

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



For the Fiscal Year Ended June 30, 2011

Prepared by the Finance Department

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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INTRODUCTORY SECTION





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December 8, 2011

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, 2011.

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, 2011, 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 unqualified opinion that the District’s financial statements for the fiscal year ended June 30, 2011, 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.

This report includes all funds of the District, The Martin County School Board Leasing Corporation, The Martin County Education Foundation, Inc. (Foundation), and The Hope Center for Autism Charter School, Inc., which comprise 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. The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization. The Foundation’s purpose is exclusively educational and charitable for the District’s schools. The Hope Center for Autism is a public school operating under a charter issued by the District’s

governing board (the “Board”). The Foundation and the charter school are included as discretely presented component units.

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 2010-11 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 2010-11, the District provided general, special, vocational, and other education programs to 17,759 unweighted full-time equivalent students.

ECONOMIC CONDITION AND OUTLOOK

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

The student population increased from 17,612 to 17,759 as of September 2011. Based on the October 2011 survey, the District will have no significant change in student population for fiscal year 2011-12.

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

Major Initiatives

Capital Outlay Program – 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 South Fork High School Phase III Building 2 Wings C, D, and E Renovations, the Martin County High School Chiller Plant, and Warfield Elementary School Phase III Two-story Classrooms, which opened in August of 2011. The District has planned facility maintenance, improvements, additions, and technology enhancements to be completed within the next five years.

Accomplishments

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

- *Pinnacle* - a secure, online grade book that provides parents with instant information on how their student is performing in school;
- *Alert Now* - an outbound calling system capable of sending recorded community outreach, attendance, or emergency phone messages to thousands of students and staff members in just minutes in both English and Spanish; and
- *Performance Matters* - a software program that puts valuable student testing data right on teachers' desktops to help them pinpoint the specific areas where an individual student may need extra attention in the classroom.

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:

- In 2011, the District earned an "A" grade from the Florida Department of Education for the 10th consecutive year.
- In 2011, the District ranked 3rd highest in the state for the total points earned on the Florida Comprehensive Assessment Test (FCAT).
- The graduation rate for 2010, which is calculated by the Florida Department of Education, showed the District earned the 3rd highest graduation rate in the state at 94.3%. This also represented an all-time high for the District.
- 2011 marked the 5th consecutive year the District has earned the Academically High Performing School District designation from the Florida Department of Education.
- 2011 SAT and ACT scores were above state and national averages.

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 an ambitious construction

program to rebuild, remodel, and expand schools as explained in the master facility plans of the District. This program is financially sound and is taking 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. Beginning July 1, 2006, the beginning teacher salary was the highest on the Treasure Coast. District employee benefits continue to lead much of the State as the Board offers an ample benefit and salary package in an effort to retain teachers throughout their career.

Financial Policies

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

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

Budgetary Controls

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

Budgetary information is integrated into the accounting system and to facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end, and encumbrances are reappropriated as part of the subsequent year's budget.

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On an annual basis, the Board adopts 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.

Risk Management

The District is exposed to a variety of accidental losses including destruction of assets and natural disasters among others. The District is a member of the South Central Educational Risk Management Program (SCERMP). SCERMP, having several school district members, has

established a combined limited self-insurance program for property, general liability, auto liability, workers compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other insurance as needed. See related Notes to the Basic Financial Statements for more information on the risk management activities.

REPORTING ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting (GFOA) - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the fifth 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 Achievement for Excellence in Financial Reporting (ASBO) -The Association of School Business Officials International (ASBO) also awards a Certificate of Excellence in Financial Reporting to governments who meet the reporting requirements and submit their reports for review and consideration. The District received its fourth consecutive award for Certificate of Excellence in Financial Reporting, for the fiscal year 2009-10. The Certificate of Excellence in Financial Reporting awarded by ASBO certifies that the CAFR substantially conforms to the accounting and reporting standards adopted by ASBO.

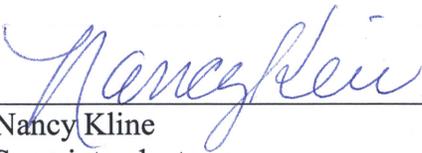
A GFOA Certificate of Achievement and the ASBO Certificate of Excellence are valid for a period of one year. We believe our current report continues to meet the requirements of the Certificate of Achievement Program as well as the Certificate of Excellence Program. Accordingly, we are submitting it to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

ACKNOWLEDGEMENTS

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

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

Respectfully Submitted,



Nancy Kline
Superintendent



Bryan Thabit
Executive Director of Finance

District School Board of Martin County, Florida



Nancy Kline
Superintendent



Michael Busha
School Board Member
District 1



Sue Hershey
School Board Chair
District 2



Laurie Gaylord
School Board Vice
Chair
District 3



Maura Barry-Sorenson
School Board Member
District 4



Dr. David L. Anderson
School Board Member
District 5



Fiscal Year 2011 School Board Members

District School Board of Martin County, Florida

LIST OF PRINCIPAL OFFICIALS – APPOINTED

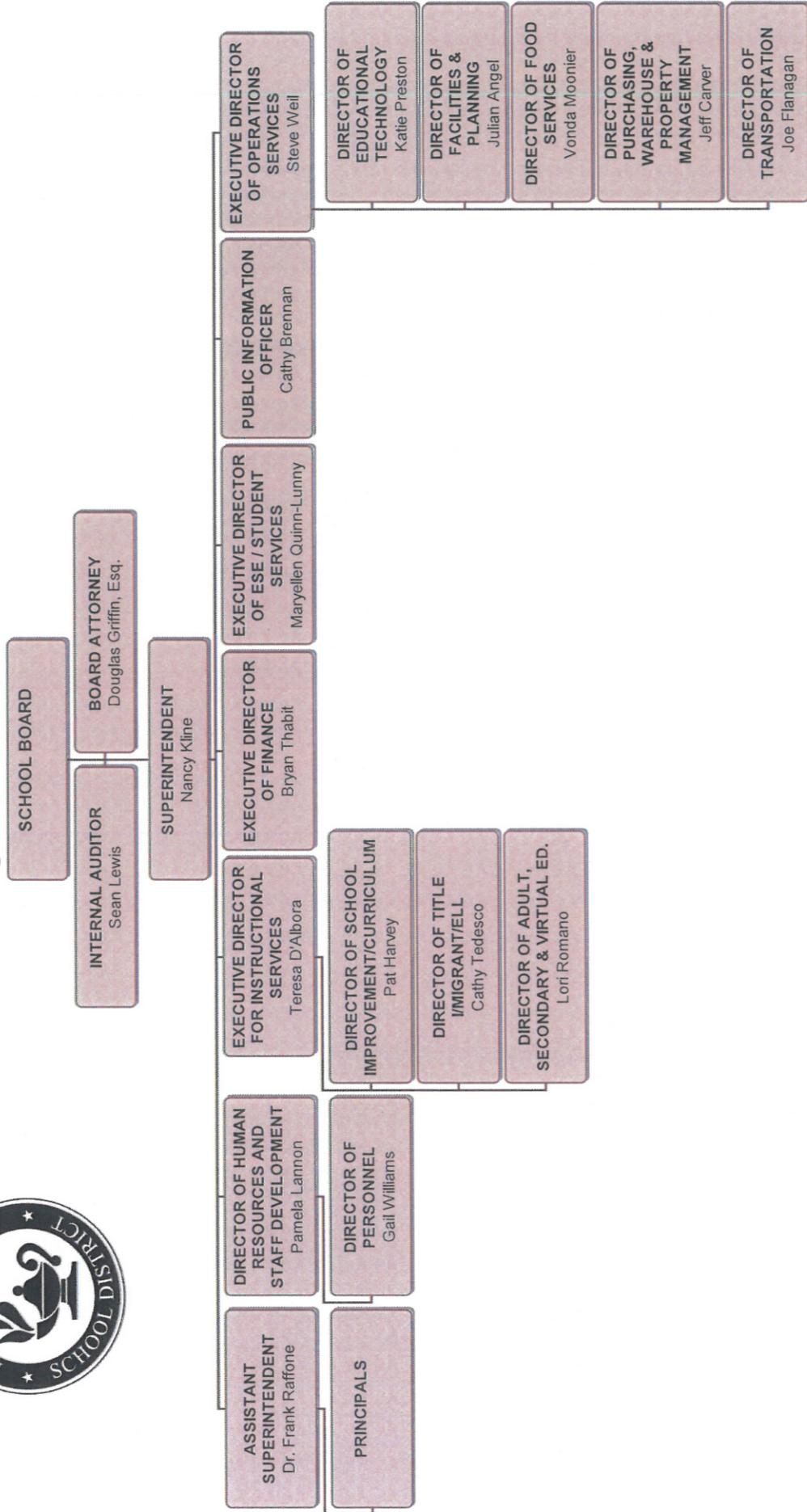
Dr. Frank Raffone	Assistant Superintendent
Teresa D’Albora	Executive Director for Instructional Services
Maryellen Quinn-Lunny	Executive Director of Exceptional Student Education and Student Services
Bryan Thabit	Executive Director of Finance
Steve Weil	Executive Director of Operations Services





SCHOOL BOARD OF MARTIN COUNTY

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

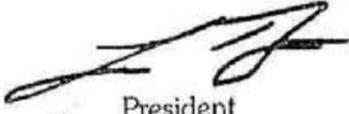
District School Board
of Martin County, Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.




President
Jeffrey L. Esser
Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



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FINANCIAL SECTION





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DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
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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 FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 12 percent of the assets and 76 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the aggregate discretely presented component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Martin County District School Board as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the general fund and major special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Martin County District School Board'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 THE 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, SCHEDULE OF FUNDING PROGRESS – EARLY RETIREMENT PLAN, SCHEDULE OF EMPLOYER CONTRIBUTIONS – EARLY RETIREMENT PLAN, and SCHEDULE OF FUNDING PROGRESS - POSTEMPLOYMENT BENEFITS PLAN,** as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, have 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



David W. Martin, CPA
December 8, 2011
Audit Report No. 2012-056

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, 2011. 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 found on pages 17 through 69.

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 required supplementary information in addition to 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 assets* presents information on most of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the 2010-11 fiscal year. All changes in net assets 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 following legally separate *component units*: the Martin County Education Foundation, Inc., and the Hope Center for Autism, Inc., a charter school. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information, for these component units, is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 17-19 of this report.

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, Federal Economic Stimulus, and Local Capital Improvement Tax Funds. Data from the other eight 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 Federal Economic Stimulus Funds. Budgetary to actual comparisons have been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund statements can be found on pages 20-34 of this report.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources 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.

The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

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. The notes to the basic financial statements can be found on pages 37-69 of this report.

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 and component units. Combining and individual fund schedules can be found on page 78-103. Additional information about the District that may be of interest to the reader is found under the Statistical section on pages 107-141 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-11 fiscal year are as follows:

Government-wide Statements

- The District's assets exceed its liabilities at June 30, 2011, by \$322.1 million (*net assets*).
- The District's total net assets decreased by \$9.4 million, which represents a 2.8 percent decrease from the 2009-10 fiscal year.
- General revenues total \$179.8 million, or 93 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$13.5 million, or 7 percent of all revenues.
- Expenses total \$202.7 million; \$13.5 million of these expenses are offset by program specific charges, with the remainder paid from general revenues. Total expenses exceed total revenues by \$9.4 million.

Fund Statements

- At June 30, 2011, the District's governmental funds report combined ending fund balances of \$53 million, a decrease of \$20 million from the prior year.
- At June 30, 2011, unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$9.4 million or 7.1 percent of total General Fund revenues.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the District’s net assets as of June 30, 2011, compared to the net assets as of June 30, 2010:

District School Board of Martin County, Florida			
Net Assets			
	<u>Governmental Activities</u>		<u>Percent</u>
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Current and other assets	\$ 67,196,272	\$ 85,155,787	-21.1%
Capital assets	370,104,601	351,682,499	5.2%
Total assets	<u>437,300,873</u>	<u>436,838,286</u>	0.1%
Other liabilities	10,228,217	9,115,386	12.2%
Long-term liabilities	104,998,777	96,249,385	9.1%
Total liabilities	<u>115,226,994</u>	<u>105,364,771</u>	9.4%
Net assets:			
Invested in capital assets, net of related debt	319,932,319	300,336,151	6.5%
Restricted	42,529,840	63,951,404	-33.5%
Unrestricted Deficit	(40,388,280)	(32,814,040)	23.1%
Total net assets	<u>\$ 322,073,879</u>	<u>\$ 331,473,515</u>	-2.8%

The largest portion of the District’s net assets (\$319.9 million or 99.3 percent) 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 assets, \$42.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets is unrestricted net assets \$13.2 million - after exclusion of \$15.8 million in compensated absences payable and \$37.8 million in other postemployment benefits obligations. The District’s unrestricted net assets balance is negative because of the District’s future liabilities for employee compensated absences and other postemployment benefits; however, the District has sufficient current assets to meet its current obligations.

Restricted net assets have decreased \$21.4 million from June 30, 2011, to June 30, 2010. These net assets represent restrictions from specific revenue sources and grants. The deficit in unrestricted net assets in the governmental type activities has increased \$7.6 million. This is primarily due to the recognition and presentation of other postemployment benefit liability obligations of the District.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2011, and June 30, 2010, are as follows:

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

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2011</u>	<u>2010</u>	
Revenues			
Program revenues:			
Charges for services	\$ 5,884,507	\$ 5,654,978	4.1%
Operating grants and contributions	4,520,960	4,046,600	11.7%
Capital grants and contributions	3,075,398	3,503,253	-12.2%
Total Program revenues	<u>13,480,865</u>	<u>13,204,831</u>	2.1%
General revenues:			
Property taxes, levied for operational purposes	97,202,185	99,281,016	-2.1%
Property taxes, levied for capital purposes	26,738,877	28,656,156	-6.7%
Grants and contributions not restricted to specific prog.	52,672,114	46,726,435	12.7%
Other	3,169,129	2,979,634	6.4%
Total General revenues	<u>179,782,305</u>	<u>177,643,241</u>	1.2%
Total revenues	<u>193,263,170</u>	<u>190,848,072</u>	1.3%
Expenses			
Instruction	101,154,165	99,394,082	1.8%
Pupil personnel services	9,928,751	10,769,701	-7.8%
Instructional media services	2,263,085	2,393,206	-5.4%
Instructional and curriculum development services	3,418,956	3,333,307	2.6%
Instructional staff training services	3,155,887	3,001,115	5.2%
Instruction related technology	1,699,938	1,641,862	3.5%
School board	731,165	866,172	-15.6%
General administration	750,550	739,511	1.5%
School administration	9,925,657	10,209,565	-2.8%
Facilities services	26,211,680	19,629,027	33.5%
Fiscal services	1,159,594	1,162,258	-0.2%
Food services	6,591,543	6,854,384	-3.8%
Central services	4,216,113	3,669,788	14.9%
Pupil transportation services	6,143,955	6,451,503	-4.8%
Operation of plant	15,184,217	14,207,089	6.9%
Maintenance of plant	4,595,135	4,392,925	4.6%
Administrative technology services	563,005	656,490	-14.2%
Community services	2,729,930	2,880,821	-5.2%
Unallocated interest on long-term debt	2,239,480	2,291,704	-2.3%
Total expenses	<u>202,662,806</u>	<u>194,544,510</u>	4.2%
Change in net assets	(9,399,636)	(3,696,438)	
Net assets - beginning	331,473,515	335,169,953	
Net assets - ending	<u>\$ 322,073,879</u>	<u>\$ 331,473,515</u>	-2.8%

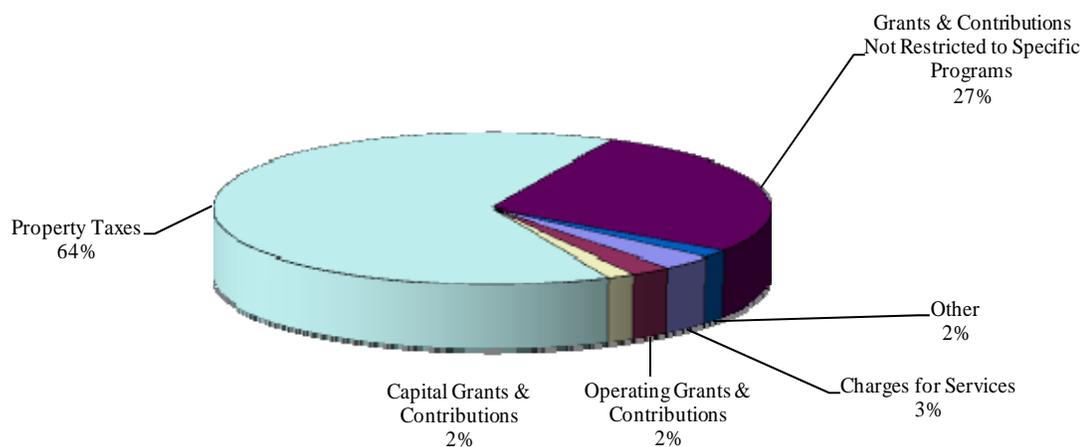
Major changes in revenues were caused by the following:

- Operating Grants – Increased approximately 11.7 percent, primarily due to the change in the accounting for the received portion of processed USDA donated foods.
- Property taxes levied for operational and capital purposes - Decreased \$2.1 million and \$1.9 million, respectively, due to the decrease in assessed property value.
- Grants and contributions – Increased by 12.7 percent, due to the Education Jobs Fund program and increase in student membership, which effects Florida Education Finance Program general revenue funding.

Major changes in expenses were caused by the following:

- Instruction – Increased by 1.8 percent, due to additional classroom teachers.
- Facilities services – Increased 33.5 percent, due primarily to return of excess hurricane proceeds to the insurance company.
- Central Services – Increased 14.9 percent, due primarily to the increase in the Board’s contribution to retirees.

Revenues by Source - Governmental Activities



FUND FINANCIAL ANALYSIS

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

Major Governmental Funds

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

District School Board of Martin County, Florida Fund Balance

	2011	2010 ⁽¹⁾
Fund balance:		
Nonspendable Funds	\$ 698,053	\$ 649,582
Restricted Fund Balance	42,320,157	63,964,843
Assigned Fund Balance	611,930	201,117
Unassigned Fund Balance	9,389,240	8,156,558
Total fund balance	\$ 53,019,380	\$ 72,972,100

(1) Restated in accordance with GASB 54.

As of the end of the 2010-11 fiscal year, the District's governmental funds reported combined ending fund balances of \$53 million, a decrease of \$20 million in comparison with the prior fiscal year.

Major Funds

The General, Federal Economic Stimulus, and Local Capital Improvement Tax Funds were reported as major funds.

The General Fund is the chief operating fund of the District. The General Fund has an increase in fund balance of \$1.8 million. The total fund balance is \$12.7 million, of which \$9.4 million is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 7.1 percent of total General Fund operating revenue, while total fund balance represents 9.6 percent of that same amount. The Government Finance Officers Association Best Practices guidelines call for a combined assigned and unassigned fund balance level of 5 to 15 percent of the General Fund operating revenues.

The unassigned fund balance increased due to the transfer of instructional classroom teacher salaries and benefits to the Federal Education Jobs Fund program.

The Special Revenue – Federal Economic Stimulus Fund have total revenues and expenditures of \$13.2 million each, and the funding was mainly used for instructional and support services.

The Capital Projects - Local Capital Improvement Tax Fund has a decrease in fund balance of \$21.5 million to a total fund balance of \$33.6 million, which is restricted for acquisition, construction, and maintenance of capital assets. The decrease is primarily due to the decrease in the capital millage levy proceeds and a return of excess hurricane proceeds. It should be noted that several projects are currently under construction, and \$21.5 million has been encumbered for specific projects.

Nonmajor Funds

Nonmajor governmental funds consist primarily of debt service funds, and nonmajor special revenue and capital projects funds. The total fund balance of \$6.7 million is to be expended on specific programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2010-11 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$.9 million, or .65 percent. The original budget estimated tax revenues at 96.5 percent. Actual collections exceed this amount by .26 percent. Final appropriations are less than the original budget by \$5.1 million, or 3.6 percent. Budget revisions were due primarily to workforce reductions due to attrition, termination payouts, and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance and compliance with State-mandated class-size reduction.

A final budget amendment was approved at year-end to amend the budget to actual revenues and expenditures. The Board is authorized by State statute to make budget amendments up to the date that the District's Annual Financial Report is approved. The District typically elects to amend its budget to actual at that time to ensure that all expenditures adjustments are covered by the budget amendments. A General Fund budgetary comparison statement can be found in the Financial Section, pages 28-31.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2011, is \$370.1 million (net of accumulated depreciation). The investment in 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 computer software. The District experienced an overall increase in investment in capital assets over the previous fiscal year of approximately 5.2 percent.

Major capital assets events during the 2010-11 fiscal year include:

- Major construction in progress at June 30, 2011, includes the amount completed to date for architectural work and construction costs associated with:
 - South Fork High School – Phase III Construction
 - Pinewood Elementary School – HVAC, Fire Sprinklers, Sitework
 - Crystal Lake Elementary School – HVAC, Fire Sprinklers, Sitework

- Projects in final phase of completion, awaiting the completion of a punch list:
 - South Fork High School – Phase II
 - Indiantown Middle School – Phase I Replacement of Classrooms/Cafeteria
 - Warfield Elementary School – Phase III Two Story Classroom
 - Martin County High School – Chiller Addition

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

	<u>2011</u>	<u>2010</u>	Percent Change
Land	\$ 10,354,648	\$ 10,354,648	0.0%
Construction in progress	41,238,857	29,182,700	41.3%
Improvements other than buildings	6,850,687	7,223,128	-5.2%
Buildings and fixed equipment	300,374,794	294,261,737	2.1%
Furniture, fixtures, and equipment	6,009,010	5,956,270	0.9%
Motor vehicles	3,295,717	3,745,747	-12.0%
Property under capital lease	787,711	10,898	7128.0%
Audio visual materials & computer software	1,193,177	947,371	25.9%
Total Capital Assets (Net of Depreciation)	\$ 370,104,601	\$ 351,682,499	5.2%

As shown on the above table, construction in progress has increased. This is due to the increase in the number of construction projects of the District, as compared to the number of projects that have been completed by the District. Additional information on the District's capital assets can be found in Notes VI and X(C) of this report.

