,683,416	\$ 7,878,796
Average daily costs	\$ 39,502	\$ 36,279	\$ 36,890	\$ 38,313	\$ 40,992
Total costs	\$ 7,110,363	\$ 6,530,245	\$ 6,640,240	\$ 6,896,268	\$ 7,378,585

Note:

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

(2) District was closed September 7, 2017 through September 15, 2017 due to Hurricane Irma.

Source: District Records

Table 19

Fiscal Year				
2014	2015	2016	2017 ⁽¹⁾	2018 ⁽²⁾
180	180	180	178	173
6,138	6,939	7,270	7,556	7,827
1,104,795	1,249,031	1,308,652	1,344,882	1,354,034
\$ 31,628	\$ 34,178	\$ 37,906	\$ 40,754	\$ 43,349
\$ 5,693,100	\$ 6,152,078	\$ 6,823,024	\$ 7,254,275	\$ 7,499,412
9,453	9,612	9,811	9,784	10,145
1,701,459	1,730,235	1,765,894	1,741,463	1,755,017
64.93%	72.19%	74.11%	77.23%	77.15%
\$ 45,797	\$ 46,021	\$ 49,700	\$ 53,136	\$ 55,246
\$ 8,243,385	\$ 8,283,753	\$ 8,946,005	\$ 9,458,281	\$ 9,557,632
\$ 42,718	\$ 46,289	\$ 53,597	\$ 54,772	\$ 53,956
\$ 7,689,160	\$ 8,332,039	\$ 9,647,508	\$ 9,749,351	\$ 9,334,334



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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, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass - Through Entity Identifying Number	Total Expenditures
Clustered			
Child Nutrition Cluster:			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	18002	\$ 1,346,379.60
National School Lunch Program	10.555	18001, 18003	5,760,502.16
Summer Food Service Program for Children	10.559	18006	245,724.66
Total Child Nutrition Cluster			<u>7,352,606.42</u>
Special Education Cluster:			
United States Department of Education:			
Special Education - Grants to States:	84.027		
Florida Department of Education		263	4,640,864.22
St. Lucie County District School Board		None	23,166.00
Total Special Education - Grants to States	84.027		<u>4,664,030.22</u>
Special Education - Preschool Grants:			
Florida Department of Education	84.173	267	124,192.13
Total Special Education Cluster			<u>4,788,222.35</u>
Not Clustered			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
Fresh Fruit and Vegetable Program	10.582	18004	<u>146,805.92</u>
United States Department of Defense:			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	79,298.79
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	<u>139,837.00</u>
Total United States Department of Defense			<u>219,135.79</u>
United States Department of Education:			
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191, 193	132,364.00
Title I Grants to Local Educational Agencies	84.010	212, 223	3,406,668.34
Migrant Education - State Grant Program	84.011	217	29,518.43
Career and Technical Education - Basic Grants to States	84.048	161	159,463.00
English Language Acquisition State Grants	84.365	102	444,105.61
Supporting Effective Instruction State Grants	84.367	224	447,578.26
Student Support and Academic Enrichment Program	84.424	241	<u>18,656.67</u>
Total United States Department of Education			<u>4,638,354.31</u>
United States Department of Health and Human Services:			
Head Start	93.600	N/A	<u>1,921,538.61</u>
Total Expenditures of Federal Awards			<u><u>\$ 19,066,663.40</u></u>

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 District under programs of the Federal government for the fiscal year ending June 30, 2018. 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 reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance for National School Lunch Program. Includes \$620,334.38 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 \$902,656.34 for grant number/program year 04CH4785/03 and \$1,018,882.27 for grant number/program year 04CH4785/04.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2018, 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 20, 2018, 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, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We identified an additional matter finding which is described on pages 165 and 166.

District's Response to Finding

The District's response to the additional matter finding identified in our audit is described on page 166 in Finding AM 2018-001. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 20, 2018
Audit Report No. 2019-092



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

We have audited the 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 the District's major Federal program for the fiscal year ended June 30, 2018. The District's major Federal program is identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

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

program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 20, 2018
Audit Report No. 2019-092

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 the major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for the major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal program:	
CFDA Numbers: 84.027 and 84.173	Name of Federal Program or Cluster: Special Education Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