Long-Term Debt

At June 30, 2011, the District has total long-term debt outstanding of \$50.2 million, comprised of Certificates of Participation Series 2005A (COPS), State Board of Education Bonds (SBE), and a capital lease.

District School Board of Martin County, Florida
Outstanding Debt

	<u>2011</u>	<u>2010</u>
Certificates of Participation (COPS)	\$ 36,660,000	\$ 37,745,000
State School (SBE) Bonds Payable	12,690,000	13,540,000
Obligations under Capital Lease	822,282	61,348
	<u>\$ 50,172,282</u>	<u>\$ 51,346,348</u>

The District's outstanding debt decreased \$1.2 million during 2010-11 fiscal year. The decrease was primarily due to scheduled principal retirements. 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

- The unemployment rate for Martin County is currently 10.9 percent, which is a decrease from the rate of 11.7 percent a year ago.
- Student enrollment increased from 17,612 to 17,759 for the 2010-11 fiscal year.
- Population increased for the 2010-11 fiscal year from 143,777 to 146,587.

Approximately 94.9 percent of total General Fund revenues are from the State of Florida and local taxes; therefore, economic conditions, which affect the economy nationally and at the 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.

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 <http://finance.martinschools.org/>.

BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Assets
June 30, 2011

	Primary Government	
	Governmental Activities	Component Units
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 58,121,846	\$ 492,619
Investments	1,864,794	-
Accounts receivable	785,896	2,173
Deposits	-	1,488
Due from local sources	-	1,146
Due from other governmental agencies	1,777,008	-
Inventories	697,882	-
Prepaid items	507,730	14,000
Deferred charges	1,205,000	-
Restricted:		
Equity in property and casualty group	2,236,116	-
Capital assets not being depreciated:		
Land	10,354,648	-
Construction in progress	41,238,857	-
Capital assets net of accumulated depreciation:		
Improvements other than buildings	6,850,687	3,168
Buildings and fixed equipment	300,374,794	-
Leasehold Improvements	-	54,344
Furniture, fixtures, and equipment	6,009,010	8,006
Motor vehicles	3,295,717	-
Property under capital lease	787,711	-
Audio visual materials and computer software	1,193,177	-
Total assets	\$ 437,300,873	\$ 576,944
Liabilities		
Salaries and benefits payable	\$ 6,433,887	\$ 13,891
Accounts payable	1,613,491	159
Construction contracts payable - retainage	1,848,725	-
Unearned revenue	332,114	-
Long-term liabilities:		
Portion due in one year:		
Obligations under capital lease	176,182	-
Bonds payable	2,235,000	-
Certificates of participation payable	1,130,000	-
Compensated absences payable	1,423,929	-
Portion due in more than one year:		
Obligations under capital lease	646,100	-
Bonds payable	11,660,000	-
Certificates of participation payable	35,530,000	-
Compensated absences payable	14,362,146	-
Other postemployment benefits obligation	37,835,420	-
Total liabilities	115,226,994	14,050
Net assets		
Invested in capital assets, net of related debt	\$ 319,932,319	\$ 65,518
Restricted net assets for:		
State required carryover programs	2,227,392	-
Capital projects	38,272,294	-
Debt service	313,968	-
Food service	1,643,810	-
Other	72,376	156,474
Unrestricted net assets (deficit)	(40,388,280)	340,902
Total net assets	\$ 322,073,879	\$ 562,894

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, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instruction	\$ 101,154,165	\$ 371,096	\$ -	\$ -
Pupil personnel services	9,928,751	-	-	-
Instructional media services	2,263,085	-	-	-
Instruction and curriculum development services	3,418,956	-	-	-
Instructional staff training services	3,155,887	-	-	-
Instruction related technology	1,699,938	-	-	-
School board	731,165	-	-	-
General administration	750,550	-	-	-
School administration	9,925,657	-	-	-
Facilities services	26,211,680	-	-	1,635,095
Fiscal services	1,159,594	-	-	-
Food services	6,591,543	2,954,156	4,520,960	-
Central services	4,216,113	-	-	-
Pupil transportation services	6,143,955	-	-	-
Operation of plant	15,184,217	-	-	-
Maintenance of plant	4,595,135	-	-	-
Administrative technology services	563,005	-	-	-
Community services	2,729,930	2,559,255	-	-
Unallocated interest on long term debt	2,239,480	-	-	1,440,303
Total primary government	\$ 202,662,806	\$ 5,884,507	\$ 4,520,960	\$ 3,075,398
Component units:				
Charter School/Martin County Education Foundation	\$ 1,178,545	\$ 22,206	\$ 197,621	\$ 11,856

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 assets
Total net assets - beginning
Total net assets - ending

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

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government Governmental Activities	Component Units
\$ (100,783,069)	\$ -
(9,928,751)	-
(2,263,085)	-
(3,418,956)	-
(3,155,887)	-
(1,699,938)	-
(731,165)	-
(750,550)	-
(9,925,657)	-
(24,576,585)	-
(1,159,594)	-
883,573	-
(4,216,113)	-
(6,143,955)	-
(15,184,217)	-
(4,595,135)	-
(563,005)	-
(170,675)	-
(799,177)	-
<u>\$ (189,181,941)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (946,862)</u>
97,202,185	-
26,738,877	-
52,672,114	1,091,589
467,746	1,088
2,701,383	-
<u>179,782,305</u>	<u>1,092,677</u>
(9,399,636)	145,815
331,473,515	417,079
<u>\$ 322,073,879</u>	<u>\$ 562,894</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Revenue - Federal Economic Stimulus Fund
Assets		
Cash and cash equivalents	\$ 18,587,363	\$ -
Investments	86,250	-
Accounts receivable	503,685	-
Due from other governmental agencies	-	817,845
Inventories	488,199	-
Prepaid items	171	-
Total assets	\$ 19,665,668	\$ 817,845
Liabilities and fund balances		
Liabilities:		
Temporary negative cash	\$ -	\$ 606,155
Salaries and benefits payable	6,125,605	143,450
Accounts payable	573,928	68,240
Constructions contracts payable - retainage	-	-
Deferred revenue	249,203	-
Total liabilities	6,948,736	817,845
Fund balances:		
Nonspendable	488,370	-
Restricted	2,227,392	-
Assigned	611,930	-
Unassigned	9,389,240	-
Total fund balances	12,716,932	-
Total liabilities and fund balances	\$ 19,665,668	\$ 817,845

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
\$ 34,522,608	\$ 5,694,230	\$ 58,804,201
1,295,873	482,671	1,864,794
4,601	277,610	785,896
417,979	541,184	1,777,008
-	209,683	697,882
-	-	171
<u>\$ 36,241,061</u>	<u>\$ 7,205,378</u>	<u>\$ 63,929,952</u>
\$ -	\$ 76,200	\$ 682,355
-	164,832	6,433,887
792,148	179,175	1,613,491
1,848,725	-	1,848,725
-	82,911	332,114
<u>2,640,873</u>	<u>503,118</u>	<u>10,910,572</u>
-	209,683	698,053
33,600,188	6,492,577	42,320,157
-	-	611,930
-	-	9,389,240
<u>33,600,188</u>	<u>6,702,260</u>	<u>53,019,380</u>
<u>\$ 36,241,061</u>	<u>\$ 7,205,378</u>	<u>\$ 63,929,952</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 Assets
June 30, 2011

Total fund balances - governmental funds \$ 53,019,380

Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital assets not being depreciated	\$ 51,593,505	
Capital assets being depreciated	<u>318,511,096</u>	370,104,601

The District's portion of the equity held in the risk management consortium is not reported as an asset of the governmental funds.	2,236,116
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Deferred charges consist of the Series 2002A bonds refunded from the Series 2010A bonds that are not legally defeased until January 1, 2012.	1,205,000
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Contributions to the early retirement programs in excess of actuarial required contributions are recognized as a prepaid expense in the government-wide statements, but are not reported as assets in the governmental funds.	507,559
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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:

Obligations under capital lease	\$ (822,282)	
Bonds payable	(13,895,000)	
Compensated absences payable	(15,786,075)	
Certificates of participation Series 2005A	(36,660,000)	
Other postemployment benefits obligation	<u>(37,835,420)</u>	<u>(104,998,777)</u>

Total Net Assets - Governmental Activities \$ 322,073,879

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, 2011

	General Fund	Special Revenue - Federal Economic Stimulus Fund
Revenues		
Federal direct	\$ 481,174	\$ -
Federal through state and local	860,682	13,153,326
State	28,377,770	-
Local:		
Taxes	97,202,185	-
Charges for services - food services	-	-
Miscellaneous	5,390,633	-
Total revenues	<u>132,312,444</u>	<u>13,153,326</u>
Expenditures		
Current:		
Instruction	81,538,132	9,064,701
Pupil personnel services	6,510,713	1,427,102
Instructional media services	2,205,107	68
Instruction and curriculum development services	1,857,137	90,213
Instructional staff training services	812,554	1,041,598
Instruction related technology	1,588,351	2,127
School board	623,795	57,894
General administration	699,564	336,540
School administration	9,203,655	186,866
Facilities services	824,346	64,380
Fiscal services	1,075,889	1,383
Food services	-	-
Central services	3,739,663	161,239
Pupil transportation services	5,383,887	299,037
Operation of plant	13,979,324	110,393
Maintenance of plant	4,210,287	140,558
Administrative technology services	524,156	-
Community services	2,449,290	-
Capital outlay:		
Facilities acquisition and construction	-	-
Other capital outlay	46,654	169,227
Debt service:		
Principal	-	-
Interest and fees	-	-
Paying agent fees	-	-
Total expenditures	<u>137,272,504</u>	<u>13,153,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,960,060)</u>	<u>-</u>
Other financing sources (uses)		
Refunding bonds issued	-	-
Premium on refunding bonds	-	-
Payments to refunded bond escrow agent	-	-
Capital lease inception	-	-
Insurance loss recoveries	-	-
Transfers in	6,812,149	-
Transfers out	(36,434)	-
Total other financing sources (uses)	<u>6,775,715</u>	<u>-</u>
Net change in fund balances	1,815,655	-
Fund balances - beginning	<u>10,901,277</u>	<u>-</u>
Fund balances - ending	<u>\$ 12,716,932</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
\$ -	\$ 1,979,661	\$ 2,460,835
-	12,254,892	26,268,900
-	3,160,967	31,538,737
26,738,877	-	123,941,062
-	2,954,156	2,954,156
394,806	813,445	6,598,884
<u>27,133,683</u>	<u>21,163,121</u>	<u>193,762,574</u>
-	4,913,878	95,516,711
-	1,581,277	9,519,092
-	15,581	2,220,756
-	1,522,175	3,469,525
-	1,232,148	3,086,300
-	-	1,590,478
-	-	681,689
-	258,403	1,294,507
-	13,394	9,403,915
11,580,775	75,798	12,545,299
-	-	1,077,272
-	6,635,390	6,635,390
-	15,951	3,916,853
-	75,591	5,758,515
-	31,776	14,121,493
-	-	4,350,845
-	-	524,156
-	94,126	2,543,416
27,575,573	772,789	28,348,362
3,956,479	103,718	4,276,078
-	1,935,000	1,935,000
-	2,222,141	2,222,141
-	12,797	12,797
<u>43,112,827</u>	<u>21,511,933</u>	<u>215,050,590</u>
<u>(15,979,144)</u>	<u>(348,812)</u>	<u>(21,288,016)</u>
-	1,205,000	1,205,000
-	195,334	195,334
-	(1,404,877)	(1,404,877)
1,239,801	-	1,239,801
100,038	-	100,038
-	1,613,889	8,426,038
(6,812,149)	(1,577,455)	(8,426,038)
<u>(5,472,310)</u>	<u>31,891</u>	<u>1,335,296</u>
(21,451,454)	(316,921)	(19,952,720)
<u>55,051,642</u>	<u>7,019,181</u>	<u>72,972,100</u>
<u>\$ 33,600,188</u>	<u>\$ 6,702,260</u>	<u>\$ 53,019,380</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, 2011

Net change in fund balances - total governmental funds \$ (19,952,720)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlay	\$ 30,601,802	
Less, depreciation expense	<u>(11,953,923)</u>	18,647,879

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. (289,321)

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 paid in excess of the amount earned in the current period. 1,876,132

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds in the current period.

Bonds issued	\$ (1,205,000)	
Inception of capital lease	(1,239,801)	
Bonds repayments	2,055,000	
Certificates of participation repayments	1,085,000	
Capital lease repayments	<u>478,867</u>	1,174,066

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

Current year accruals	\$ (14,026,570)	
Less, prior year	<u>3,431,980</u>	(10,594,590)

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net assets differs from the change in fund balances by the undepreciated cost of assets sold (225,777)

Annual required contributions to the Early Retirement Plan in the statement of activities does not require the use of current financial resources due to amounts prepaid in prior years. This is the current year reduction in the prepaid amount. (35,305)

Change in net assets of governmental activities \$ (9,399,636)

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal direct	\$ 573,845	\$ 481,174	\$ 481,174	\$ -
Federal through state and local	676,934	860,682	860,682	-
State	27,779,755	28,377,770	28,377,770	-
Local				-
Taxes	96,954,594	97,202,185	97,202,185	-
Miscellaneous	5,471,705	5,390,633	5,390,633	-
Total revenues	<u>131,456,833</u>	<u>132,312,444</u>	<u>132,312,444</u>	<u>-</u>
Expenditures				
Current:				
Instructional services				
Salaries	58,532,561	55,621,655	55,621,655	-
Employee benefits	20,813,760	18,987,992	18,987,992	-
Purchased services	3,721,095	3,519,730	3,519,730	-
Materials and supplies	2,619,525	2,284,645	2,284,645	-
Capital outlay	190,074	106,383	106,383	-
Other	1,598,452	1,017,727	1,017,727	-
Total instructional services	<u>87,475,467</u>	<u>81,538,132</u>	<u>81,538,132</u>	<u>-</u>
Pupil personnel services				
Salaries	4,647,954	4,808,406	4,808,406	-
Employee benefits	1,667,979	1,615,344	1,615,344	-
Purchased services	101,050	62,018	62,018	-
Materials and supplies	88,618	18,911	18,911	-
Capital outlay	500	605	605	-
Other	400	5,429	5,429	-
Total pupil personnel services	<u>6,506,501</u>	<u>6,510,713</u>	<u>6,510,713</u>	<u>-</u>
Instructional media services				
Salaries	1,426,573	1,574,567	1,574,567	-
Employee benefits	547,530	509,258	509,258	-
Purchased services	3,575	760	760	-
Materials and supplies	69,623	16,910	16,910	-
Capital outlay	102,142	83,655	83,655	-
Other	2,500	19,957	19,957	-
Total instructional media services	<u>2,151,943</u>	<u>2,205,107</u>	<u>2,205,107</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	1,228,724	1,425,611	1,425,611	-
Employee benefits	399,713	417,729	417,729	-
Purchased services	9,755	4,585	4,585	-
Materials and supplies	9,511	7,100	7,100	-
Capital outlay	620	-	-	-
Other	3,691	2,112	2,112	-
Total instruction and curriculum development services	<u>1,652,014</u>	<u>1,857,137</u>	<u>1,857,137</u>	<u>-</u>

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Instructional staff training services				
Salaries	\$ 622,674	\$ 545,302	\$ 545,302	\$ -
Employee benefits	262,461	173,906	173,906	-
Purchased services	45,108	24,174	24,174	-
Materials and supplies	39,505	29,115	29,115	-
Capital outlay	8,689	-	-	-
Other	48,684	40,057	40,057	-
Total instructional staff training services	1,027,121	812,554	812,554	-
Instruction related technology				
Salaries	1,051,597	1,128,969	1,128,969	-
Employee benefits	338,777	355,274	355,274	-
Purchased services	108,550	60,102	60,102	-
Materials and supplies	36,750	21,349	21,349	-
Capital outlay	-	19,600	19,600	-
Other	300	3,057	3,057	-
Total instruction related technology	1,535,974	1,588,351	1,588,351	-
School board				
Salaries	415,390	415,535	415,535	-
Employee benefits	139,068	148,909	148,909	-
Purchased services	177,996	28,527	28,527	-
Materials and supplies	7,990	5,881	5,881	-
Capital outlay	104	-	-	-
Other	48,137	24,943	24,943	-
Total school board	788,685	623,795	623,795	-
General administration				
Salaries	466,667	471,714	471,714	-
Employee benefits	135,190	134,482	134,482	-
Purchased services	85,424	49,897	49,897	-
Materials and supplies	5,946	1,640	1,640	-
Capital outlay	243	150	150	-
Other	20,388	41,681	41,681	-
Total general administration	713,858	699,564	699,564	-
School administration				
Salaries	6,818,407	6,927,952	6,927,952	-
Employee benefits	2,315,195	2,237,440	2,237,440	-
Purchased services	20,344	14,889	14,889	-
Materials and supplies	23,929	18,228	18,228	-
Capital outlay	3,300	2,131	2,131	-
Other	1,202	3,015	3,015	-
Total school administration	9,182,377	9,203,655	9,203,655	-

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities services				
Salaries	\$ 619,468	\$ 612,004	\$ 612,004	\$ -
Employee benefits	187,737	196,973	196,973	-
Purchased services	18,899	9,695	9,695	-
Materials and supplies	10,935	4,864	4,864	-
Capital outlay	1,215	-	-	-
Other	1,070	810	810	-
Total facilities services	839,324	824,346	824,346	-
Fiscal services				
Salaries	718,009	754,914	754,914	-
Employee benefits	238,980	254,547	254,547	-
Purchased services	73,302	37,523	37,523	-
Materials and supplies	9,763	18,638	18,638	-
Capital outlay	4,326	-	-	-
Other	10,293	10,267	10,267	-
Total fiscal services	1,054,673	1,075,889	1,075,889	-
Central services				
Salaries	1,454,644	1,533,587	1,533,587	-
Employee benefits	671,282	1,958,004	1,958,004	-
Purchased services	437,063	141,129	141,129	-
Energy services	360	251	251	-
Materials and supplies	26,518	25,246	25,246	-
Capital outlay	4,067	-	-	-
Other	74,336	81,446	81,446	-
Total central services	2,668,270	3,739,663	3,739,663	-
Pupil transportation services				
Salaries	2,574,683	2,674,876	2,674,876	-
Employee benefits	1,373,530	1,430,247	1,430,247	-
Purchased services	836,824	169,693	169,693	-
Energy services	646,630	734,917	734,917	-
Materials and supplies	190,711	287,319	287,319	-
Capital outlay	3,771	-	-	-
Other	203,468	86,835	86,835	-
Total pupil transportation services	5,829,617	5,383,887	5,383,887	-

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operation of plant				
Salaries	\$ 4,137,454	\$ 4,221,756	\$ 4,221,756	\$ -
Employee benefits	2,284,883	2,361,045	2,361,045	-
Purchased services	1,853,764	2,113,997	2,113,997	-
Energy services	5,151,555	5,030,271	5,030,271	-
Materials and supplies	225,754	210,980	210,980	-
Capital outlay	1,100	-	-	-
Other	1,450	41,275	41,275	-
Total operation of plant	13,655,960	13,979,324	13,979,324	-
Maintenance of plant				
Salaries	2,818,684	2,941,136	2,941,136	-
Employee benefits	1,242,918	1,197,882	1,197,882	-
Purchased services	74,636	68,267	68,267	-
Materials and supplies	10,833	2,165	2,165	-
Capital outlay	-	-	-	-
Other	875	837	837	-
Total maintenance of plant	4,147,946	4,210,287	4,210,287	-
Administrative technology services				
Salaries	423,598	400,967	400,967	-
Employee benefits	136,979	123,189	123,189	-
Total administrative technology services	560,577	524,156	524,156	-
Community services				
Salaries	1,626,318	1,507,265	1,507,265	-
Employee benefits	469,892	419,518	419,518	-
Purchased services	156,694	126,095	126,095	-
Materials and supplies	212,759	172,321	172,321	-
Capital outlay	44,263	21,856	21,856	-
Other	94,970	202,235	202,235	-
Total community services	2,604,896	2,449,290	2,449,290	-
Total current operating	142,395,203	137,225,850	137,225,850	-
Capital outlay:				
Other capital outlay	-	46,654	46,654	-
Total expenditures	142,395,203	137,272,504	137,272,504	-
Deficiency of revenues under expenditures	(10,938,370)	(4,960,060)	(4,960,060)	-
Other financing sources (uses)				
Transfers in	7,023,259	6,812,149	6,812,149	-
Transfers out	(49,024)	(36,434)	(36,434)	-
Total other financing sources (uses)	6,974,235	6,775,715	6,775,715	-
Net change in fund balances	(3,964,135)	1,815,655	1,815,655	-
Fund balances - beginning	10,901,277	10,901,277	10,901,277	-
Fund balances - ending	\$ 6,937,142	\$ 12,716,932	\$ 12,716,932	\$ -

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Federal Economic Stimulus Fund
For the Fiscal Year Ended June 30, 2011

	Federal Economic Stimulus Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Federal through state and local	\$ 9,361,019	\$ 13,153,326	\$ 13,153,326	\$ -
Total revenues	<u>9,361,019</u>	<u>13,153,326</u>	<u>13,153,326</u>	<u>-</u>
Expenditures				
Current:				
Instruction				
Salaries	2,235,705	5,031,104	5,031,104	-
Employee benefits	597,000	1,671,839	1,671,839	-
Purchased services	2,124,253	1,536,402	1,536,402	-
Materials and supplies	346,252	552,823	552,823	-
Capital outlay	186,067	131,286	131,286	-
Other	138,269	141,247	141,247	-
Total instruction	<u>5,627,546</u>	<u>9,064,701</u>	<u>9,064,701</u>	<u>-</u>
Pupil personnel services				
Salaries	288,137	280,087	280,087	-
Employee benefits	117,522	102,940	102,940	-
Purchased services	771,617	1,016,874	1,016,874	-
Materials and supplies	19,029	26,192	26,192	-
Capital outlay	-	1,009	1,009	-
Total pupil personnel services	<u>1,196,305</u>	<u>1,427,102</u>	<u>1,427,102</u>	<u>-</u>
Instructional media services				
Materials and supplies	95	68	68	-
Total instructional media services	<u>95</u>	<u>68</u>	<u>68</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	-	45,040	45,040	-
Employee benefits	-	13,017	13,017	-
Purchased services	12,800	27,835	27,835	-
Materials and supplies	-	3,888	3,888	-
Other	-	433	433	-
Total instruction & curriculum development serv.	<u>12,800</u>	<u>90,213</u>	<u>90,213</u>	<u>-</u>
Instructional staff training services				
Salaries	634,620	585,268	585,268	-
Employee benefits	226,753	189,388	189,388	-
Purchased services	142,881	65,191	65,191	-
Materials and supplies	103,600	186,729	186,729	-
Capital outlay	500	15,022	15,022	-
Other	8,528	-	-	-
Total instructional staff training services	<u>1,116,882</u>	<u>1,041,598</u>	<u>1,041,598</u>	<u>-</u>

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 - Federal Economic Stimulus Fund
For the Fiscal Year Ended June 30, 2011

	Federal Economic Stimulus Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Instruction Related Technology				
Salaries	\$ -	\$ 1,777	\$ 1,777	\$ -
Employee benefits	-	350	350	-
Total instruction related technology	-	2,127	2,127	-
School Board				
Salaries	101,706	16,156	16,156	-
Employee benefits	714	4,504	4,504	-
Purchased services	-	37,234	37,234	-
Total school board	102,420	57,894	57,894	-
General administration				
Other	474,536	336,540	336,540	-
Total general administration	474,536	336,540	336,540	-
School administration				
Salaries	139,994	134,377	134,377	-
Employee benefits	48,882	46,387	46,387	-
Purchased Services	950	1,929	1,929	-
Energy Services	400	-	-	-
Materials and supplies	4,700	3,723	3,723	-
Capital outlay	-	450	450	-
Other	107	-	-	-
Total school administration	195,033	186,866	186,866	-
Facilities Acquisition and Construction				
Salaries	54,073	47,754	47,754	-
Employee benefits	18,025	14,836	14,836	-
Capital outlay	-	1,790	1,790	-
Total facilities acquisition and construction	72,098	64,380	64,380	-
Fiscal Services				
Salaries	865	-	-	-
Purchased Services	15	1,383	1,383	-
Other	1,985	-	-	-
Total fiscal services	2,865	1,383	1,383	-
Food Services				
Capital outlay	27,571	-	-	-
Total food services	27,571	-	-	-
Central services				
Purchased services	66,000	161,239	161,239	-
Total central services	66,000	161,239	161,239	-

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 - Federal Economic Stimulus Fund
For the Fiscal Year Ended June 30, 2011

	Federal Economic Stimulus Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Pupil transportation services				
Salaries	\$ 61,485	\$ -	\$ -	\$ -
Employee benefits	22,078	-	-	-
Purchased services	119,213	299,037	299,037	-
Other	2,950	-	-	-
Total pupil transportation services	<u>205,726</u>	<u>299,037</u>	<u>299,037</u>	<u>-</u>
Operation of plant				
Salaries	17,591	17,771	17,771	-
Employee benefits	11,881	11,979	11,979	-
Purchased services	72,500	74,870	74,870	-
Energy services	200	158	158	-
Materials and supplies	2,300	5,615	5,615	-
Total operation of plant	<u>104,472</u>	<u>110,393</u>	<u>110,393</u>	<u>-</u>
Maintenance of plant				
Salaries	39,781	39,180	39,180	-
Employee benefits	17,934	14,613	14,613	-
Purchased services	3,171	460	460	-
Materials and supplies	67,200	85,676	85,676	-
Capital outlay	629	629	629	-
Total maintenance of plant	<u>128,715</u>	<u>140,558</u>	<u>140,558</u>	<u>-</u>
Community services				
Employee benefits	17,530	-	-	-
Purchased services	10,425	-	-	-
Total community services	<u>27,955</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Other capital outlay	-	169,227	169,227	-
Total expenditures	<u>9,361,019</u>	<u>13,153,326</u>	<u>13,153,326</u>	<u>-</u>
Excess(deficiency) of revenues over(under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Pension Trust Fund	Private - Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ -	\$ 126,452	\$ 1,731,244
Investments			
Common stock	3,722,068	-	-
Money market fund	94,185	-	-
United States treasury notes	500,763	-	-
United States government obligations	630,022	-	-
Corporate debt obligations	623,684	-	-
Other	669,908	-	-
Accounts receivable	-	-	2,016
Inventory	-	-	58,853
Total assets	\$ 6,240,630	\$ 126,452	\$ 1,792,113
Liabilities			
Temporary negative cash	\$ 47,406	\$ -	\$ -
Due to student organizations	-	-	1,758,910
Accounts payable	-	-	33,203
Total liabilities	47,406	-	\$ 1,792,113
Net assets			
Assets held in trust for pension benefits	6,193,224	-	
Assets held in trust for scholarships	-	126,452	
Net assets	\$ 6,193,224	\$ 126,452	

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 Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Pension Trust Fund	Private - Purpose Trust Funds
ADDITIONS		
Contributions:		
Gifts, grants and bequests	\$ -	\$ -
Investment Earnings and Losses:		
Interest and dividends	285,142	65
Loss on sale of investments	(120,226)	-
Net increase in the fair value of investments	954,782	-
Total additions	<u>1,119,698</u>	<u>65</u>
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries	589,019	-
Scholarships	-	1,000
Administrative expenses	70,792	-
Total deductions	<u>659,811</u>	<u>1,000</u>
Change In net assets	459,887	(935)
Net Assets - beginning	<u>5,733,337</u>	<u>127,387</u>
Net Assets - ending	<u><u>\$ 6,193,224</u></u>	<u><u>\$ 126,452</u></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, 2011

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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. 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 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 or incomplete. Based on the application of 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 Units

The component unit columns in the basic financial statements include the financial data of the Martin County Education Foundation, Inc., (Foundation) and The Hope Center for Autism, Inc., (Charter School).

The Martin County Education Foundation, Inc., was formed in accordance to Section 1001.453, Florida Statutes, for the purpose of improving the quality of education by increasing community involvement with and support for Martin County schools. The Board approves the selection of the Foundation's Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources (or income thereon) that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the District, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. A copy of the separate financial statements for the Foundation is available at the District's administrative office.

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 as a charter school and is considered to be a component unit since it is fiscally dependent on the District for its tax levy and a majority of its budget. 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.

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 Assets and the Statement of Activities) present 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 certain 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 that is 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

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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. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. 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 or governments.

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 – Federal Economic Stimulus Fund– to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA) and other Federal stimulus programs.
- 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.
- 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; 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

GASB Statement 34 requires 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 Assets.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*. 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.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an "other financing source" rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

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 Units

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.

The Martin County Education Foundation, Inc., shown as a discretely presented component unit, is accounted for under the not-for-profit basis of accounting and uses the cash basis of accounting whereby revenues are recognized when received and expenses are recognized when paid.

D. Assets, Liabilities, and Net Assets

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, 2011, 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.

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The Board has a formal investment policy adopted on June 16, 2009. 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. Obligations of United States Government Agencies and Instrumentalities include embedded options to call the entire security or portion thereof, at the option of the issuer; or, depending on market conditions, the District may decide to leave the security intact, at a stated interest rate, until final maturity. These securities have various call dates between August 2011 and April 2017.

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., Department of Education) 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 the Florida PRIME and Fund B Surplus Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes, and those made locally.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.78965331 at June 30, 2011. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within Florida PRIME.

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 Early Retirement Plan and the Certificates of Participation, Series 2005A, are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

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As of June 30, 2011, the special revenue funds and the Early Retirement Fund cash accounts reflect a negative cash balance which represents timing differences between expenditures and the receipt of the reimbursement from the cash drawdown request. The funds are part of our pooled funds, so no District bank account is overdrawn per bank records at June 30, 2011.

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 assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Buildings and fixed equipment totaling \$32,337,341 acquired or constructed prior to the 1979-80 fiscal year are stated at estimated historical cost using Florida Department of Education average square foot construction costs for the year of acquisition or construction.

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

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

<u>Assets</u>	<u>Years</u>
Improvements Other than Buildings	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 Revenue

The deferred revenues will be recognized as revenue in the fiscal year that they are earned, in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent revenues that are measurable but not available.

5. Accrued 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. Employees who work a complete contracted year and who have accrued thirty or more sick days as of the last duty day, and who have used no more than two of their ten days of accrued sick/personal leave during the year may receive pay for the unused days at 80 percent of the employees daily rate. 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 used or paid in subsequent fiscal years is the noncurrent amount. The current and noncurrent amounts for government 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 assets. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

E. Revenue Sources

1. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period

of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department 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 Department. A schedule of revenues from State sources for the current year is presented in a subsequent note.

2. District Property Taxes

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

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

The School Board adopted the 2010 tax levy on September 8, 2010. 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, including ARRA and Education Jobs stabilization funds, which are a component of the FEFP, for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For

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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.

Education Jobs Fund and ARRA stimulus funds for grants, such as, IDEA, Title I, and Head Start mostly expired on June 30, 2011.

NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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 State Board of Education rules.
2. Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function level (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
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 2010 tax roll for the 2010-11 fiscal year:

<u>TAX ROLL</u>	<u>MILLAGES</u>	<u>TAXES LEVIED</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.708	\$ 86,980,861
Basic Discretionary Local Effort	0.748	13,519,389
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.500	27,712,679
Total	<u>6.956</u>	<u>\$ 128,212,929</u>

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NOTE IV – INVESTMENTS

As of June 30, 2011, the District had the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration:		
Florida PRIME (1)	31 Day Average	\$ 680,008
Fund B Surplus Funds Trust Fund	7.16 Year Average	1,557,548
Debt Service Accounts	6 Months	312,822
PFM Asset Management LLC		
PFM Funds Prime Series Institutional Class Shares Fund (1)	49 Day Average	7,278,758
PFM Funds Government Series Fund (1)	50 Day Average	15,366,704
Wells Fargo Advantage Government Money Market Fund (1)	25 Day Average	23,907,882
Schwab Money Market Fund	42 Day Average	94,185
Wells Fargo Heritage Money Market Fund (1)(2)	20 Day Average	2,350,501
	June 2012 - January	
Corporate Debt Obligations	2016	623,684
	August 2011 -	
Obligations of United States Government Agencies and Instrumentalities	April 2016	630,022
American Depository Receipts	N/A	371,853
	August 2011 -	
United States Treasury Notes	April 2017	500,763
Limited Partnerships	N/A	92,045
Common Stock	N/A	3,722,068
Total Investments, Primary Government		\$ 57,488,843

Notes:

- (1) These investments are classified as cash and cash equivalents on the basic financial statements.
- (2) Includes \$412,580, classified as cash and cash equivalents, held under a trust agreement with the Certificates of Participation, Series 2005A, financing arrangements. See Note VII B

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

		Statement of Net Assets
Fair Value of Investments		\$ 57,488,843
Cash in Bank		10,548,717
Total		\$ 68,037,560
Cash and Cash Equivalents - Statement of Net Assets	\$ 58,121,846	
Cash and Cash Equivalents - Fiduciary Funds, Net of Temporary Negative Cash of \$47,406	1,810,290	
Total Cash and Cash Equivalents		59,932,136
Investments - Statements of Net Assets	1,864,794	
Investments - Pension Trust Fund	6,240,630	
Total Investments		8,105,424
Total		\$ 68,037,560

Interest Rate Risk

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, 2011, the investment portfolio had a weighted average maturity of .33 years. The maturity of SBA Local Government Fund B Surplus Funds Trust Fund (Fund B) is based on the weighted average life (WAL). A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates as of June 30, 2011. Fund B had a WAL of 7.16 years at June 30, 2011. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding WAL. Participation in Fund B is involuntary.

Credit Risk

Section 218.415(16), Florida Statutes, provides the authority to invest in SBA LGIP and limits investments in money market funds to Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes, and direct obligations of the United States Treasury.

The District invested available Certificate of Participation funds in AAAM-rated money market funds.

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

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

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- Intergovernmental investment pools shall be rated “AAAm” by Standard & Poor’s or the equivalent rating agency.

The District’s Early Retirement Trust Fund investment policy authorizes the following investments: SBA Florida PRIME; direct obligations of United States Treasury; United States Federal Government agency securities; corporate debt securities with at least an “A” rating; commercial paper rated A1/P1; certificates of deposits; common and preferred stocks from domestic or foreign corporations; and passbook savings accounts maintained in State certified qualified public depositories as defined in Section 280.02, Florida Statutes. As of June 30, 2011, all state and local government bonds were rated AA+ by Standard & Poor’s; all Treasury notes were rated AAA by Standard & Poor’s; and the District’s investments in corporate debt were rated BBB+ through AA+ by Standard & Poor’s and A2 through Aaa by Moody’s.

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

As of June 30, 2011, the District’s money market funds were individually rated AAAm by Standard & Poor’s. The District’s investments in Fund B and American depository receipts are not rated.

Custodial Credit Risk

Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body’s interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State as defined in 658.12 F.S., 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, 2011, 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 Certificate of Participation, Series 2005A, trust agreement, require securities in those funds to be held by a safekeeping agent in the name of the District.

Concentration of Credit Risk

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.

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A maximum of 25% of available funds, may be invested in the Florida Local Government Surplus Funds Trust Fund ("Florida PRIME"), 100% of available funds may be invested in United States Government

Securities, 50% of available funds may be invested in United States Government agencies with a 25% limit on individual issuers, 75% of available funds may be invested in Federal instrumentalities with a 30% limit on individual issuers, 25% of available funds may be invested in interest bearing time deposit or savings accounts with a 15% limit on individual issuers, 50% of available funds may be invested in repurchase agreements with a 25% limit on individual issuers, 25% of available funds may be invested in commercial paper with a 5% limit on individual issuers, 20% of available funds may be invested in state and/or local government taxable and/or tax-exempt debt, 75% of available funds may be invested in registered investment companies (money market mutual funds) with a 25% limit of individual issuers, 25% of available funds may be invested in intergovernmental investment pools, 50% of available funds may be invested in corporate obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program with a 25% limit on individual issuers.

The District's Early Retirement Plan (Plan) is governed by a separate investment policy that limits investment in equities to 70 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, 2011, the District has a total of approximately \$1.8 million of Due from other Governmental Agencies consisting of \$1.2 million for Federal grants, \$0.4 million for FEMA, and \$0.2 million for food service.

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NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

Government Activities	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011
<u>Capital Assets Not being Depreciated:</u>				
Land	\$ 10,354,648	\$ -	\$ -	\$ 10,354,648
Construction in Progress	29,182,700	25,644,509	13,588,352	41,238,857
Sub total	39,537,348	25,644,509	13,588,352	51,593,505
<u>Capital Assets being Depreciated:</u>				
Improvements Other than Buildings	15,234,880	361,562	-	\$ 15,596,442
Buildings and Fixed Equipment	381,088,898	13,648,716	-	394,737,614
Furniture, Fixtures, and Equipment	19,293,756	2,336,826	711,526	20,919,056
Motor Vehicles	9,068,310	257,360	117,124	9,208,546
Property Under Capital Lease	784,768	1,239,801	784,768	1,239,801
Audio Visual Materials and Software	4,548,901	701,380	216,530	5,033,751
Sub total	430,019,513	18,545,645	1,829,948	446,735,210
<u>Less Accumulated Depreciation for:</u>				
Improvements Other than Buildings	8,011,752	734,003	-	8,745,755
Buildings and Fixed Equipment	86,827,161	7,535,659	-	94,362,820
Furniture, Fixtures, and Equipment	13,337,486	2,078,630	506,070	14,910,046
Motor Vehicles	5,322,563	706,973	116,707	5,912,829
Property Under Capital Lease	773,870	452,090	773,870	452,090
Audio Visual Materials and Software	3,601,530	446,568	207,524	3,840,574
Total Accumulated Depreciation	117,874,362	11,953,923	1,604,171	128,224,114
Depreciated Capital Assets - Net	312,145,151	6,591,722	225,777	318,511,096
Government Activities Funds Net	351,682,499	32,236,231	13,814,129	370,104,601

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

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

Instruction	\$	91,880
Instructional Staff Training Services		5,141
Facilities Services		11,835,411
Food Services		19,780
Central Services		830
Community Services		881
Total Depreciation Expense	<u>\$</u>	<u>11,953,923</u>

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>\$1,239,801</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
2012	\$ 213,296	\$ 176,183	\$ 37,113
2013	213,295	185,196	28,099
2014	213,295	194,671	18,624
2015	213,295	204,631	8,664
2016	62,337	61,601	736
Total	<u>\$ 915,518</u>	<u>\$ 822,282</u>	<u>\$ 93,236</u>

The stated interest rates are 5.0 percent.

B. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement which was characterized as a lease-purchase agreement, with the Martin County School Board Leasing Corporation whereby the District secured financing in the total amount of \$40,790,000. The financing was accomplished through the issuance of Certificates of Participation, Series 2005A, 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 Martin County School Board Leasing Corporation, with a rental fee of \$1 per year. The initial term of the lease commenced on December 1, 2005, and will end on July 1, 2031. The lease is automatically renewable annually thereafter through July 1, 2031, unless terminated sooner in accordance with the provisions of the Series 2005A financing arrangement. 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

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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 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 3.5 to 4.5 percent. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

Certificates of Participation

Fiscal Year	Principal	Interest	Total
2012	\$ 1,130,000	\$ 1,596,066	\$ 2,726,066
2013	1,170,000	1,552,891	2,722,891
2014	1,215,000	1,505,191	2,720,191
2015	1,265,000	1,456,224	2,721,224
2016	1,310,000	1,405,356	2,715,356
2017-2021	7,410,000	6,159,160	13,569,160
2022-2026	9,145,000	4,369,903	13,514,903
2027-2031	11,400,000	2,055,922	13,455,922
2032	2,615,000	65,375	2,680,375
Total	\$ 36,660,000	\$ 20,166,088	\$ 56,826,088

C. BONDS PAYABLE

Bonds payable at June 30, 2011, are as follows:

Bond Type	Interest Rate	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2002A	4.10%	2012	\$ 1,430,000
Series 2003A	3.00% - 4.25%	2023	1,910,000
Series 2004A	3.95% - 4.625%	2024	2,410,000
Series 2005B	5.00%	2020	3,055,000
Series 2006A	4.386% - 4.628%	2026	2,750,000
Series 2008A	3.50% - 5.00%	2028	870,000
Series 2009A	4.00%-5.00%	2019	265,000
Series 2010A	4.00%-5.00%	2022	1,205,000
Total Bonds Payable			\$ 13,895,000

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

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State School Bonds

These bonds are issued by the State Board of Education 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 State Board of Education and the State Board of Administration.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2011, are as follows:

Fiscal Year	Bonds Payable		
	Principal	Interest	Total
2012	\$ 2,235,000	\$ 561,580	\$ 2,796,580
2013	915,000	527,380	1,442,380
2014	960,000	487,305	1,447,305
2015	1,000,000	444,640	1,444,640
2016	1,050,000	399,305	1,449,305
2017-2021	4,590,000	1,295,767	5,885,767
2022-2026	2,970,000	385,581	3,355,581
2027-2028	175,000	12,350	187,350
Total	\$ 13,895,000	\$ 4,113,908	\$ 18,008,908

D. CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011	Due in One Year
Certificates of Participation (COPS)	\$ 37,745,000	\$ -	\$ 1,085,000	\$ 36,660,000	\$ 1,130,000
Bonds Payable	13,540,000	1,205,000	850,000	13,895,000	2,235,000
Obligations Under Capital Lease	61,348	1,239,801	478,867	822,282	176,182
Compensated Absences Payable	17,662,207	2,382,378	4,258,510	15,786,075	1,423,929
Other Postemployment Benefits Obligation	27,240,830	14,026,570	3,431,980	37,835,420	-
Total Governmental Activities	<u>\$ 96,249,385</u>	<u>\$ 18,853,749</u>	<u>\$ 10,104,357</u>	<u>\$ 104,998,777</u>	<u>\$ 4,965,111</u>

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

E. DEFEASED DEBT

The District’s pro rata share of the net proceeds of the Series 2010A bonds totaling \$1,389,344 (after deduction of \$11,401 by the Florida Department of Education for the District’s pro rata share of underwriting fees, insurance and other issuance cost) was placed in a trust account to refund the Series 2002A bonds, that mature on or after January 1, 2013, and scheduled to be called on January 1, 2012. The trust account is not considered to be risk-free in accordance with GASB Statement 7. As a result, the refunding of \$1,205,000 representing the District’s portion of Series 2002A bonds are considered to be an economic defeasance and not a legal defeasance and the liability for these bonds has not been removed from the government-wide financial statements. When the Series 2002A bonds are called on January 1, 2012, they will be removed.

The Series 2010A bonds were issued to reduce the total debt service over the next 11 years by approximately \$293,363 and to obtain an economic gain (difference between the present value of the debt service payment on the old and new debt less fees) of \$150,381.

NOTE VIII - INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 6,812,149	\$ 36,434
Capital Projects:		
Local Capital Improvement Tax	-	6,812,149
Nonmajor Governmental Funds	1,613,889	1,577,455
Total	<u>\$ 8,426,038</u>	<u>\$ 8,426,038</u>

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

NOTE IX – EMPLOYEE BENEFITS

A. STATE RETIREMENT PROGRAM

Defined Benefit Plan

All regular employees of the District are covered by the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS. FRS is a single retirement system administered by the Florida

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Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

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

Funding Policy

The contribution rates for members are established, and may be amended, by the State of Florida. During the 2010-11 fiscal year, contribution rates were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (a)
Florida Retirement System, Regular	-	10.77
Florida Retirement System, Elected County Officers	-	18.64
Florida Retirement System, Senior Management Service	-	14.57
Deferred Retirement Option Program – applicable to all members of the above classes	-	12.25
Florida Retirement System, Re-employed Retiree	(b)	(b)

Notes:

(a) Employer rates include 1.11 percent for the postemployment health insurance supplement. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Public Employee Optional Retirement Program (PEORP).

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions for the fiscal year ending June 30, 2009, June 30, 2010, and June 30, 2011, totaled \$8,306,754, \$8,208,288, and \$9,060,783, respectively, which were equal to the required contributions for each fiscal year.