ADDITIONAL MATTER

Finding Number	AM 2018-001
Opinion Unit	Aggregate Remaining Fund Information
Financial Statements Account Title(s)	Various
Fund Name	Capital Projects Fund – Other Capital Projects Fund
Adjustment Amounts	Not Applicable
Prior Year Finding	Not Applicable
Finding	District records did not always evidence that impact fee proceeds were used only for allowable purposes, resulting in questioned costs of \$2.5 million.
Criteria	Impact fees are collected by local governments for use in funding the infrastructure necessitated by new growth and development. Pursuant to Martin County (County) Ordinance No. 474, in December 1995 the District and the County entered into an interlocal agreement to establish certain procedures for the transfer and expenditure of impact fee proceeds. The County ordinance and the interlocal agreement provide that proceeds from the impact fees are for the purpose of capital costs of educational facilities including repayment of indebtedness for such facilities authorized by the agreement. Additionally, the County ordinance provides that capital improvement includes school planning and design, land acquisition, site improvements, buildings, and capital equipment, but excludes maintenance and operations. The County ordinance requires the School Board to present to the County for approval each fiscal year a capital improvements program for educational facilities, which assigns and restricts the expenditure of impact fee funds collected to specific educational facility projects and related expenses. In <u>St. Johns County v. Northeast Florida Builders Association, Inc.</u>, 583 So. 2d 635 (Fla. 1991), the Florida Supreme Court opined that the “local government must demonstrate a reasonable connection, or rational nexus, between the expenditures of the funds collected and the benefits accruing to the subdivision. In order to satisfy this requirement, the ordinance must specifically earmark the funds collected for use in acquiring capital facilities to benefit the new residents.”
Condition	The District accounts for impact fee activities in the Capital Projects Fund – Other Capital Projects Fund and the County ordinance requires that the fees be used on a first-in, first-out basis. For the 2017-18 fiscal year, District impact fee proceeds totaled \$2 million and impact fee transfers to other funds totaled \$2.5 million. To determine the propriety of the impact fee uses, we examined District records supporting all impact fee transfers to other funds. We found that the transfers did not appear to be for allowable purposes as the \$2.5 million was used to service previous debt, most of which was incurred several years before the collections were made, rather than for infrastructure necessitated by new growth. Specifically, the impact fee transfers were to District debt service funds for payment of debt service requirements of the Certificate of Participation Series (COPS) 2014A, the proceeds of which were used to refund COPS Series 2005. As such, it is not apparent that the transfers were reasonably connected to recent feepayers. In response to our inquiries, District management indicated that the District constructed a middle school in 2005 with excess capacity and that impact feepayers received a benefit from that construction. However, although we requested, District records were not provided to demonstrate that the middle school had capacity to directly benefit recent feepayers.
Cause	District records indicated that the ordinance allowed for the issuance of debt instruments for advanced provision of school facilities for which school impact

fees would be expended. District management indicated that they communicated with District taxpayers that debt was being issued for building of the middle school in 2005 and that the debt was to be repaid using impact fees.

Effect

Absent District records to evidence that the transfers were reasonably connected to recent feepayers, such as the developers of new residential neighborhoods or subdivisions, the impact fee transfers totaling \$2.5 million represent questioned costs.

Recommendation

The District should ensure that impact fee proceeds are expended only for allowable purposes. Additionally, the District should either document to the Florida Department of Education the allowability of the impact fee transfers totaling \$2.5 million to the debt service funds or restore those funds to the 2017-18 fiscal year Capital Projects Fund – Other Capital Projects Fund.

District Response

The district has provided significant documentation to the Auditor General supporting our position the debt service paid with impact fee proceeds is legal and allowable. The Martin County Ordinance #474 "School Impact Fee Ordinance" (<https://www.martinschools.org/cms/lib/FL02202359/Centricity/Domain/144/MC%20Ordinance%20474.pdf>) clearly indicates impact fees may be used to repay debt that was incurred for the advanced provision of educational facilities for anticipated growth. The debt payments in question were for the only outstanding COP issue in Martin County School District (2005A, subsequently refunded with series 2014A). The original issue was used solely to build David Anderson Middle School, an all new school with all new student stations. This school had significant remaining capacity at the time it was opened and capacity remains to serve current feepayers as of today. For this reason, the Auditor General's premise that debt service incurred in previous years does not address the needs of the future residents is invalid, because the future residents have benefited and will continue to benefit from the school built through the COP financing arrangement. The school would have never been able to be built on a pay as you go system as the Auditor General suggests. In addition, it is our district's position that current (2017-18) fee collections were not used to pay the \$2.5 million debt service in question - there was a carryforward fund balance of over \$7.3 million from previous years - the funds were actually generated in 2014 and 2015. The proper FIFO (first-in, first-out) accounting treatment applies. We also do not agree with the premise of disallowing debt service beyond a certain number of years when the regulations and/or state guidance is silent on the subject. The debt service being funded from impact fees was originally a 20 year COP issue, refunded in 2014 for an additional 18 years (COPs may have a maximum life of 30 years) and it is our firm position impact fees may be used for debt service for the life of the debt. Based on these facts, the District respectfully disagrees with the finding that the \$2.5 million debt service expenditure is invalid and ascertains that the District acted and spent the funds in question according to the requirements and authorization granted by the taxpayers of Martin County. We intend to obtain further support from our Bond Counsel documenting the allowability of impact fee revenues for the payment of debt for growth related projects and will provide such to the Florida Department of Education.

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 Educational Agencies (CFDA No. 84.010)	District did not properly allocate Title I Schoolwide Program resources, resulting in \$276,925.71 in questioned costs.	Partially Corrected	The deficiencies have been corrected and all additional required documentation was submitted; however, resolution of the questioned costs is pending between the grantor and auditee.

Laurie J. Gaylord, Superintendent

School Board Members: Christia Li Roberts • Michael DiTerlizzi • Victoria Defenthaler • Tony Anderson • Marsha Powers

"An Equal Opportunity Agency"