Defined Contribution Plan

Effective July 1, 2002, PEORP was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the

ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service. There were 449 District participants in PEORP during the 2010-11 fiscal year. Required employer contributions made to the program for the fiscal year ending June 30, 2011, totaled \$1,747,159.

Pension Reporting

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

Effective July 1, 2011, all members of the FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of compensation to the FRS.

B. EARLY RETIREMENT PLAN

Plan Description

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

As of June 30, 2011, the plan had 79 active plan participants receiving benefits.

A summary of Eligibility and Benefits follows:

Eligibility

During the 2002-03 fiscal year, the Plan was amended by union contract to limit future eligibility to only those employees who elected to remain covered by the Plan and who become eligible within the next seven years. A total of 41 employees chose to enter the Plan. These employees have elected a specific retirement date and must retire on that date if they are still employed by the District. As of June 30, 2011, no additional employees are eligible to join the Plan.

Benefits

The amount of monthly benefits will be equal to the reduction imposed on the retirement benefit by the Florida Retirement System due to early retirement and will increase annually at the rate of 3 percent. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the plan.

Summary of Significant Accounting Policies

Significant accounting policies related to basis of accounting and method of asset valuation are disclosed in Note I. Investment disclosures related to the Pension Trust Fund are in Note IV.

Contributions and Reserves

The Plan was established by the Board on July 1, 1986, and may be amended by Board action. Pursuant to the Plan agreement, no contributions shall be required or permitted from any member. District contributions shall be sufficient to meet the annual pension cost of the Plan 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.

There was an annual required contribution for the 2010-11 plan year of \$35,305, which was taken from our credit balance. The annual required contribution was affected by the following factors (based on actuarial report dated 7/1/2010):

- Average annual compensation for covered employees decreased by 81.6 percent.
- The actuarial investment return was (10.4) percent, compared to an assumed rate of 8 percent.
- The District was approved to carry a credit balance, and the Annual Contribution of \$35,305 was deducted from the credit balance, leaving a credit balance of \$507,559.

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

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

Schedule of employer contributions:

Year Ended June 30,	Annual Required Contribution	Annual Board Contribution	Percentage	Net Pension Obligation
2009	-	-	N/A	-
2010	75,652 ⁽¹⁾	-	N/A	-
2011	35,305 ⁽¹⁾	-	N/A	-

(1) Payment made from credit balance amount of \$542,864.

Concentrations

No investment by any one issuer represents 5 percent or more of the Plan’s assets.

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Trend Information

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ⁽¹⁾ (b)	Unfunded Actuarial Accrued Liability ⁽²⁾ (b) - (a)	Funded Ratio ⁽³⁾ (a)/(b)	Covered Payroll ⁽⁴⁾ (c)	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll (b-a)/c
7/1/2010	6,880,004	6,975,955	95,951	98.6%	57,637	166.5%

Notes:

- (1) The actuarial method is the entry age normal cost method for July 1, 2010, forward.
- (2) The unfunded (funded) actuarial accrued liability is the actuarial accrued liability minus actuarial value of assets.
- (3) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.
- (4) Based on data from actuarial report as of July 1, 2010.

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

Actuarial Methods and Assumptions

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Additional information as of the latest actuarial valuation is as follows:

Valuation Date	7/1/2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed Amortization, Level Dollar
Remaining Amortization Period	5 Years
Asset Valuation Method	Smoothed market value
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	4.5 - 7.0%
Inflation Rate	3.0%
Postemployment Benefit Increases	3.0%

C. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Postemployment Benefits Plan (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 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 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 six 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 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 employees hired as of July 1, 2011, or later, no insurance will be paid upon retirement. 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 Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity.

Funding Policy. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2010-11 fiscal year, 440 retirees received postemployment benefits. The District provided required contributions of \$3,431,980 toward the annual OPEB cost, comprised of premium payments made on behalf of retirees net of retiree contributions totaling \$1,659,151, which represents 1.84 percent of covered payroll.

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

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

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

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 6,731,064
Amortization of Unfunded Actuarial Accrued Liability	6,819,882
Interest on Normal Cost and Amortization	<u>296,900</u>
Annual Required Contribution	13,847,846
Interest on Net OPEB Obligation	1,206,769
Adjustment to Annual Required Contribution	<u>(1,028,045)</u>
Annual OPEB Cost (Expense)	14,026,570
Contribution Toward the OPEB Cost	<u>(3,431,980)</u>
Increase in Net OPEB Obligation	10,594,590
Net OPEB Obligation, Beginning of Year	<u>27,240,830</u>
Net OPEB Obligation, End of Year	<u><u>\$ 37,835,420</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011, and the preceding two years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008-09	11,248,185	22.56%	17,075,151
2009-10	13,273,486	23.41%	27,240,830
2010-11	14,026,570	24.47%	37,835,420

Funded Status and Funding Progress. As of January 1, 2009, the most recent valuation, the actuarial accrued liability for benefits was \$170,035,245, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$170,035,245 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$90,042,692, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 188.84 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following

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

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

The District’s OPEB actuarial valuation as of January 1, 2009, used the entry age normal cost actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2011, and to estimate the 2010-11 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.43 percent rate of return on invested assets, which is the District’s expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, a general price inflation rate of 3 percent per year, and an annual per capital cost trend rate of 6 percent initially for the 2010-11 fiscal year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 26 years.

NOTE X – OTHER INFORMATION

A. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue for the 2010-11 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Program (Class Size Reduction)	\$ 19,970,423
Florida Education Finance Program	3,740,327
Workforce Development Program	2,235,200
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,995,089
Gross Receipts Tax (Public Education Capital Outlay)	1,080,309
School Recognition	904,852
Voluntary Prekindergarten	650,646
Adults with Disabilities	305,957
Excellent Teaching Program	161,268
Discretionary Lottery	68,953
Miscellaneous	425,713
Total	<u>\$ 31,538,737</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 Consortium (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. Employers' Mutual, 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 wind/hail/flood), respectively. The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence. The deductibles 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 substantially increased during the 2010-11 fiscal year to \$100 million per tower (consisting of 4 members per tower), except for Flood/Earthquake of \$75 million, compared to \$75 million per tower during the 2009-10 fiscal year.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2010-11 fiscal year was \$850,000. 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 \$2,000,000 each claim and in the aggregate.

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 legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to \$100,000 per claim and \$200,000 per occurrence. Effective October 1, 2011, the immunity caps were increased by the 2010 Florida Legislature 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 \$15,915,417. The District's portion of the retained earnings is calculated at 14.05 percent of the total or approximately \$2,236,116.

District School Board of Martin County, Florida
 Notes to the Basic Financial Statements
 June 30, 2011

During the 2010-11 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. CONSTRUCTION AND OTHER 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, 2011:

Major Funds				
General	Federal Economic Simulus	Local Capital Improvement Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 611,930	\$ 24,641	\$ 21,456,354	\$ 369,378	\$ 22,462,303

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2011

Construction Contracts

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

Project		Contract Amount	Completed to Date	Balance Committed
South Fork High School	Architect	\$ 682,730	\$ 672,980	\$ 9,750
Phase II Construction 3801	Contractor	7,160,899	7,160,809	90
South Fork High School	Architect	817,922	663,717	154,205
Phase III Construction 3002	Contractor	8,368,930	7,092,383	1,276,547
Pinewood Elementary School	Architect	374,640	277,899	96,741
HVAC, Fire Sprinklers, Sitework 3930	Contractor	4,464,597	363,900	4,100,697
Crystal Lake Elem. School	Architect	374,487	261,250	113,237
HVAC, Fire Sprinklers, Sitework 3931	Contractor	6,227,269	652,065	5,575,204
Indiantown Middle School	Architect	749,159	749,159	-
Phase I Replace Classrooms/Café 3802	Contractor	13,793,000	12,737,064	1,055,936
Warfield Elementary School	Architect	369,740	337,845	31,895
Phase III - 2 Story Classroom 3005	Contractor	3,717,028	3,549,279	167,749
Martin County High School	Architect	393,341	389,658	3,683
Chiller Addition 3001	Contractor	6,032,100	5,387,841	644,259
Martin County High School	Architect	1,184,040	680,823	503,217
Replace Classrooms 3108	Contractor	-	-	-
		<u>\$ 54,709,882</u>	<u>\$ 40,976,672</u>	<u>\$ 13,733,210</u>

D. FUND BALANCE REPORTING

The District implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, for the fiscal year ended June 30, 2011. The objective of the statement is to improve the usefulness and understanding of fund balance information for users of the financial statements. The reporting standard 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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2011

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, 2011.

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. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Executive Director of Finance and not included in other categories.

Unassigned

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2011

The following is a schedule of fund balances by category at June 30, 2011:

	Major Funds				Total Governmental Funds
	General	Federal Economic Stimulus	Local Capital Improvement Tax	Nonmajor Governmental Funds	
Fund Balances					
Nonspendable:					
Inventories	\$ 488,199	\$ -	\$ -	\$ 209,683	\$ 697,882
Prepaid Items	171	-	-	-	171
Spendable:					
Restricted:					
State Req. Carryover	2,227,392	-	-	-	2,227,392
Food Service	-	-	-	1,434,127	1,434,127
Debt Service	-	-	-	313,968	313,968
Capital Projects	-	-	33,600,188	4,672,106	38,272,294
Tourism Awareness Trust	-	-	-	72,376	72,376
Assigned					
Assigned for Textbooks	389,490	-	-	-	389,490
Assigned for Other	222,440	-	-	-	222,440
Unassigned	9,389,240	-	-	-	9,389,240
Total Fund Balances	<u>\$ 12,716,932</u>	<u>\$ -</u>	<u>\$ 33,600,188</u>	<u>\$ 6,702,260</u>	<u>\$ 53,019,380</u>

Minimum Fund Balance Policy

The District has adopted Board Policy 6210 which provides that the Board shall strive to maintain an unassigned fund balance in its operating funds equal to five (5) percent of the annual resources. The District prepares its operating budget to maintain a five (5) percent unassigned fund balance to comply with the intent of Section 1011.051, Florida Statutes.



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**OTHER REQUIRED SUPPLEMENTARY
INFORMATION**
**SCHEDULE OF FUNDING PROGRESS-
EARLY RETIREMENT PLAN**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS-
EARLY RETIREMENT PLAN**

**SCHEDULE OF FUNDING PROGRESS-
POSTEMPLOYMENT BENEFITS PLAN**

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

Actuarial Valuation Date	Actuarial Value of Plan Assets ⁽⁹⁾ (a)	Actuarial Accrued Liability ⁽¹⁾ (b)	Unfunded Actuarial Accrued Liability ⁽²⁾ (b) - (a)	Funded Ratio ⁽³⁾ (a)/(b)	Covered Payroll ⁽⁸⁾ (c)	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll (b-a)/c
7/1/2003	\$ 6,327,916	\$ 6,333,190 ⁽⁴⁾	\$ 5,274	99.9%	\$ 1,347,779 ⁽⁴⁾	0.4%
7/1/2004	7,774,204	6,497,402 ⁽⁴⁾	(1,276,802)	119.7%	1,408,429 ⁽⁴⁾	-90.7%
7/1/2005	7,897,497	6,626,487 ⁽⁴⁾	(1,271,010)	119.2%	1,023,281 ⁽⁴⁾	-124.2%
7/1/2006	7,967,973	6,724,542 ⁽⁴⁾	(1,243,431)	118.5%	1,069,329 ⁽⁴⁾	-116.3%
7/1/2007	8,751,289	6,954,311 ⁽⁵⁾	(1,796,978)	125.8%	838,930 ⁽⁵⁾	-214.2%
7/1/2009	5,906,314	6,909,111 ⁽⁶⁾	1,002,797	85.5%	314,007 ⁽⁶⁾	319.4%
7/1/2010	6,880,004	6,975,955 ⁽⁷⁾	95,951	98.6%	57,637 ⁽⁷⁾	166.5%

Notes:

- (1) The actuarial method is entry age normal cost method for July 1, 2010, forward. For years July 1, 2003 through July 1, 2006, the actuarial method used was entry age. For years July 1, 2007 through July 1, 2009, the actuarial method used was the aggregate cost method.
- (2) The unfunded (funded) actuarial accrued liability is the actuarial accrued liability minus the actuarial value of assets.
- (3) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.
- (4) Based on data from interim accounting valuation report as of July 1, 2006.
- (5) Based on data from actuarial report as of July 1, 2007.
- (6) Based on data from actuarial report as of July 1, 2009.
- (7) Based on data from actuarial report as of July 1, 2010.
- (8) During the 2002-03 fiscal year, the Plan was amended by union contract to limit future eligibility to only those employees who elected to remain covered by the Plan and who become eligible within the next seven years. Thus, covered payroll has decreased as a result.
- (9) The asset valuation method was changed from market value to a smoothed market value, which spreads recognition of the difference between actual and expected market value over five years. This method tempers the effect of large swings in the rate of return on the required contributions.

As the aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funding progress of the plan.

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

Year Ended	Annual Required Contribution	Annual Board Contribution	Percentage
2005	75,003	75,003	100%
2006	-	-	N/A
2007	-	-	N/A
2008	-	-	N/A
2009	-	-	N/A
2010	75,652 ⁽¹⁾	-	N/A
2011	35,305 ⁽²⁾	-	N/A

(1) Payment made from credit balance amount of \$618,516.

(2) Payment made from remaining fair market value credit balance.



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District School Board of Martin County, Florida
Required Supplementary Information – Schedule of Funding Progress
Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
October 1, 2006	\$ -	\$ 130,668,397	\$ 130,668,397	0%	\$ 85,608,688	152.63%
January 1, 2009	-	170,035,245	170,035,245	0%	90,042,692	188.84%



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**COMBINING AND INDIVIDUAL FUND
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 Fund - To account for and report on activities of the food service program when serving breakfast and lunch at the schools.

Other Federal Programs Fund - To account for and report on activities of various programs of different funding sources according to the grantor requirements and specifications of each government award.

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

Debt Service Funds

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

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

Debt Service-Other Fund - To account for and report on other long term debt payments of principal, interest, and related costs including the Certificates of Participation, Series 2005A, debt issue.

**DISTRICT SCHOOL BOARD
OF MARTIN COUNTY, FLORIDA**

Nonmajor Governmental Funds (continued)

Capital Projects Funds

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

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

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

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

Fiduciary Funds

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

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

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Special Revenue			
	Food Service Fund	Other Federal Programs Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 1,343,162	\$ -	\$ 72,376	\$ 1,415,538
Investments	-	-	-	-
Accounts receivable	40,974	380	-	41,354
Due from other governmental agencies	211,315	329,869	-	541,184
Inventories	209,683	-	-	209,683
Total assets	\$ 1,805,134	\$ 330,249	\$ 72,376	\$ 2,207,759
Liabilities and fund balances				
Liabilities:				
Temporary negative cash	\$ -	\$ 76,200	\$ -	\$ 76,200
Salaries and benefits payable	54,480	110,352	-	164,832
Accounts payable	23,933	143,697	-	167,630
Deferred Revenues	82,911	-	-	82,911
Total liabilities	161,324	330,249	-	491,573
Fund balances:				
Nonspendable	209,683	-	-	209,683
Restricted	1,434,127	-	72,376	1,506,503
Total fund balances	1,643,810	-	72,376	1,716,186
Total liabilities and fund balances	\$ 1,805,134	\$ 330,249	\$ 72,376	\$ 2,207,759

Debt Service			Capital Projects				
State Board of Education Bonds Fund	Debt Service - Other Fund	Total Nonmajor Debt Service Funds	Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Government Funds
\$ -	\$ 1,146	\$ 1,146	\$ 270,377	\$ 3,027,873	\$ 979,296	\$ 4,277,546	\$ 5,694,230
312,822	-	312,822	-	-	169,849	169,849	482,671
-	-	-	-	-	236,256	236,256	277,610
-	-	-	-	-	-	-	541,184
-	-	-	-	-	-	-	209,683
<u>\$ 312,822</u>	<u>\$ 1,146</u>	<u>\$ 313,968</u>	<u>\$ 270,377</u>	<u>\$ 3,027,873</u>	<u>\$ 1,385,401</u>	<u>\$ 4,683,651</u>	<u>\$ 7,205,378</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,200
-	-	-	-	-	-	-	164,832
-	-	-	11,545	-	-	11,545	179,175
-	-	-	-	-	-	-	82,911
-	-	-	11,545	-	-	11,545	503,118
-	-	-	-	-	-	-	209,683
312,822	1,146	313,968	258,832	3,027,873	1,385,401	4,672,106	6,492,577
<u>312,822</u>	<u>1,146</u>	<u>313,968</u>	<u>258,832</u>	<u>3,027,873</u>	<u>1,385,401</u>	<u>4,672,106</u>	<u>6,702,260</u>
<u>\$ 312,822</u>	<u>\$ 1,146</u>	<u>\$ 313,968</u>	<u>\$ 270,377</u>	<u>\$ 3,027,873</u>	<u>\$ 1,385,401</u>	<u>\$ 4,683,651</u>	<u>\$ 7,205,378</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, 2011

	Special Revenue			
	Food Service Fund	Other Federal Programs Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds
Revenues				
Federal direct	\$ -	\$ 1,979,661	\$ -	\$ 1,979,661
Federal through state and local	4,404,315	7,850,577	-	12,254,892
State	76,029	-	-	76,029
Local:				
Charges for food services	2,954,156	-	-	2,954,156
Miscellaneous	5,456	-	40	5,496
Total revenues	<u>7,439,956</u>	<u>9,830,238</u>	<u>40</u>	<u>17,270,234</u>
Expenditures				
Current:				
Instruction	-	4,907,402	6,476	4,913,878
Pupil personnel services	-	1,581,277	-	1,581,277
Instructional media services	-	15,581	-	15,581
Instruction and curriculum development services	-	1,522,175	-	1,522,175
Instructional staff training services	-	1,232,148	-	1,232,148
General administration	-	258,403	-	258,403
School administration	-	13,394	-	13,394
Facilities services	-	-	-	-
Food services	6,634,910	480	-	6,635,390
Central services	-	15,951	-	15,951
Pupil transportation services	-	75,591	-	75,591
Operation of plant	-	31,776	-	31,776
Community services	-	94,126	-	94,126
Capital outlay:				
Facilities acquisition and construction	-	-	-	-
Other capital outlay	5,330	81,934	3,524	90,788
Debt Service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Paying agent fees	-	-	-	-
Total expenditures	<u>6,640,240</u>	<u>9,830,238</u>	<u>10,000</u>	<u>16,480,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>799,716</u>	<u>-</u>	<u>(9,960)</u>	<u>789,756</u>
Other financing sources (uses)				
Refunding Bonds Issued	-	-	-	-
Premium on Refunding Bonds	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	-
Transfers in	36,434	-	-	36,434
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>36,434</u>	<u>-</u>	<u>-</u>	<u>36,434</u>
Net change in fund balances	<u>836,150</u>	<u>-</u>	<u>(9,960)</u>	<u>826,190</u>
Fund balances - beginning	<u>807,660</u>	<u>-</u>	<u>82,336</u>	<u>889,996</u>
Fund balances - ending	<u>\$ 1,643,810</u>	<u>\$ -</u>	<u>\$ 72,376</u>	<u>\$ 1,716,186</u>

Debt Service			Capital Projects				Total Nonmajor Government Funds
State Board of Education Bonds Fund	Debt Service - Other Fund	Total Nonmajor Debt Service Funds	Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,979,661
-	-	-	-	-	-	-	12,254,892
1,432,302	-	1,432,302	1,080,309	532,984	39,343	1,652,636	3,160,967
-	-	-	-	-	-	-	2,954,156
-	1,146	1,146	173	1,151	805,479	806,803	813,445
1,432,302	1,146	1,433,448	1,080,482	534,135	844,822	2,459,439	21,163,121
-	-	-	-	-	-	-	4,913,878
-	-	-	-	-	-	-	1,581,277
-	-	-	-	-	-	-	15,581
-	-	-	-	-	-	-	1,522,175
-	-	-	-	-	-	-	1,232,148
-	-	-	-	-	-	-	258,403
-	-	-	-	-	-	-	13,394
-	-	-	53,758	21,170	870	75,798	75,798
-	-	-	-	-	-	-	6,635,390
-	-	-	-	-	-	-	15,951
-	-	-	-	-	-	-	75,591
-	-	-	-	-	-	-	31,776
-	-	-	-	-	-	-	94,126
-	-	-	763,692	9,097	-	772,789	772,789
-	-	-	4,200	-	8,730	12,930	103,718
850,000	1,085,000	1,935,000	-	-	-	-	1,935,000
585,956	1,636,185	2,222,141	-	-	-	-	2,222,141
12,434	-	12,434	-	363	-	363	12,797
1,448,390	2,721,185	4,169,575	821,650	30,630	9,600	861,880	21,511,933
(16,088)	(2,720,039)	(2,736,127)	258,832	503,505	835,222	1,597,559	(348,812)
1,205,000	-	1,205,000	-	-	-	-	1,205,000
195,334	-	195,334	-	-	-	-	195,334
(1,404,877)	-	(1,404,877)	-	-	-	-	(1,404,877)
-	1,577,455	1,577,455	-	-	-	-	1,613,889
-	-	-	-	-	(1,577,455)	(1,577,455)	(1,577,455)
(4,543)	1,577,455	1,572,912	-	-	(1,577,455)	(1,577,455)	31,891
(20,631)	(1,142,584)	(1,163,215)	258,832	503,505	(742,233)	20,104	(316,921)
333,453	1,143,730	1,477,183	-	2,524,368	2,127,634	4,652,002	7,019,181
\$ 312,822	\$ 1,146	\$ 313,968	\$ 258,832	\$ 3,027,873	\$ 1,385,401	\$ 4,672,106	\$ 6,702,260



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**BUDGET AND ACTUAL
OTHER MAJOR AND NONMAJOR FUNDS**

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, 2011

	Food Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Federal through state and local	\$ 3,639,214	\$ 4,404,315	\$ 4,404,315	\$ -
State	82,468	76,029	76,029	-
Local				
Charges for services - food services	3,681,377	2,954,156	2,954,156	-
Miscellaneous	1,500	5,456	5,456	-
Total revenues	<u>7,404,559</u>	<u>7,439,956</u>	<u>7,439,956</u>	<u>-</u>
Expenditures				
Current:				
Food services				
Salaries	2,160,391	2,169,853	2,169,853	-
Employee benefits	1,133,898	893,468	893,468	-
Purchased services	348,109	316,376	316,376	-
Energy services	166,229	149,492	149,492	-
Materials and supplies	3,823,290	2,981,323	2,981,323	-
Capital outlay	96,377	8,326	8,326	-
Other	36,000	116,072	116,072	-
Total food services	<u>7,764,294</u>	<u>6,634,910</u>	<u>6,634,910</u>	<u>-</u>
Capital outlay				
Other capital outlay	-	5,330	5,330	-
Total capital outlay	<u>-</u>	<u>5,330</u>	<u>5,330</u>	<u>-</u>
Total expenditures	<u>7,764,294</u>	<u>6,640,240</u>	<u>6,640,240</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(359,735)</u>	<u>799,716</u>	<u>799,716</u>	<u>-</u>
Other financing sources				
Transfers in	49,024	36,434	36,434	-
Total other financing sources	<u>49,024</u>	<u>36,434</u>	<u>36,434</u>	<u>-</u>
Net change in fund balance	<u>(310,711)</u>	<u>836,150</u>	<u>836,150</u>	<u>-</u>
Fund balance - beginning	<u>807,660</u>	<u>807,660</u>	<u>807,660</u>	<u>-</u>
Fund balance - ending	<u>\$ 496,949</u>	<u>\$ 1,643,810</u>	<u>\$ 1,643,810</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, 2011

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Federal direct	\$ 841,894	\$ 1,979,661	\$ 1,979,661	\$ -
Federal through state and local	9,552,296	7,850,577	7,850,577	-
Total revenues	<u>10,394,190</u>	<u>9,830,238</u>	<u>9,830,238</u>	<u>-</u>
Expenditures				
Current:				
Instruction	3,937,605	4,907,402	4,907,402	-
Pupil personnel services	1,900,884	1,581,277	1,581,277	-
Instructional media services	15,621	15,581	15,581	-
Instruction and curriculum development services	1,608,414	1,522,175	1,522,175	-
Instructional staff training	2,036,430	1,232,148	1,232,148	-
Instructional related technology	3,000	-	-	-
General Administration	419,211	258,403	258,403	-
School administration	465	13,394	13,394	-
Food services	-	480	480	-
Central services	44,938	15,951	15,951	-
Pupil transportation services	273,835	75,591	75,591	-
Operation of plant	27,287	31,776	31,776	-
Community services	95,407	94,126	94,126	-
Capital outlay:				
Other capital outlay	31,093	81,934	81,934	-
Total expenditures	<u>10,394,190</u>	<u>9,830,238</u>	<u>9,830,238</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2011

Miscellaneous Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local	\$ 100	\$ 40	\$ 40	\$ -
Total revenues	<u>100</u>	<u>40</u>	<u>40</u>	<u>-</u>
Expenditures				
Current:				
Instruction				
Purchased services	1,700	-	-	-
Materials and supplies	8,300	6,476	6,476	-
Capital outlay:				
Other capital outlay	-	3,524	3,524	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(9,900)</u>	<u>(9,960)</u>	<u>(9,960)</u>	<u>-</u>
Net change in fund balances	(9,900)	(9,960)	(9,960)	-
Fund balance - beginning	<u>82,336</u>	<u>82,336</u>	<u>82,336</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 72,436</u></u>	<u><u>\$ 72,376</u></u>	<u><u>\$ 72,376</u></u>	<u><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, 2011

State Board of Education Bonds Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,474,134	\$ 1,432,302	\$ 1,432,302	\$ -
Total revenues	<u>1,474,134</u>	<u>1,432,302</u>	<u>1,432,302</u>	<u>-</u>
Expenditures				
Debt service:				
Principal	855,000	850,000	850,000	-
Interest and fees	619,134	585,956	585,956	-
Paying agent fees	-	12,434	12,434	-
Total expenditures	<u>1,474,134</u>	<u>1,448,390</u>	<u>1,448,390</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(16,088)</u>	<u>(16,088)</u>	<u>-</u>
Other financing sources (uses)				
Refunding bonds issued	-	1,205,000	1,205,000	-
Premium on refunding bonds	-	195,334	195,334	-
Payments to refunded bond escrow agent	-	(1,404,877)	(1,404,877)	-
Total other financing sources (uses)	<u>-</u>	<u>(4,543)</u>	<u>(4,543)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(20,631)</u>	<u>(20,631)</u>	<u>-</u>
Fund balance - beginning	<u>333,453</u>	<u>333,453</u>	<u>333,453</u>	<u>-</u>
Fund balance - ending	<u>\$ 333,453</u>	<u>\$ 312,822</u>	<u>\$ 312,822</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, 2011

	Debt Service - Other Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Local	\$ 1,000	\$ 1,146	\$ 1,146	\$ -
Total revenues	<u>1,000</u>	<u>1,146</u>	<u>1,146</u>	<u>-</u>
Expenditures				
Debt service:				
Principal	1,085,000	1,085,000	1,085,000	-
Interest and fees	1,636,185	1,636,185	1,636,185	-
Paying agent fees	-	-	-	-
Total expenditures	<u>2,721,185</u>	<u>2,721,185</u>	<u>2,721,185</u>	<u>-</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(2,720,185)</u>	<u>(2,720,039)</u>	<u>(2,720,039)</u>	<u>-</u>
Other financing sources				
Transfers in	2,721,185	1,577,455	1,577,455	-
Total other financing sources	<u>2,721,185</u>	<u>1,577,455</u>	<u>1,577,455</u>	<u>-</u>
Net change in fund balance	1,000	(1,142,584)	(1,142,584)	-
Fund balance - beginning	<u>1,143,730</u>	<u>1,143,730</u>	<u>1,143,730</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,144,730</u>	<u>\$ 1,146</u>	<u>\$ 1,146</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, 2011

Public Education Capital Outlay Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,107,278	\$ 1,080,309	\$ 1,080,309	\$ -
Local	50	173	173	-
Total revenues	<u>1,107,328</u>	<u>1,080,482</u>	<u>1,080,482</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	1,107,278	53,758	53,758	-
Capital outlay:				
Facilities acquisition and construction	-	763,692	763,692	-
Other Capital Outlay	-	4,200	4,200	-
Total expenditures	<u>1,107,278</u>	<u>821,650</u>	<u>821,650</u>	<u>-</u>
Excess(deficiency) of revenues over(under) expenditures	<u>50</u>	<u>258,832</u>	<u>258,832</u>	<u>-</u>
Net change in fund balance	50	258,832	258,832	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ 50</u>	<u>\$ 258,832</u>	<u>\$ 258,832</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, 2011

	Capital Outlay and Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State	\$ 537,518	\$ 532,984	\$ 532,984	\$ -
Local	700	1,151	1,151	-
Total revenues	<u>538,218</u>	<u>534,135</u>	<u>534,135</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	-	21,170	21,170	-
Debt service:				
Dues and fees	-	363	363	-
Capital outlay:				
Facilities acquisition and construction	2,455,251	9,097	9,097	-
Total expenditures	<u>2,455,251</u>	<u>30,630</u>	<u>30,630</u>	<u>-</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(1,917,033)</u>	<u>503,505</u>	<u>503,505</u>	<u>-</u>
Net change in fund balance	(1,917,033)	503,505	503,505	-
Fund balance - beginning	<u>2,524,368</u>	<u>2,524,368</u>	<u>2,524,368</u>	<u>-</u>
Fund balance - ending	<u>\$ 607,335</u>	<u>\$ 3,027,873</u>	<u>\$ 3,027,873</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, 2011

	Local Capital Improvement Tax Fund (Major Fund)			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Local				
Taxes	\$ 26,655,405	\$ 26,738,877	\$ 26,738,877	\$ -
Miscellaneous	1,172,471	394,806	394,806	-
Total revenues	<u>27,827,876</u>	<u>27,133,683</u>	<u>27,133,683</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	-	11,580,775	11,580,775	-
Capital outlay:				
Facilities acquisition and construction	73,064,997	27,575,573	27,575,573	-
Other capital outlay	-	3,956,479	3,956,479	-
Total expenditures	<u>73,064,997</u>	<u>43,112,827</u>	<u>43,112,827</u>	<u>-</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(45,237,121)</u>	<u>(15,979,144)</u>	<u>(15,979,144)</u>	<u>-</u>
Other financing sources (uses)				
Capital lease inception	-	1,239,801	1,239,801	-
Insurance loss recoveries	20,276	100,038	100,038	-
Transfers out	(9,744,444)	(6,812,149)	(6,812,149)	-
Total other financing sources (uses)	<u>(9,724,168)</u>	<u>(5,472,310)</u>	<u>(5,472,310)</u>	<u>-</u>
Net change in fund balance	(54,961,289)	(21,451,454)	(21,451,454)	-
Fund balance - beginning	<u>55,051,642</u>	<u>55,051,642</u>	<u>55,051,642</u>	<u>-</u>
Fund balance - ending	<u>\$ 90,353</u>	<u>\$ 33,600,188</u>	<u>\$ 33,600,188</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, 2011

	Other Capital Projects Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State	\$ 28,000	\$ 39,343	\$ 39,343	-
Local	798,923	805,479	805,479	
Total revenues	<u>826,923</u>	<u>844,822</u>	<u>844,822</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	-	870	870	-
Capital outlay:				
Other capital outlay	1,472,144	8,730	8,730	-
Total expenditures	<u>1,472,144</u>	<u>9,600</u>	<u>9,600</u>	<u>-</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(645,221)</u>	<u>835,222</u>	<u>835,222</u>	<u>-</u>
Other financing sources (uses)				
Transfers out	-	(1,577,455)	(1,577,455)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,577,455)</u>	<u>(1,577,455)</u>	<u>-</u>
Net change in fund balance	(645,221)	(742,233)	(742,233)	-
Fund balance - beginning	<u>2,127,634</u>	<u>2,127,634</u>	<u>2,127,634</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,482,413</u>	<u>\$ 1,385,401</u>	<u>\$ 1,385,401</u>	<u>-</u>

FIDUCIARY FUNDS

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Fiduciary Net Assets
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2011

	<u>M.H. Correll Research Trust Fund</u>	<u>T.L. Showalter Scholarship Fund</u>	<u>Non-Endowment Scholarships Fund</u>	<u>Tom Goodman Scholarship Fund</u>	<u>Clara Newman Estate Scholarship Fund</u>	<u>J.M. Phillips, Jr. Memorial Fund</u>	<u>Total Private-Purpose Trust Funds</u>
ASSETS							
Cash and Cash Equivalents	\$ 2,249	\$ 1,906	\$ 424	\$ 7,794	\$ 104,621	\$ 9,458	\$ 126,452
NET ASSETS							
Net Assets Held in Trust for Scholarships and Other Purposes	\$ 2,249	\$ 1,906	\$ 424	\$ 7,794	\$ 104,621	\$ 9,458	\$ 126,452

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Fiduciary Net Assets
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2011

	<u>M.H. Correll Research Trust Fund</u>	<u>T.L. Showalter Scholarship Fund</u>	<u>Non-Endowment Scholarships Fund</u>	<u>Tom Goodman Scholarship Fund</u>	<u>Clara Newman Estate Scholarship Fund</u>	<u>J.M. Phillips, Jr. Memorial Fund</u>	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS							
Contributions:							
Gifts, Grants and Bequests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings:							
Interest and Dividends	<u>1</u>	<u>1</u>	<u>-</u>	<u>4</u>	<u>54</u>	<u>5</u>	<u>65</u>
Total Additions	<u>1</u>	<u>1</u>	<u>-</u>	<u>4</u>	<u>54</u>	<u>5</u>	<u>65</u>
DEDUCTIONS							
Scholarships	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Change in Net Assets	<u>1</u>	<u>1</u>	<u>-</u>	<u>(996)</u>	<u>54</u>	<u>5</u>	<u>(935)</u>
Net Assets - Beginning	<u>2,248</u>	<u>1,905</u>	<u>424</u>	<u>8,790</u>	<u>104,567</u>	<u>9,453</u>	<u>127,387</u>
Net Assets - Ending	<u>\$ 2,249</u>	<u>\$ 1,906</u>	<u>\$ 424</u>	<u>\$ 7,794</u>	<u>\$ 104,621</u>	<u>\$ 9,458</u>	<u>\$ 126,452</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, 2011

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
<u>Internal School Funds</u>				
Assets				
Cash and cash equivalents	\$ 1,723,799	\$ 4,339,375	\$ 4,331,930	\$ 1,731,244
Accounts receivable	28,469	2,016	28,469	2,016
Inventory	64,461	86,705	92,313	58,853
Total assets	<u>\$ 1,816,729</u>	<u>\$ 4,428,096</u>	<u>\$ 4,452,712</u>	<u>\$ 1,792,113</u>
Liabilities				
Due to student organizations	\$ 1,756,382	\$ 4,394,893	\$ 4,392,365	\$ 1,758,910
Accounts payable	60,347	33,203	60,347	33,203
Total liabilities	<u>\$ 1,816,729</u>	<u>\$ 4,428,096</u>	<u>\$ 4,452,712</u>	<u>\$ 1,792,113</u>

COMPONENT UNITS



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**DISTRICT SCHOOL BOARD
OF MARTIN COUNTY, FLORIDA**

Component Units

The Martin County Education Foundation, Inc., is a separate not-for-profit corporation organized and operated as a direct-support organization. The Foundation's purpose is exclusively educational and charitable for the schools of Martin County.

The Hope Center for Autism, Inc., is a public school operating under a charter granted by the School Board.

Both component units are discretely presented component units.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Net Assets
Component Units - Foundation and Charter School
June 30, 2011

	Martin County Education Foundation, Inc.	Hope Center for Autism, Inc.	Total
Assets			
Cash and cash equivalents	\$ 218,736	\$ 273,883	\$ 492,619
Other Receivables	-	2,173	2,173
Prepaid rent	-	14,000	14,000
Deposits	-	1,488	1,488
Due from local sources	-	1,146	1,146
Capital Assets (net of accumulated depreciation):			
Improvements other than buildings	-	3,168	3,168
Leasehold Improvements	-	54,344	54,344
Furniture, fixtures, and equipment	637	7,369	8,006
Total assets	<u>219,373</u>	<u>357,571</u>	<u>576,944</u>
Liabilities			
Salaries and benefits payable	7,065	6,826	13,891
Accounts payable	-	159	159
Total liabilities	<u>7,065</u>	<u>6,985</u>	<u>14,050</u>
Net assets			
Invested in capital assets	637	64,881	65,518
Restricted for programs	156,474	-	156,474
Unrestricted	55,197	285,705	340,902
Total net assets	<u>\$ 212,308</u>	<u>\$ 350,586</u>	<u>\$ 562,894</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Activities
Component Units - Foundation and Charter School
For the Fiscal Year Ended June 30, 2011

	Martin County Education Foundation, Inc.	Hope Center for Autism, Inc.	Total
Expenses:			
Scholarships and awards	\$ 296,996	\$ -	\$ 296,996
Instruction	-	612,231	612,231
Staff training	-	5,552	5,552
Board	-	10,637	10,637
General administration	15,187	-	15,187
School administration	-	137,349	137,349
Facilities acquisition and construction	-	46,678	46,678
Fiscal services	-	11,515	11,515
Operation of plant	-	14,162	14,162
Maintenance of plant	-	22,078	22,078
Depreciation - unallocated	-	6,160	6,160
Total expenses	<u>312,183</u>	<u>866,362</u>	<u>1,178,545</u>
Program Revenues:			
Operating grants and contributions	193,127	4,494	197,621
Charges for services	-	22,206	22,206
Capital grants and contributions	-	11,856	11,856
Total program revenues	<u>193,127</u>	<u>38,556</u>	<u>231,683</u>
Net program expense	<u>(119,056)</u>	<u>(827,806)</u>	<u>(946,862)</u>
General Revenues:			
Grants and contributions not restricted to specific programs	159,619	931,970	1,091,589
Unrestricted investment earnings	309	779	1,088
Total general revenues	<u>159,928</u>	<u>932,749</u>	<u>1,092,677</u>
Change in net assets	40,872	104,943	145,815
Net assets - beginning	<u>171,436</u>	<u>245,643</u>	<u>417,079</u>
Net assets - ending	<u>\$ 212,308</u>	<u>\$ 350,586</u>	<u>\$ 562,894</u>



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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..... 108-117

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 118-120

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

Debt Capacity..... 121

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..... 122-123

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 124-141

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.

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

Fiscal Year Ending	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
Primary Government:					
Invested in capital assets, net of related debt	\$ 139,003,201	\$ 140,365,258	\$ 177,867,748	\$ 215,680,230	\$ 210,538,436
Restricted	61,830,372	65,711,168	50,671,472	45,499,278	74,856,275
Unrestricted	<u>(8,421,539)</u>	<u>(7,313,730)</u>	<u>(3,053,300)</u>	<u>(836,363)</u>	<u>(432,723)</u>
Total primary government net assets	<u>\$ 192,412,034</u>	<u>\$ 198,762,696</u>	<u>\$ 225,485,920</u>	<u>\$ 260,343,145</u>	<u>\$ 284,961,988</u>

Note:

(a) Net Assets increased significantly between 2003 and 2008 due primarily to an increase in property tax used to acquire and construct capital assets that depreciate in future years. Net assets 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

Source: District Records

Table 1

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Changes in Net Assets - Government-wide (1)

Last 10 Fiscal Years

(Unaudited)

Primary Government	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
Expenses					
Governmental activities:					
Instruction	\$ 65,385,487	\$ 67,258,231	\$ 71,228,030	\$ 78,763,307	\$ 84,298,588
Pupil personnel services	6,852,670	6,767,608	6,750,749	7,229,200	7,823,268
Instructional media services	1,863,616	1,990,137	2,095,148	2,103,233	2,321,712
Instruction and curriculum development services	2,861,026	2,861,076	2,800,593	3,093,555	3,248,984
Instructional staff training services	612,305	747,061	809,771	809,517	1,003,658
Instructional technology (3)	-	-	-	-	1,174,206
School board	623,798	662,081	767,953	599,271	699,356
General administration	853,368	787,774	1,054,049	1,076,826	1,105,237
School administration	6,311,124	6,562,100	6,977,310	7,669,796	8,134,751
Facilities services	12,751,662	5,306,546	8,097,769	20,395,079	13,718,422
Fiscal services	947,907	838,719	787,316	764,175	815,701
Food services	4,760,107	4,826,120	5,275,135	5,988,710	6,464,961
Central services (3)	3,157,215	3,827,657	3,787,386	4,313,133	2,795,938
Pupil transportation services	4,268,017	4,294,184	4,954,285	5,035,298	5,532,049
Operation of plant	8,834,265	8,621,276	9,179,127	10,677,630	12,578,662
Maintenance of plant	2,669,436	2,598,858	2,611,260	2,753,158	2,733,502
Administrative technology (3)	-	-	-	-	558,610
Community services	2,152,137	2,290,000	2,677,590	2,194,116	2,410,540
Unallocated Interest on long-term debt	360,154	407,166	503,636	578,419	1,468,301
Unallocated depreciation expense	4,416,556	17,134,931	8,468,762	9,718,426	5,230,503
Loss on disposal of assets	-	5,100,408	-	104,193	-
Total expenses	<u>129,680,850</u>	<u>142,881,933</u>	<u>138,825,869</u>	<u>163,867,042</u>	<u>164,116,949</u>
Governmental activities:					
Charges for services					
Instruction	1,806,030	2,236,785	2,457,453	2,280,820	2,640,392
Food	2,403,605	2,439,031	2,800,871	3,007,232	3,286,653
Pupil transportation	-	-	8,072	28,149	-
Community service	-	-	-	-	-
Operating grants and contributions	6,480,399	6,751,884	7,000,846	6,938,764	6,874,323
Capital grants and contributions	18,936,289	4,777,645	10,612,219	3,861,768	3,596,577
Total program revenues	<u>29,626,323</u>	<u>16,205,345</u>	<u>22,879,461</u>	<u>16,116,733</u>	<u>16,397,945</u>
Primary government net expense	<u>\$ (100,054,527)</u>	<u>\$ (126,676,588)</u>	<u>\$ (115,946,408)</u>	<u>\$ (147,750,309)</u>	<u>\$ (147,719,004)</u>
Governmental activities:					
Property taxes:					
Levied for general purposes	\$ 68,963,955	\$ 72,672,158	\$ 80,405,574	\$ 83,352,650	\$ 89,995,924
Levied for capital projects	21,498,624	23,136,514	25,673,154	29,795,761	33,929,970
Grants and contributions not restricted to specific programs	27,937,502	31,466,397	31,354,334	36,786,734	38,482,136
Insurance loss recoveries	-	-	-	25,927,356	4,121,131
Miscellaneous	3,466,302	4,547,427	4,237,299	5,232,594	5,692,955
Unrestricted investment earnings	1,447,979	1,204,754	999,270	1,512,437	3,716,156
Total primary government	<u>\$ 123,314,362</u>	<u>\$ 133,027,250</u>	<u>\$ 142,669,631</u>	<u>\$ 182,607,532</u>	<u>\$ 175,938,272</u>
Change in Net Assets					
Total primary government (2)	<u>\$ 23,259,835</u>	<u>\$ 6,350,662</u>	<u>\$ 26,723,223</u>	<u>\$ 34,857,223</u>	<u>\$ 28,219,268</u>

Notes: (1) Includes all governmental fund types

(2) The District has no business type activities.

(3) Functions to report technology expenses were added in the 2005-06 fiscal year.

Source: District Records

Table 2

<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
\$ 92,186,209	\$ 100,088,071	\$ 96,028,710	\$ 99,394,082	\$ 101,154,165
8,588,915	9,416,081	8,990,622	10,769,701	9,928,751
2,512,530	2,718,646	2,755,296	2,393,206	2,263,085
3,417,083	3,654,795	3,454,527	3,333,307	3,418,956
1,302,224	2,094,178	1,982,599	3,001,115	3,155,887
1,182,214	1,301,506	832,089	1,641,862	1,699,938
951,845	743,919	826,006	866,172	731,165
896,706	961,588	753,206	739,511	750,550
8,940,370	10,127,670	9,990,153	10,209,565	9,925,657
23,766,287	25,904,672	25,881,704	19,629,027	26,211,680
818,099	857,860	829,305	1,162,258	1,159,594
7,090,471	7,400,658	7,332,469	6,854,384	6,591,543
3,075,766	3,623,885	3,630,236	3,669,788	4,216,113
6,688,004	7,213,168	6,595,659	6,451,503	6,143,955
14,182,308	15,511,085	15,083,575	14,207,089	15,184,217
3,122,998	3,344,687	3,241,597	4,392,925	4,595,135
540,097	600,242	408,321	656,490	563,005
2,682,319	3,190,881	3,164,681	2,880,821	2,729,930
2,463,642	2,414,359	2,366,566	2,291,704	2,239,480
-	-	-	-	-
-	-	-	-	-
<u>184,408,087</u>	<u>201,167,951</u>	<u>194,147,321</u>	<u>194,544,510</u>	<u>202,662,806</u>
2,845,113	2,836,003	2,865,145	2,731,917	371,096
3,452,163	3,324,172	3,156,448	2,923,061	2,954,156
-	-	-	-	-
-	-	-	-	2,559,255
7,228,223	7,457,767	7,590,006	4,046,600	4,520,960
<u>11,643,707</u>	<u>12,047,688</u>	<u>3,496,132</u>	<u>3,503,253</u>	<u>3,075,398</u>
<u>25,169,206</u>	<u>25,665,630</u>	<u>17,107,731</u>	<u>13,204,831</u>	<u>13,480,865</u>
<u>\$ (159,238,881)</u>	<u>\$ (175,502,321)</u>	<u>\$ (177,039,590)</u>	<u>\$ (181,339,679)</u>	<u>\$ (189,181,941)</u>
\$ 97,894,199	\$ 101,005,604	\$ 93,508,345	\$ 99,281,016	\$ 97,202,185
41,261,608	43,886,882	36,356,391	28,656,156	26,738,877
42,392,038	43,765,216	43,493,062	46,726,435	52,672,114
233,152	56,190	116,796	-	-
3,883,932	2,914,896	1,896,946	2,072,294	2,701,383
5,469,908	3,856,205	(2,613)	907,340	467,746
<u>\$ 191,134,837</u>	<u>\$ 195,484,993</u>	<u>\$ 175,368,927</u>	<u>\$ 177,643,241</u>	<u>\$ 179,782,305</u>
<u>\$ 31,895,956</u>	<u>\$ 19,982,672</u>	<u>\$ (1,670,663)</u>	<u>\$ (3,696,438)</u>	<u>\$ (9,399,636)</u>

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

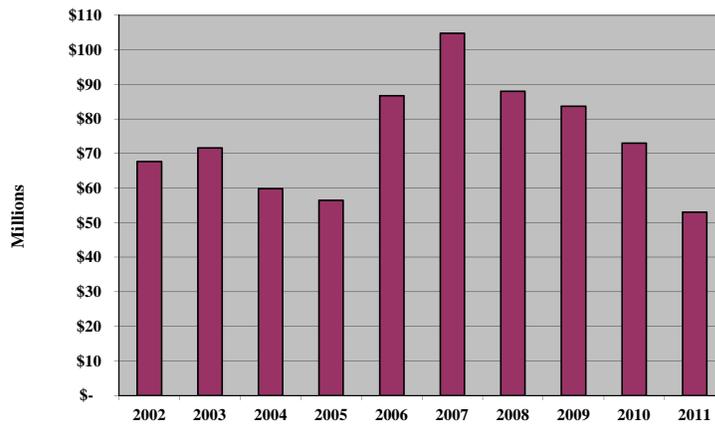
		Post-GASB 54			
		Fiscal Year			
		2011			
General Fund					
Nonspendable	\$	488,370			
Restricted		2,227,392			
Assigned		611,930			
Unassigned		9,389,240			
Total General Fund	\$	<u>12,716,932</u>			
All Other Governmental Funds					
Nonspendable	\$	209,683			
Restricted		40,092,765			
Total All Other Governmental Funds	\$	<u>40,302,448</u>			
		Pre-GASB 54			
		Fiscal Year			
		2002	2003	2004	2005
General Fund					
Reserved	\$	1,423,953	\$ 1,791,511	\$ 2,375,967	\$ 1,880,160
Unreserved		3,766,332	3,424,716	5,903,895	8,139,110
Total General Fund	\$	<u>5,190,285</u>	<u>\$ 5,216,227</u>	<u>\$ 8,279,862</u>	<u>\$ 10,019,270</u>
All Other Governmental Funds					
Reserved	\$	3,277,894	\$ 26,086,846	\$ 15,165,509	\$ 16,857,750
Unreserved, reported in:					
Capital projects funds		58,066,264	38,823,016	34,433,691	27,864,767
Special revenue funds		1,119,290	1,468,333	1,921,205	1,687,739
Total All Other Governmental Funds	\$	<u>62,463,448</u>	<u>\$ 66,378,195</u>	<u>\$ 51,520,405</u>	<u>\$ 46,410,256</u>

Note: (1) Includes all governmental fund types

Source: District records

Fiscal Year				
2006	2007	2008	2009	2010
\$ 2,125,669	\$ 2,463,228	\$ 2,044,033	\$ 956,033	\$ 2,744,719
9,226,624	8,076,751	7,533,302	7,006,402	8,156,558
<u>\$ 11,352,293</u>	<u>\$ 10,539,979</u>	<u>\$ 9,577,335</u>	<u>\$ 7,962,435</u>	<u>\$ 10,901,277</u>
\$ 17,532,385	\$ 26,117,711	\$ 19,585,661	\$ 18,539,720	\$ 23,840,637
56,291,724	67,413,737	58,508,274	56,861,866	37,558,622
1,469,550	650,426	324,357	254,141	671,564
<u>\$ 75,293,659</u>	<u>\$ 94,181,874</u>	<u>\$ 78,418,292</u>	<u>\$ 75,655,727</u>	<u>\$ 62,070,823</u>

Total Fund Balance - Governmental Funds



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Changes in Fund Balances - Governmental Funds (1)

Last 10 Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Federal sources:				
Federal grants	\$ 9,947,777	\$ 11,190,340	\$ 11,238,974	\$ 11,956,044
Food services	2,651,032	2,613,778	2,916,692	2,750,335
Total federal sources	<u>12,598,809</u>	<u>13,804,118</u>	<u>14,155,666</u>	<u>14,706,379</u>
State sources:				
Florida education finance program	7,900,073	11,396,782	8,324,716	8,759,498
Public education capital outlay	2,225,938	3,116,994	2,185,956	1,472,984
Food services	85,242	96,632	95,795	96,160
State grants and other	30,161,616	13,641,532	23,561,968	22,203,732
Total state sources	<u>40,372,869</u>	<u>28,251,940</u>	<u>34,168,435</u>	<u>32,532,374</u>
Local sources:				
Ad valorem taxes	90,462,579	95,788,903	106,078,728	113,129,401
Food service sales	2,403,605	2,442,284	2,807,500	3,025,680
Interest and other income	1,381,842	1,204,754	999,221	1,512,438
Other revenues	5,645,087	7,716,156	7,191,611	7,890,639
Total local sources	<u>99,893,113</u>	<u>107,152,097</u>	<u>117,077,060</u>	<u>125,558,158</u>
Total revenues	<u>152,864,791</u>	<u>149,208,155</u>	<u>165,401,161</u>	<u>172,796,911</u>
Expenditures				
Instruction	64,308,050	67,328,432	71,059,991	78,919,442
Pupil personnel services	6,765,008	6,775,968	6,731,577	7,259,741
Instructional media services	1,840,103	1,992,646	2,088,917	2,111,265
Instruction and curriculum development services	2,825,534	2,871,469	2,792,893	3,104,161
Instructional staff training services	604,710	747,061	809,771	814,022
Instructional related technology(2)	-	-	-	-
Board of education	616,060	662,726	767,951	601,737
General administration	842,075	788,036	1,054,049	1,082,796
School administration	6,232,833	6,589,880	6,915,603	7,694,958
Facilities services	12,881,784	5,552,647	5,127,475	20,396,158
Fiscal services	936,148	838,683	775,640	766,774
Food services	4,699,951	4,827,757	5,268,691	6,024,723
Central services(2)	3,456,077	4,087,362	5,120,628	4,476,188
Pupil transportation services	4,172,528	4,571,122	4,944,019	5,061,765
Operation of plant	8,649,738	8,623,309	9,166,997	10,744,197
Maintenance of plant	2,636,305	2,600,179	2,597,579	2,763,874
Administrative technology(2)	-	-	-	-
Community services	2,125,212	2,290,382	2,677,590	2,203,440
Capital Outlay:				
Facilities acquisition and construction	4,454,223	18,899,070	47,328,450	43,775,415
Other capital outlay	3,195,369	4,100,463	3,823,515	7,103,040
Debt Service:				
Principal	260,000	351,761	478,274	622,659
Interest and fiscal charges	360,152	407,166	470,809	548,922
Total expenditures	<u>\$ 131,861,860</u>	<u>\$ 144,906,119</u>	<u>\$ 180,000,419</u>	<u>\$ 206,075,277</u>

Table 4

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 12,159,646	\$ 11,660,006	\$ 10,007,447	\$ 10,598,248	\$ 20,657,783	\$ 24,325,420	
3,002,897	2,874,851	3,115,573	3,592,138	3,878,793	4,404,315	
15,162,543	14,534,857	13,123,020	14,190,386	24,536,576	28,729,735	
6,459,587	7,958,571	5,964,391	6,996,147	2,403,077	3,740,327	
1,594,564	2,921,933	4,442,279	1,491,672	493,045	1,080,309	
88,518	86,732	84,008	83,029	83,508	76,029	
25,438,866	35,761,875	39,656,973	31,817,966	25,740,509	26,642,072	
33,581,535	46,729,111	50,147,651	40,388,814	28,720,139	31,538,737	
123,861,840	139,155,807	144,892,486	129,864,736	127,937,172	123,941,062	
3,286,653	3,549,624	3,403,489	3,156,448	2,923,061	2,954,156	
3,716,156	5,469,908	3,856,205	(2,613)	907,340	467,786	
8,461,358	6,962,523	5,902,759	5,149,261	6,030,595	6,131,098	
139,326,007	155,137,862	158,054,939	138,167,832	137,798,168	133,494,102	
188,070,085	216,401,830	221,325,610	192,747,032	191,054,883	193,762,574	
84,058,619	91,820,583	94,605,958	90,758,627	91,793,659	95,516,711	
7,801,929	8,600,273	8,960,642	8,515,685	9,985,276	9,519,092	
2,313,271	2,512,236	2,571,184	2,599,008	2,141,954	2,220,756	
3,188,203	3,383,843	3,425,227	3,290,025	3,031,846	3,469,525	
1,005,353	1,295,385	1,998,475	1,885,811	2,830,290	3,086,300	
1,164,873	1,179,755	1,230,586	753,182	1,532,256	1,590,478	
689,525	908,266	705,570	781,836	825,496	681,689	
1,107,102	1,095,254	1,180,544	1,100,042	1,214,885	1,294,507	
8,096,343	9,003,542	9,509,932	9,477,912	9,265,796	9,403,915	
11,678,947	12,836,647	9,874,902	10,778,771	8,106,544	12,545,299	
808,644	805,616	818,681	774,884	1,047,597	1,077,272	
6,439,565	7,033,624	7,170,356	7,102,339	6,527,545	6,635,390	
2,778,151	3,079,037	3,444,513	3,435,115	3,322,138	3,916,853	
5,536,631	6,682,415	6,972,314	6,317,510	6,103,839	5,758,515	
12,573,720	14,260,919	15,136,879	14,630,408	13,755,521	14,121,493	
2,719,203	3,100,833	3,164,044	3,040,362	4,083,006	4,350,845	
547,887	541,725	566,930	370,795	601,882	524,156	
2,414,611	2,697,668	3,050,637	3,009,962	2,646,810	2,543,416	
45,856,668	20,626,860	56,881,422	20,826,632	26,332,897	28,348,362	
3,107,210	3,920,957	3,663,269	3,620,821	2,675,971	4,276,078	
715,034	710,000	1,720,000	1,805,000	1,870,000	1,935,000	
1,175,315	2,463,643	2,414,358	2,366,566	2,316,365	2,234,938	
\$ 205,776,804	\$ 198,559,081	\$ 239,066,423	\$ 197,241,293	\$ 202,011,573	\$ 215,050,590	

(continued)

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

	Fiscal Year			
	2002	2003	2004	2005
Excess of revenues over (under) expenditures	\$ 21,002,931	\$ 4,302,036	\$ (14,599,258)	\$ (33,278,366)
Other Financing Sources (Uses)				
Long-term debt issued	2,065,821	-	2,657,173	3,195,503
Refunding bond issue	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-
Premium of sale/refunding of bonds/COP	-	-	-	-
Discount on sale of bonds/COP	-	-	-	-
Capital leases	-	-	-	784,767
Sale of capital assets	-	-	-	-
FEMA and insurance loss recoveries	44,512	24,440	65,889	25,927,356
Transfers in	500,000	708,969	810,000	542,357
Transfers out	(849,496)	(1,094,758)	(810,000)	(542,357)
Total other financing sources (uses)	<u>1,760,837</u>	<u>(361,349)</u>	<u>2,723,062</u>	<u>29,907,626</u>
Prior period adjustments & other	-	-	82,042	-
Net change in fund balances	<u>\$ 22,763,768</u>	<u>\$ 3,940,687</u>	<u>\$ (11,794,154)</u>	<u>\$ (3,370,740)</u>
Debt service as a percentage of noncapital expenditures	0.48%	0.55%	0.68%	0.71%

Notes: (1) Includes all governmental fund types

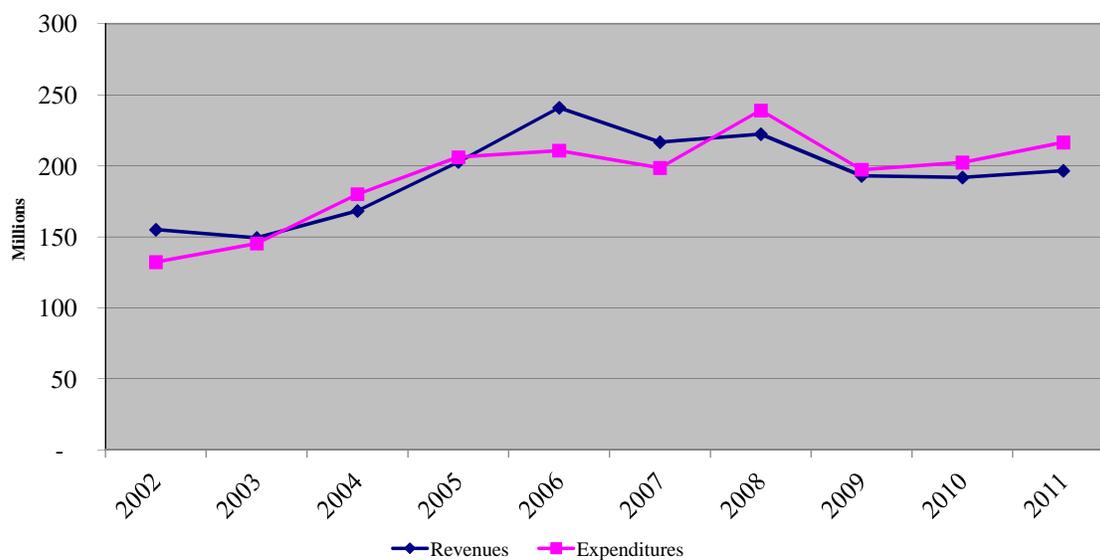
(2) Technology expenses were included in central services until the 2005-06 fiscal year.

Source: District records

Table 4

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ (17,706,719)	\$ 17,842,749	\$ (17,740,813)	\$ (4,494,261)	\$ (10,956,690)	\$ (21,288,016)	
44,095,000	-	925,000	-	-	-	
4,040,000	-	-	-	350,000	1,205,000	
(4,418,053)	-	-	-	(377,799)	(1,404,877)	
608,202	-	33,397	-	30,978	195,334	
(523,135)	-	-	-	-	-	
-	-	-	-	-	1,239,801	
-	-	-	-	-	-	
4,121,131	233,152	56,190	116,796	307,449	100,038	
2,992,935	2,250,387	5,446,766	8,178,799	8,804,532	8,426,038	
(2,992,935)	(2,250,387)	(5,446,766)	(8,178,799)	(8,804,532)	(8,426,038)	
47,923,145	233,152	1,014,587	116,796	310,628	1,335,296	
-	-	-	-	-	-	
\$ 30,216,426	\$ 18,075,901	\$ (16,726,226)	\$ (4,377,465)	\$ (10,646,062)	\$ (19,952,720)	
1.15%	1.71%	2.13%	2.38%	2.41%	2.26%	

Revenues vs. Expenditures



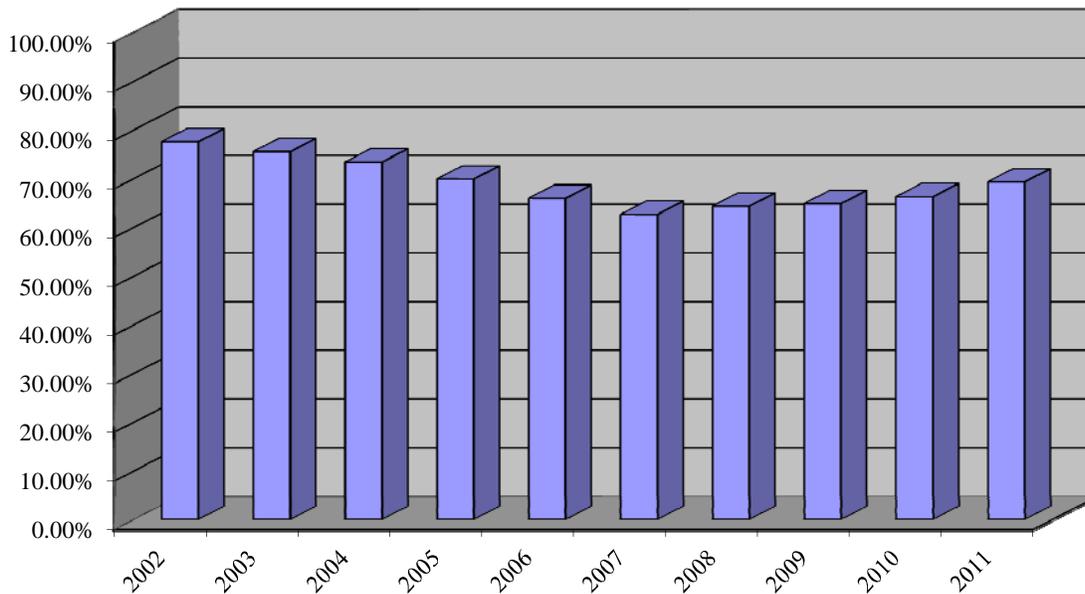
DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Assessed and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

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 Assessed Value	Total Direct Rate
2002	12,846,102	1,470,575	27,297	14,343,974	3,220,072	11,123,902	77.55%	8.415
2003	14,302,057	1,533,608	28,833	15,864,498	3,884,313	11,980,185	75.52%	8.279
2004	16,491,340	1,579,700	33,991	18,105,031	4,821,533	13,283,498	73.37%	8.263
2005	20,430,688	1,644,385	36,316	22,111,388	6,659,157	15,452,232	69.88%	7.592
2006	25,063,423	1,711,694	36,530	26,811,647	9,126,414	17,685,233	65.96%	7.300
2007	31,967,821	2,121,882	40,120	34,129,823	12,757,499	21,372,324	62.62%	6.744
2008	33,089,406	2,159,406	45,924	35,294,736	12,594,110	22,700,626	64.32%	6.602
2009	29,582,296	2,166,888	60,595	31,809,779	11,183,140	20,626,639	64.84%	6.252
2010	26,216,447	2,094,540	47,272	28,358,258	9,567,827	18,790,433	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

Source: Martin County Property Appraiser

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

Ratio of Actual Taxable Value to Assessed Value

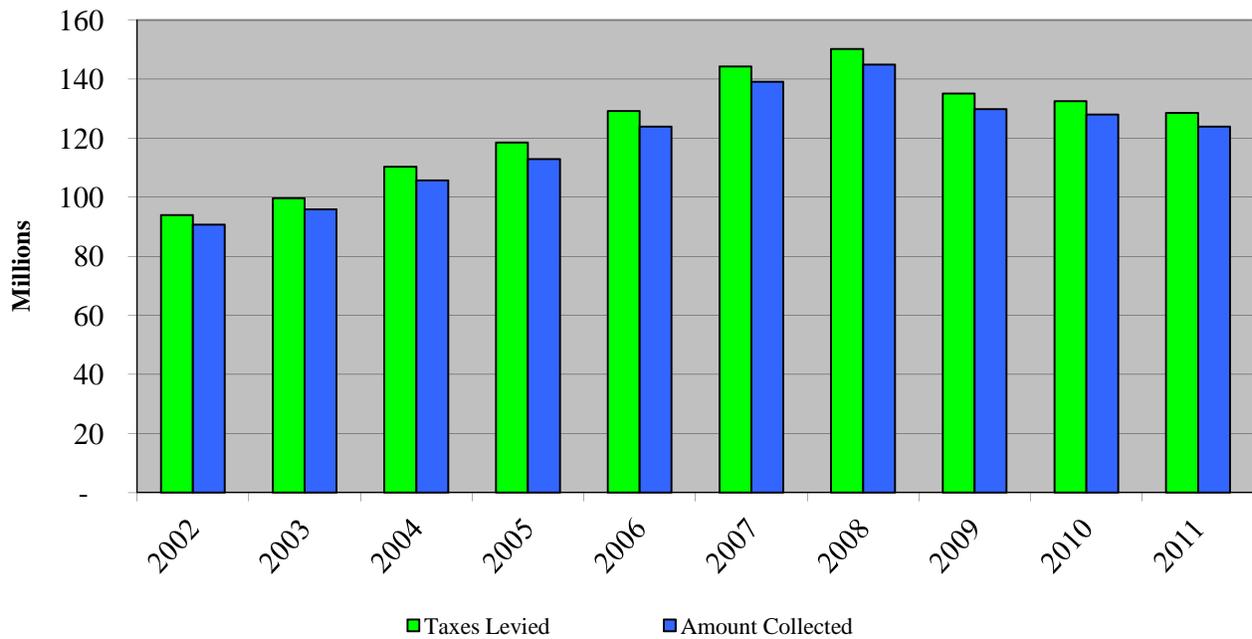


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Property Tax Levies and Collections
Last 10 Years
(Unaudited)

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
2002	93,952,448	90,462,579	96.29%	287,494	90,750,073	96.59%
2003	99,702,224	95,788,904	96.07%	113,645	95,902,549	96.19%
2004	110,298,245	105,680,992	95.81%	131	105,681,123	95.81%
2005	118,563,359	112,871,144	95.20%	-	112,871,144	95.20%
2006	129,202,101	123,925,894	95.92%	-	123,925,894	95.92%
2007	144,252,079	139,110,202	96.44%	-	139,110,202	96.44%
2008	150,151,251	144,892,486	96.50%	-	144,892,486	96.50%
2009	135,139,841	129,864,736	96.10%	-	129,864,736	96.10%
2010	132,510,715	127,937,173	96.55%	23,148	127,960,321	96.57%
2011	128,512,929	123,917,914	96.42%	-	123,917,914	96.42%

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 Years
(Unaudited)
(per \$1,000 assessed valuation)

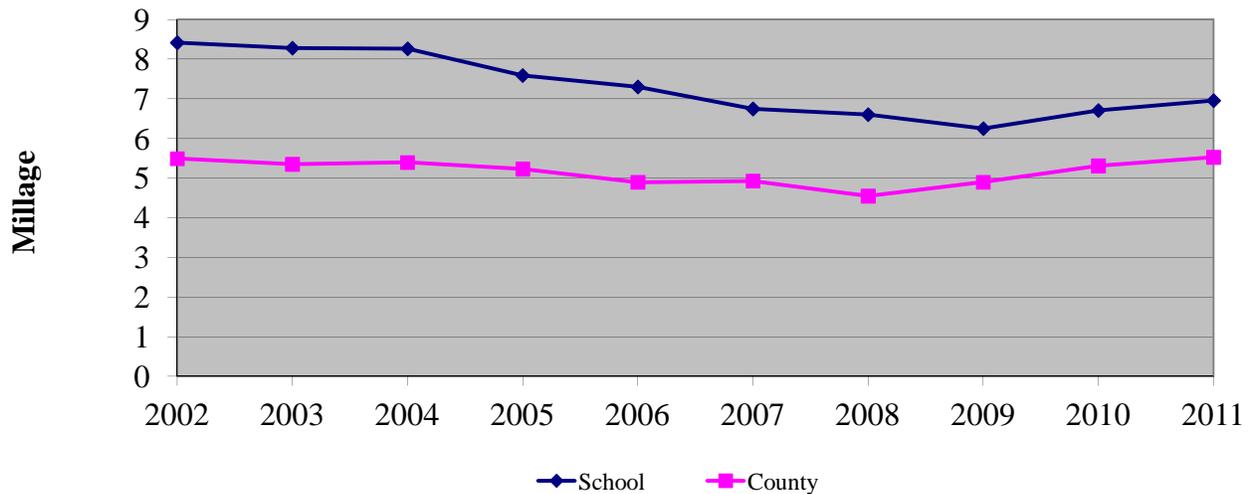
Fiscal Year	Direct Rates ⁽¹⁾				Overlapping Rates ⁽²⁾				
	District School Board of Martin County				MSTU	City of Stuart	Jupiter Island	Sewall's Point	Ocean Breeze Park
	Operating	Operating	Debt Service	Other					
2002	8.415	5.491	0.5110	1.0498	0.8139	4.1539	4.2680	1.8990	-
2003	8.279	5.348	0.4760	1.0498	1.0943	4.1539	3.8190	1.8990	-
2004	8.263	5.395	0.4120	1.0510	1.0893	4.1539	3.6170	1.8990	-
2005	7.592	5.230	0.3720	1.0692	1.0760	4.1539	3.2540	1.8990	2.8820
2006	7.300	4.895	0.3250	1.0690	0.8287	5.4615	3.0904	1.9410	5.1949
2007	6.744	4.928	0.1140	1.0557	0.7722	5.3442	2.9994	2.4000	3.4815
2008	6.602	4.548	0.1220	0.9557	0.6796	4.5573	2.9994	2.1690	2.2911
2009	6.252	4.897	0.1270	1.0108	0.7027	4.5788	3.1400	2.2300	2.4241
2010	6.703	5.309	0.1382	1.0108	0.8754	4.6081	3.2350	2.2300	2.2459
2011	6.956	5.525	0.0826	1.0100	0.9610	4.6436	3.3841	2.1800	2.6295

(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.

Source: 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)

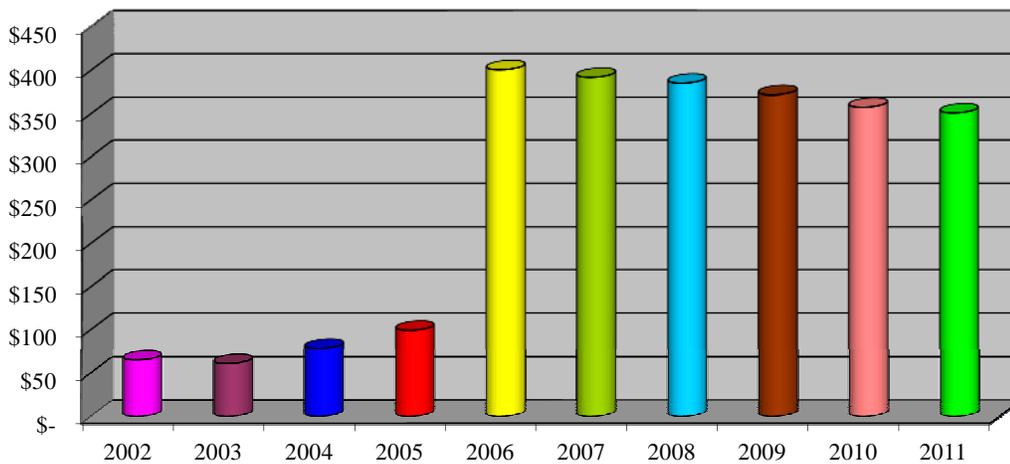
Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2002	8,530	-	-	8,530	0.15%	65.09
2003	8,205	-	-	8,205	0.14%	61.01
2004	10,465	-	297	10,762	0.16%	78.19
2005	13,135	-	785	13,920	0.19%	98.68
2006	15,700	40,790	597	57,087	0.71%	400.20
2007	14,990	40,790	472	56,252	0.66%	391.35
2008	15,175	39,810	341	55,326	0.66%	384.56
2009	14,385	38,795	204	53,384	0.65%	371.09
2010	13,540	37,745	61	51,346	N/A	357.12
2011	13,895	36,660	822	51,377	N/A	350.49

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 2010 and 2011.

* See Table 9 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
Demographic and Economical Statistics
Last Ten Years
(Unaudited)

Fiscal Year	Estimated Population⁽¹⁾	Personal Income⁽²⁾ (thousands of dollars)	Per Capita Personal Income⁽²⁾	Student Membership⁽³⁾	Unemployment Rate⁽⁴⁾
2002	131,051	5,657,926	43,020	16,511	5.4
2003	134,491	5,868,733	43,661	16,978	5.2
2004	137,637	6,677,228	48,801	17,447	4.8
2005	141,059	7,197,354	52,068	17,657	3.6
2006	142,645	8,046,739	58,295	17,760	3.9
2007	143,737	8,586,709	61,868	17,826	4.1
2008	143,868	8,364,241	60,140	17,703	6.3
2009	143,856	8,207,593	58,712	17,631	11.2
2010	143,777	N/A	N/A	17,612	11.7
2011	146,587	N/A	N/A	17,759	10.9

N/A = Data not currently available

- Source:
- (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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Principal Property Taxpayers
January 1, 2010 and 9 years ago
(Amounts expressed in thousands)
(Unaudited)

Taxpayer	2011			2002		
	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value
Florida Power & Light Co.	1	\$ 1,180,599	4.68%	1	\$ 729,780	5.09%
Indiantown Cogeneration LP	2	275,543	1.09%	2	308,996	2.15%
Treasure Coast - JCP Associates Ltd.	3	76,587	0.30%	3	57,719	0.40%
Gulfstream Natural Gas	4	47,791	0.19%	-	-----	-----
Louis Drefus Citrus Inc.	5	38,678	0.15%	-	-----	-----
Sands, Jeffrey H	6	38,534	0.15%	-	-----	-----
Bellsouth Telecom	7	36,768	0.15%	4	56,410	0.39%
Lowe's Home Centers, Inc.	8	28,547	0.11%	9	20,226	0.14%
Sandhill Cove Properties, Inc.	9	28,701	0.11%	5	23,215	0.16%
Florida East Cost Rwy	10	27,219	0.11%	-	-----	-----
Medalist Golf Company	-	-----	-----	6	22,891	0.16%
IHC Reality Partnership LP	-	-----	-----	7	21,848	0.15%
Tesoro Groves LTD Partner	-	-----	-----	8	21,355	0.15%
Ted Glasrud Associates	-	-----	-----	10	19,176	0.13%
Total		<u>\$ 1,778,967</u>	<u>7.05%</u>		<u>\$ 1,281,616</u>	<u>8.93%</u>

Source: Martin County Tax Collector's Office

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

	2002	2003	2004	2005
Instructional administrators	11	11	10	7
Non-instructional administrators	7	7	7	7
Consultants/supervisors of instruction	2	2	2	1
Principals	19	19	19	20
Assistant principals	25	25	26	28
Elementary classroom teachers	357	351	380	390
Secondary classroom teachers	388	403	414	435
ESE teachers	167	173	183	201
Other teachers (adult)	39	41	39	41
Guidance counselors	42	40	39	36
Visiting teachers/Social workers	1	1	1	1
Psychologists	5	5	5	6
Librarians	18	18	17	22
Other professionals (instructional)	74	78	80	78
Other professionals (non-instructional)	68	78	82	74
Aides	246	259	249	256
Technicians	15	15	15	15
Clerical/secretarial	146	138	133	143
Service workers	256	307	265	228
Skilled crafts	33	32	33	29
Unskilled laborers	16	16	16	16
Total employees	1,935	2,019	2,015	2,034

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

- Notes: (a) Employee data includes only full-time staff.
(b) Information presented above excludes Charter Schools and Second Chance Schools.
(c) The number of personnel is total employees.

Table 11

2006	2007	2008	2009	2010	2011
14	9	9	8	8	9
6	6	6	4	6	8
2	2	2	3	3	4
20	20	21	23	23	23
30	30	30	32	31	32
395	407	414	414	415	461
455	449	468	460	461	464
212	213	214	218	230	238
42	39	38	100	99	72
38	41	43	39	37	37
1	1	1	1	1	0
6	7	7	7	7	7
24	24	24	24	20	20
76	86	74	85	99	94
75	87	89	89	93	89
265	277	270	268	282	279
14	13	14	15	14	10
163	170	171	164	169	163
255	289	295	297	290	292
32	30	33	34	34	36
15	17	18	18	18	11
2,140	2,217	2,241	2,303	2,340	2,349



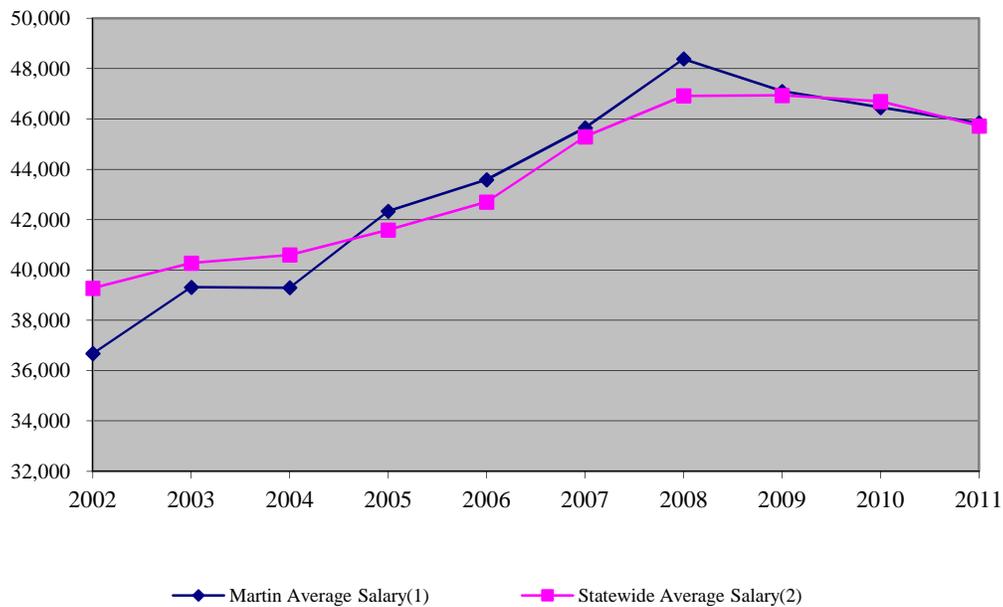
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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Teacher Salaries
Last 10 Years
(Unaudited)

Fiscal Year	Minimum Salary⁽¹⁾	Maximum Salary⁽¹⁾	Martin Average Salary⁽²⁾	Statewide Average Salary⁽²⁾
2002	27,275	54,973	36,677	39,275
2003	30,000	57,641	39,311	40,275
2004	30,725	59,255	39,294	40,598
2005	31,675	60,855	42,337	41,590
2006	32,800	63,289	43,585	42,702
2007	35,000	65,339	45,646	45,296
2008	37,000	67,952	48,384	46,922
2009	37,000	67,952	47,102	46,938
2010	37,000	67,952	46,455	46,696
2011	37,000	68,427	45,841	45,723

Source: (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			
	2002	2003 ⁽³⁾	2004	2005
<u>Elementary</u>				
Seawind Elementary (1993)				
Square feet	119,804	119,804	119,804	119,804
Capacity	788	788	788	589
Enrollment	707	683	670	630
JD Parker Elementary (2004/re-built) ⁽²⁾				
Square feet	-	-	-	125,940
Capacity	-	-	-	804
Enrollment	464	502	562	604
Palm City Elementary (1958)				
Square feet	106,954	106,954	106,954	106,954
Capacity	930	930	930	713
Enrollment	901	994	951	925
Port Salerno Elementary (2002/re-built) ⁽²⁾				
Square feet	-	108,962	108,962	108,962
Capacity	-	-	923	757
Enrollment	618	591	682	688
Hobe Sound Elementary (2004/re-built) ⁽²⁾				
Square feet	-	-	-	112,190
Capacity	-	-	-	816
Enrollment	561	530	457	577
Warfield Elementary (1959)				
Square feet	123,584	123,584	123,584	123,584
Capacity	1,156	1,156	1,156	875
Enrollment	632	634	608	617
Jensen Beach Elementary (1970)				
Square feet	95,159	95,159	95,159	95,159
Capacity	939	939	939	721
Enrollment	632	634	608	617
Pinewood Elementary (1988)				
Square feet	103,756	103,756	103,756	103,756
Capacity	838	838	838	622
Enrollment	782	800	784	747
Crystal Lake Elementary (1989)				
Square feet	101,628	101,628	101,628	101,628
Capacity	841	841	841	620
Enrollment	775	804	747	712

Table 13

Fiscal Year					
2006	2007	2008	2009	2010	2011 ⁽⁴⁾
119,804	119,804	137,803	136,075	127,350	127,350
589	589	837	797	783	783
651	667	673	689	735	738
125,940	125,940	125,940	125,940	125,691	125,691
804	804	757	757	754	754
585	598	607	610	612	626
106,954	106,954	118,524	114,074	107,872	102,532
713	713	929	953	808	698
899	875	881	794	740	700
108,962	108,962	108,962	108,962	109,944	109,944
757	757	757	757	757	757
659	660	660	646	653	722
112,190	112,190	110,804	110,804	115,632	115,632
816	816	797	797	793	793
588	703	711	712	689	696
123,584	139,520	142,024	114,653	147,410	145,941
875	875	911	845	1,084	1,048
617	614	618	638	643	671
95,159	95,159	97,829	96,760	100,201	100,201
721	721	775	721	721	721
622	625	626	603	571	555
103,756	104,570	132,001	129,603	128,796	120,994
622	644	982	996	888	718
879	764	761	730	710	710
101,628	101,628	106,147	106,027	104,574	100,176
620	620	720	720	720	630
700	736	733	505	504	492

(continued)

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

School	Fiscal Year			
	2002	2003 ⁽³⁾	2004	2005
Bessey Creek Elementary (1995)				
Square feet	111,296	111,296	111,296	111,296
Capacity	779	779	779	589
Enrollment	677	667	705	753
Felix A. Williams Elementary (1993)				
Square feet	137,605	137,605	137,605	137,605
Capacity	910	910	910	705
Enrollment	800	817	720	704
Citrus Grove Elementary (2009)				
Square feet				
Capacity				
Enrollment				

Sources:

District records - Five-year facilities work plan

Florida Inventory of School Houses

⁽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⁾ Capacity information reported for fiscal year ended 2003 reflects adjustments due to the Class Size Reduction Amendment.

⁽⁴⁾ Square footage and capacity have changed for some schools due to the re-measurement and change of use by BRPH for the Five-Year Plant Survey.

Table 13

Fiscal Year					
2006	2007	2008	2009	2010	2011⁽⁴⁾
111,296	111,296	118,312	111,296	122,445	122,445
589	589	745	589	599	599
800	747	752	572	556	534
137,605	137,605	140,197	138,469	111,844	111,059
705	705	759	723	653	635
718	650	653	633	684	647
				124,838	124,838
			767	767	767
			457	521	565

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

School	Fiscal Year			
	2002	2003 ⁽³⁾	2004	2005
<u>Middle</u>				
Dr. David L. Anderson Middle School (2005)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Hidden Oaks Middle School (1991)				
Square feet	166,779	166,779	166,779	166,779
Capacity	1,446	1,446	1,446	1,241
Enrollment	1,464	1,460	1,437	1,452
Indiantown Middle School (1969)				
Square feet	99,053	99,053	99,053	99,053
Capacity	1,096	1,096	1,096	804
Enrollment	484	476	481	482
Murray Middle School(1961)				
Square feet	131,551	131,551	131,551	131,551
Capacity	1,244	1,244	1,244	1,033
Enrollment	1,035	1,096	1,095	1,032
Stuart Middle School(1971)				
Square feet	164,307	164,307	164,307	164,307
Capacity	1,507	1,507	1,507	1,318
Enrollment	1,253	1,285	1,298	1,250
<u>High</u>				
Martin County High School (1963)				
Square feet	339,439	365,764	365,764	365,764
Capacity	2,100	2,480	2,480	2,432
Enrollment	2,546	2,701	1,946	1,809
South Fork High School(1982)				
Square feet	295,394	295,394	295,394	295,394
Capacity	2,060	2,060	2,060	1,906
Enrollment	2,195	2,247	2,072	2,057
Jensen Beach High School (2002)				
Square feet	-	-	323,747	323,747
Capacity	-	-	1,676	1,676
Enrollment	-	-	1,037	1,357

Table 13

Fiscal Year					
2006	2007	2008	2009	2010	2011 ⁽⁴⁾
-	210,194	210,194	210,194	219,253	219,253
-	1,255	1,255	1,395	1,316	1,184
-	897	901	904	889	984
166,779	166,779	177,323	172,041	178,828	173,566
1,241	1,241	1,458	1,445	1,455	1,210
1,075	1,125	1,119	1,113	1,147	1,090
99,053	99,053	102,183	98,053	155,404	155,404
770	693	706	770	1,348	1,213
441	403	408	400	399	401
131,551	142,157	188,198	185,670	213,597	211,889
1,033	828	1,509	1,641	1,643	1,439
805	748	750	767	757	760
164,307	164,307	166,760	148,006	198,350	174,517
1,318	1,278	11,337	1,130	1,852	1,156
980	912	919	877	854	881
365,764	365,764	371,536	426,584	431,008	431,008
2,432	2,432	2,489	2,589	2,517	2,391
1,937	1,958	1,951	1,993	1,966	1,945
295,394	295,394	337,462	311,353	298,302	313,984
1,906	1,906	2,603	2,369	2,114	1,672
2,059	1,979	1,964	1,917	1,863	1,829
323,747	323,747	323,747	323,747	323,999	323,857
1,676	1,676	1,590	1,674	1,636	1,554
1,510	1,520	1,523	1,527	1,542	1,573

(continued)

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

School	Fiscal Year			
	2002	2003 ⁽³⁾	2004	2005
<u>Other</u>				
Spectrum JR/SR High School (1932)				
Square feet	26,480	26,480	26,480	16,794
Capacity	304	304	304	142
Enrollment	179	166	94	81
Challenger School (1988)				
Square feet	46,458	46,458	46,458	46,458
Capacity	156	156	156	156
Enrollment	71	66	66	64

Sources:

District records - Five-year facilities work plan

Florida Inventory of School Houses

⁽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⁾ Capacity information reported for fiscal year ended 2003 reflects adjustments due to the Class Size Reduction Amendment.

⁽⁴⁾ Square footage and capacity have changed for some schools due to the re-measurement and change of use by BRPH for the Five Year Plant Survey.

Fiscal Year					
2006	2007	2008	2009	2010	2011 ⁽⁴⁾
16,794	16,794	23,234	20,298	20,024	15,655
179	142	317	218	231	130
92	104	111	155	77	90
46,458	46,458	46,573	51,577	44,205	44,105
156	171	171	171	171	171
70	79	80	75	71	58

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Principal Employers
Current Year and Nine Years Ago¹
(Unaudited)

Current year (2010):			Percentage	
Employer	Rank	Employees	of Total	Product/Service
			County	
			Employment	
Martin Memorial Health systems	1	2,700	4.22%	Health Care
Martin County School District	2	2,456	3.84%	Government
Martin County	3	1,575	2.46%	Government
Publix Supermarkets	4	1,168	1.83%	Grocery Chain
State of Florida	5	653	1.02%	Government
Old Cell Phone	6	450	0.70%	Retail Department Store
The Home Depot	7	400	0.63%	Retail Department Store
Wal-Mart	8	390	0.61%	Retail Department Store
Winn-Dixie	9	382	0.60%	Grocery Chain
TurboCombustor Technologies Inc.	10	374	0.58%	Aerospace Products
Total		<u>10,548</u>	<u>16.49%</u>	
Nine years ago (2001):				
Martin County School District	1	2,500	4.30%	Government
Martin Memorial Health Systems	2	2,481	4.26%	Health Care
Martin County Government	3	1,646	2.83%	Government
Publix Super Markets, Inc.	4	1,196	2.06%	Grocery Chain
Armellini Express Lines	5	755	1.30%	Trucking
State of Florida	6	743	1.28%	Government
Vought Aircraft	7	475	0.82%	Aerospace Products
Winn-Dixie	8	450	0.77%	Grocery Chain
The Home Depot	9	363	0.62%	Retail Department Store
Hutchison Island Marriot Beach Resort	10	300	0.52%	Hospitality
Total		<u>10,909</u>	<u>18.75%</u>	

Note: The labor force figures for 2010 and 2001 are 63,974 and 58,185, respectively. These numbers were used to calculate the percentage of total county employment.

Source: Martin County Clerk's Office provided the 2000 and 2009 data.

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

¹ Information for 2011 is not available, so this schedule was prepared with the data of 2010 and 2001.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	State Board of Education Bonds			Coverage
	Motor Vehicle	Debt Service		
	License Tax	Principal	Interest	
2002	584,095	260,000	335,711	0.98
2003	729,551	325,000	388,966	1.02
2004	939,999	430,000	456,250	1.06
2005	1,149,767	555,000	542,712	1.05
2006	1,132,703	595,000	561,994	0.98
2007	1,804,165	710,000	615,286	1.36
2008	1,376,648	740,000	662,121	0.98
2009	1,445,257	790,000	654,411	1.00
2010	1,440,952	820,000	637,264	0.99
2011	1,432,302	850,000	585,956	1.00

Source: District records



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

Fiscal Year	(1) Operating Expenditures	(1) Student Memberships	Cost per Pupil	Percentage Change	(2) Teaching Staff	Pupil/Teacher Ratio
2002	\$ 110,140,251	16,511	\$ 6,671	-1.40%	1,049	15.7
2003	115,921,096	16,978	6,828	2.35%	1,079	15.7
2004	121,462,073	17,447	6,962	1.96%	1,121	15.6
2005	132,962,947	17,657	7,530	8.17%	1,142	15.5
2006	144,888,287	17,760	8,158	8.34%	1,210	14.7
2007	156,144,085	17,826	8,759	7.37%	1,224	14.6
2008	161,461,835	17,703	9,121	4.12%	1,253	14.1
2009	155,166,255	17,631	8,801	-3.51%	1,289	13.7
2010	158,062,988	17,612	8,975	1.98%	1,309	13.5
2011	163,167,496	17,759	9,188	2.38%	1,355	13.1

Source: ⁽¹⁾ District records

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

Notes: Expenditures include General and Special Revenue Funds.

Community service, facility acquisition and construction, and other capital outlay expenditures are excluded from amounts shown above.

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

	Fiscal Year Ended June 30,			
	2002	2003	2004	2005
Days meals were served	180	180	180	177
Average number of free and reduced lunches served daily	4,427	4,578	4,708	4,887
Total number of free and reduced lunches served	796,867	824,095	847,366	864,934
Average daily subsidy received	\$ 15,202	\$ 15,058	\$ 16,736	\$ 16,082
Total subsidy received	\$ 2,736,274	\$ 2,710,410	\$ 3,012,488	\$ 2,846,495
Average number of lunches served daily	7,701	7,896	8,260	8,587
Total number of lunches served	1,386,251	1,421,241	1,486,737	1,519,851
Percentage of free and reduced lunches served to total meals	57.48%	57.98%	57.00%	56.91%
Average daily revenues	\$ 28,705	\$ 28,779	\$ 32,480	\$ 33,657
Total revenues	\$ 5,166,952	\$ 5,180,223	\$ 5,846,321	\$ 5,957,317
Average daily costs	\$ 26,293	\$ 27,091	\$ 30,593	\$ 35,293
Total costs	\$ 4,732,689	\$ 4,876,349	\$ 5,506,669	\$ 6,246,919

Source: District Records

Table 17

Fiscal Year Ended June 30,					
2006	2007	2008	2009	2010	2011
177	180	180	180	180	180
4,574	4,421	4,536	4,930	5,336	5,916
809,664	795,803	816,466	887,337	960,559	1,064,941
\$ 17,268	\$ 16,453	\$ 17,775	\$ 20,418	\$ 22,013	\$ 24,891
\$ 3,056,415	\$ 2,961,584	\$ 3,199,581	\$ 3,675,167	\$ 3,962,301	\$ 4,480,344
8,479	8,618	8,998	8,806	8,712	9,425
1,500,753	1,551,266	1,619,721	1,585,167	1,568,250	1,696,459
53.95%	51.30%	50.41%	55.98%	61.25%	62.77%
\$ 36,755	\$ 36,173	\$ 36,684	\$ 38,050	\$ 38,257	\$ 41,333
\$ 6,505,702	\$ 6,511,207	\$ 6,603,070	\$ 6,849,010	\$ 6,886,294	\$ 7,439,956
\$ 36,816	\$ 39,867	\$ 40,252	\$ 39,502	\$ 36,279	\$ 36,890
\$ 6,516,430	\$ 7,176,124	\$ 7,245,316	\$ 7,110,363	\$ 6,530,245	\$ 6,640,240



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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 the Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB *Circular A-133*

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings—Federal Awards

Exhibit A - Management's Response

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MARTIN COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster				
Florida Department of Education				
School Breakfast Program	10.553	321	\$ 752,947	\$
National School Lunch Program	10.555	300, 350	3,091,519	
Summer Food Service Program for Children	10.559	323	71,892	
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555(2)	None	443,298	
Total Child Nutrition Cluster			<u>4,359,656</u>	
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	27,571	
Fresh Fruit and Vegetable Program	10.582	None	44,660	
Total United States Department of Agriculture			<u>4,431,887</u>	
United States Environmental Protection Agency:				
Indirect:				
St. Johns River Water Management District:				
National Estuary Program	66.456	None	16,000	
United States Department of Education:				
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	3,482,949	10,052
Special Education - Preschool Grants	84.173	267	91,511	
ARRA - Special Education - Grants to States, Recovery Act	84.391	263	2,461,111	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	267	70,488	
St. Lucie County District School Board:				
Special Education - Grants to States	84.027	None	23,166	
Total Special Education Cluster			<u>6,129,225</u>	10,052
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	2,560,524	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	222, 226	737,759	
Total Title I, Part A Cluster			<u>3,298,283</u>	
Educational Technology State Grants Cluster:				
Florida Department of Education:				
Education Technology State Grants	84.318	121	114,378	
ARRA - Education Technology State Grants, Recovery Act	84.386	121	15,133	
Total Educational Technology State Grants Cluster			<u>129,511</u>	
State Fiscal Stabilization Fund Cluster:				
Florida Department of Education:				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	591	5,864,963	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	117,119	
Total State Fiscal Stabilization Fund Cluster			<u>5,982,082</u>	
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	159,181	
Migrant Education - State Grant Program	84.011	217	101,287	
Career and Technical Education - Basic Grants to States	84.048	151, 161	185,974	
Even Start - State Educational Agencies	84.213	219	178,104	
English Language Acquisition Grants	84.365	102	382,944	
Improving Teacher Quality State Grants	84.367	224	593,725	
ARRA - Education of Homeless Children and Youth, Recovery Act	84.387	127	5,378	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111	28,511	
Education Jobs Fund	84.410	541	3,825,292	4,494
Total Indirect			<u>20,999,497</u>	<u>14,546</u>
Total United States Department of Education			<u>20,999,497</u>	<u>14,546</u>

MARTIN COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Health and Human Services:				
Direct:				
Head Start Cluster:				
Head Start	93.600 (3)	NA	\$ 1,922,138	
ARRA - Head Start	93.708 (3)	NA	<u>57,522</u>	
Total Head Start Cluster			1,979,660	
Indirect:				
Florida Developmental Disabilities Council, Inc.:				
Developmental Disabilities Basic Support and Advocacy Grants	93.630	691CD08, 755CD09C	100,500	
Florida State University:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	LD609	<u>17,239</u>	
Total Indirect			117,739	
Total United States Department of Health and Human Services			<u>2,097,399</u>	
United States Department of Interior - Fish and Wildlife Services:				
Indirect:				
Martin County Board of County Commissioners:				
Payments in Lieu of Local Property Taxes on Exempt Land	None	None	<u>95,047</u>	
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	62,726	
Air Force Junior Reserve Officers Training Corps	None	N/A	<u>136,186</u>	
Total United States Department of Defense			<u>198,912</u>	
Total Expenditures of Federal Awards			<u>\$ 27,838,742</u>	<u>\$ 14,546</u>

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

(2) Non-Cash Assistance - National School Lunch Program. Represents the amount of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(3) Head Start. Expenditures include \$784,018 for grant number/program year 04CH0466/18; \$1,138,120 for grant number/program year 04CH0466/19; and \$57,522 for grant number/program year 04SE0466/01.



DAVID W. MARTIN, CPA
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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to 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. Other auditors audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the Martin County District School Board's financial statements. For the school internal funds and the aggregate discretely presented component units, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 noted certain matters that we reported to District management in our operational audit report No. 2012-029, dated November 2011.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in blue ink that reads "David W. Martin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

David W. Martin, CPA
December 8, 2011
Audit Report No. 2012-056



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the Martin County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2011. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 and 2.

Internal Control Over Compliance

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

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

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 2. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on the response.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
December 8, 2011
Audit Report No. 2012-056

**MARTIN COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes

Type of report the auditor issued on compliance for major programs: Unqualified for all major programs

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB *Circular A-133*? Yes

Identification of major programs: Title I Part A Cluster (CFDA Nos. 84.010 and 84.389 - ARRA); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 - ARRA, and 84.392 - ARRA); Educational Technology State Grants Cluster (CFDA Nos. 84.318 and 84.386 - ARRA); State Fiscal Stabilization Fund (SFSF) Cluster (CFDA Nos. 84.394 - ARRA and 84.397 - ARRA); Education Jobs Fund (CFDA No. 84.410); and Head Start Cluster (CFDA Nos. 93.600 and 93.708 - ARRA)

Dollar threshold used to distinguish between Type A and Type B programs: \$835,162

Auditee qualified as low-risk auditee? Yes

**MARTIN COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Awards Finding No. 1:

Federal Agency: United States Department of Health and Human Services

Award Number: 04CH046618, 04CH046619

Program: Head Start (CFDA No. 93.600)

Finding Type: Noncompliance

Questioned Costs: Not Applicable

Allowable Costs/Cost Principles – Compensation of Personnel Services. United States Office of Management and Budget (OMB) *Circular A-87*, Attachment A, Section C.1, provides, in part, that costs must be adequately documented to be allowable under Federal awards. In addition, OMB *Circular A-87* provides that charges to Federal awards for salaries and wages be based on payrolls documented in accordance with generally accepted practices of the governmental unit and approved by a responsible official of the unit. Where employees are expected to work solely on a single Federal award or cost objective, charges for salaries and wages are to be supported by periodic certifications, prepared at least semiannually, that the employees worked solely on that program for the period of the certification. These certifications must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

For the 2010-11 fiscal year, the District reported Head Start program expenditures totaling approximately \$2 million, and recorded program salary and benefit expenditures totaling approximately \$1.8 million. Our tests of salary and benefit payments totaling \$301,895 to 13 Head Start program employees who worked solely for the program disclosed that semiannual certifications for these personnel were not prepared for the period July through December 2010, contrary to Federal requirements. Although these personnel prepared semiannual certifications for the remaining period (January through June 2011), District personnel indicated that the previous semiannual certifications were overlooked as the employee who monitored this task was on leave during December 2010. Through review of other documentation, such as teacher class schedules, we were able to verify that the employees tested worked solely for the program; however, when semiannual certifications are not properly maintained, the risk increases that services may not be performed in accordance with grant terms and District intentions, and personnel costs may be inappropriately charged to a Federal program.

Recommendation: The District should enhance its procedures to provide for the required semiannual certifications for employees who work solely on a single Federal program.

District Contact Person: Deana Hughes Newson, Head Start Director

Federal Awards Finding No. 2:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Special Education – Grants to States (CFDA No. 84.027) and ARRA – Special Education – Grants to States Recovery Act (CFDA 84.391)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: CFDA No. 84.027 - \$7,175.00 and CFDA No. 84.391 - \$14,736.96

Allowable Costs/Cost Principles – Contracted Services. OMB *Circular A-87*, Attachment A, Section C.1, provides, in part, that costs must be adequately documented to be allowable under Federal awards. Typically, the Board contracts for certain student services, such as speech, psychological, and behavioral analysis, and District personnel issue purchase orders or bill pay forms to approve payments for these services consistent with the contract terms. To evidence that the services were properly received, the District uses professional contact logs to document information such as the independent contractor name, date of service, students served, start and completion times, and signature of the District employee who confirmed receipt of the services.

For the 2010-11 fiscal year, the District reported expenditures for Special Education programs totaling approximately \$6.1 million, and we tested 40 program payments totaling \$72,542.97 for propriety, including payments totaling \$33,617.96 to 12 independent contractors for student services. However, District records, such as professional contact logs, were not adequate to support payments totaling \$12,200.06 provided by 5 of the independent contractors. For example, District records supporting these payments did not always evidence the students served or appropriate signatures of District personnel who confirmed receipt of the services. Absent such documentation, payments to the 5 independent contracts totaling \$12,200.06 represent questioned costs subject to disallowance by the grantor.

In addition, for the 12 independent contractors in our test, we compared Board-approved annual contracts to total payments to determine that payments were properly authorized and noted that, for 8 of the contractors, the District made payments that exceeded contract amounts from \$49.40 to \$10,265.91, based on additional purchase orders or bill pay forms, as shown below:

Independent Contractor	Contract Amount	Payment from Purchase Order(s)	Payment from Bill Form(s)	Amount Paid over Contract Amount
1	\$ 91,000.00	\$ 101,108.50	\$ 157.41	\$ (10,265.91)
2	54,250.00	62,387.50	-	(8,137.50)
3	75,000.00	75,537.50	4,125.00	(4,662.50)
4	33,440.00	36,709.75	-	(3,269.75)
5	50,220.00	50,028.75	1,878.75	(1,687.50)
6	27,000.00	26,445.00	2,080.00	(1,525.00)
7	60,000.00	59,862.50	1,525.00	(1,387.50)
8	15,000.00	14,999.40	50.00	(49.40)
				<u>\$ (30,985.06)</u>

After the District incurred additional charges from the contractor Nos. 1, 3, 4, 5, and 7 shown above, District personnel presented to the Board, and the Board approved, after-the-fact requests for payment. However, as payments over contract amounts totaling \$9,711.90 to contractor Nos. 2, 6, and 8 exceeded amounts authorized by the Board, District records did not evidence that these payments were consistent with Board intent. Consequently, these payments totaling \$9,711.90 represent questioned costs subject to disallowance by the grantor. When Federal

charges are not properly monitored, the risk increases that payments may be inappropriately charged to a Federal program.

Recommendation: The District should enhance its procedures to properly document receipt of independent contractor services and reconcile such documentation to related contract charges and other provisions before payments for such services are made. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the questioned costs, totaling \$21,911.96, or these moneys should be restored to the Special Education programs.

District Contact Persons: Bryan Thabit, Executive Director of Finance; Mollye Kiss, Exceptional Student Education Coordinator

PRIOR AUDIT FOLLOW-UP

Except as discussed in the **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS**, the District had taken corrective actions for findings included in previous reports on audits of the District’s financial statements and Federal awards.

MANAGEMENT’S RESPONSE

Management’s response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

MARTIN COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

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

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
2011-122 (1)	Child Nutrition Discretionary Grants Limited Availability (CFDA No. 10.579); Education Technology State Grants, Recovery Act (CFDA No. 84.386); Title I Grants to Local Educational Agencies, Recovery Act (CFDA No. 84.389); Special Education Cluster (CFDA Nos. 84.391 and 84.392); State Fiscal Stabilization Cluster (CFDA Nos. 84.394 and 84.397); ARRA - Head Start (CFDA No. 93.708); and Hazard Mitigation Grant (CFDA No. 97.039) - Reporting	Improvements were needed in District procedures for reporting program information and related expenditures on the Schedule of Expenditures of Federal Awards.	Corrected	The District revised and implemented new procedures to include a review of Federal grants and a detailed worksheet that supports and reconciles to the SEFA.
2011-122 (2)	Head Start (CFDA No. 93.600) - Earmarking	The District needed to enhance its procedures to ensure that enrollment levels are maintained in accordance with Federal requirements.	Corrected	The procedures were updated and the program is in compliance.
2011-122 (3)	Head Start (CFDA No. 93.600) - Allowable Costs/Cost Principles - Compensation of Personnel Services	Certain salary and benefit costs were inappropriately charged to the program, resulting in questioned costs of \$6,369.03.	Partially corrected	The cost allocation plan has been revised. The District will consult the grantor regarding the questioned costs.

EXHIBIT A
MANAGEMENT'S RESPONSE

THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

500 East Ocean Blvd • Stuart, Florida 34994 • Telephone (772) 219-1200 Ext: 30213 • Facsimile: (772) 219-1229



Office Of: BRYAN M. THABIT, CPA, CGFO
Executive Director of Finance

November 22, 2011

Mr. David W. Martin, CPA
Auditor General
111 West Madison Street
Tallahassee, Florida 32399

Dear Mr. Martin:

The following information is submitted in response to your preliminary and tentative Federal Awards audit findings and recommendations from your audit of the District School Board of Martin County for the fiscal year ended June 30, 2011:

FINDINGS AND RECOMMENDATIONS

FEDERAL AUDIT FINDING NO. 1: Controls to ensure salary and benefit costs are appropriately charged to Federal programs could be enhanced.

Recommendation: The District should enhance its procedures to provide for the required semiannual certifications for employees who work solely on a single Federal program.

DISTRICT RESPONSE: The District Acknowledges the Auditor's Federal Awards compliance finding and has prepared the following response:

The Head Start Program Cost Allocation Plan has been revised to include a statement that any employee not otherwise covered in the plan will sign a statement semi-annually stating that they work 100% for Head Start. In addition, two backups have been designated to cover for the responsible person in the case of their absence.

Nancy Kline, Superintendent

School Board Members: Dr. David L. Anderson • Maura Barry-Korenson • Michael J. Busha • Laurie Gaylord • Susan J. Hershey

"An Equal Opportunity Agency"

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

FEDERAL AUDIT FINDING NO. 2: The District needed to enhance its procedures over contracted services expenditures.

Recommendation: The District should enhance its procedures to properly document receipt of independent contractor services and reconcile such documentation to related contract charges and other provisions **before** payments for such services are made. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the questioned costs, totaling \$21,911.96, or these moneys should be restored to the Special Education programs.

DISTRICT RESPONSE: The District Acknowledges the Auditor's Federal Awards compliance finding and has prepared the following response:

The District recognizes that the questioned costs totaling \$21,911.96 are related to payments made to contractors with inadequate professional contact logs and after-the-fact payments from the IDEA (Individual with Disabilities Education Act) program. The District recognizes the importance of the proper use and documentation of Federal funds for students with disabilities and voluntarily disclosed these inadequacies to the Auditor General.

The inadequate contact logs for the Federal IDEA program were discovered by the Finance Department in May 2011 and brought to the attention of the Superintendent.

From Finance Department Memo 11-051 dated May 24, 2011 to Superintendent:

"... the ones (ESE invoices and contact logs) that are attached appear inaccurate and could expose the district to non-compliance during the Federal Audit. Specifically where the name of the individual is to be completed and the description is 'various,' 'SL Treatment' or other non-description of the actual individual served."

The Superintendent then notified the Executive Director of Exceptional Student Education (ESE) that the logs did not meet the criteria of the contract requirements. The Executive Director of ESE oversees the Special Education programs and is the contract administrator **responsible** for approving professional contact logs and authorizing contractor payments.

From memo dated May 25, 2011 from Superintendent to Executive Director of ESE:

Attached are samplings of invoices/professional contact logs from ESE contracted providers. In reviewing the material, it appears that some required information on the contact log is inaccurate, incomplete and not legible.

- *Missing- Name of Individual student served*
- *Missing- Gender of student served*
- *Missing- Student's ethnicity*
- *Missing or not specific – Description of service provided*
- *Not legible- Signature of school district employee responsible to approve consultant's log*
- *Unauthorized signature of school/district responsible- specifically a contractor authorizing another contractor's contact log*

From memo dated May 26, 2011 from Executive Director of ESE to Superintendent:

"There is no district exposure for non-compliance regarding the Professional Contact Logs for the Federal Audit."

Despite the response from the Executive Director of ESE, the District took corrective action regarding the deficiencies in the professional contact logs to ensure compliance with the IDEA program.

- The District held an in-service training on June 15, 2011 for all ESE contractors regarding the proper completion of the contact logs.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

In June 2011 the Finance Department received invoices submitted by the ESE Department for Payment through the use of Bill Forms. These invoices exceeded the contract limits and School Board policy. The Superintendent, School Board Chair and School Board Attorney were notified via Finance Memo 11-075.

The School Board Chair requested an opportunity to take action on the ESE invoices in excess of the contract amounts; a Special Board Meeting was held on July 5, 2011. The school Board voted to authorize these after-the-fact request for payment.

The District will review this report with the Florida Department of Education to determine the treatment of the \$29,911.96 of questioned costs.

The Executive Director of Exceptional Student Education has resigned.

Sincerely,



Bryan M. Thabit, CPA, CGFO
Executive Director of Finance