

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



For the Fiscal Year Ended June 30, 2013

Prepared by the Finance Department

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letters of Transmittal	i-vi
2012-13 Fiscal Year Superintendent and School Board Members.....	vii
List of Principal Officials-Appointed.....	viii
Organizational Chart	ix
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	x
ASBO Certificate of Excellence in Financial Reporting.....	xi

FINANCIAL SECTION

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis.....	5-16
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20-21
Fund Financial Statements:	
Balance Sheet—Governmental Funds	22-23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes In Fund Balances—Governmental Funds.....	26-27
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund, Other Federal Programs, And Federal Economic Stimulus Fund.....	30-37
Statement of Fiduciary Net Position—Fiduciary Funds	39
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	40
Notes to the Basic Financial Statements	41-72
Other Required Supplementary Information	
Schedule of Funding Progress—Early Retirement Plan	74
Schedule of Employer Contributions—Early Retirement Plan	75
Schedule of Funding Progress— Other Postemployment Benefits Plan	77
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet—Nonmajor Governmental Funds	82-83
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances—Nonmajor Governmental Funds.....	84-85

Schedule of Revenues, Expenditures, and Changes In Fund Balances—Budget and Actual - Other Major and Nonmajor Governmental Funds	89-96
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position—Private-Purpose Trust Funds.....	98
Combining Statement of Changes in Fiduciary Net Position—Private-Purpose Trust Funds....	99
Combining Statement of Changes in Assets and Liabilities—Agency Funds	100

STATISTICAL SECTION

Table 1	Net Position by Component	104-105
Table 2	Changes in Net Position—Government-wide	106-107
Table 3	Fund Balances—Governmental Funds	108-109
Table 4	Changes in Fund Balances—Governmental Funds.....	110-113
Table 5	Assessed and Estimated Actual Value of Taxable Property	114
Table 6	Property Tax Levies and Collections	115
Table 7	Direct and Overlapping Property Tax Rates	116
Table 8	Ratios of Outstanding Debt by Type.....	117
Table 9	Demographic and Economic Statistics.....	118
Table 10	Principal Property Taxpayers.....	119
Table 11	District Employees	120-121
Table 12	Teacher Salaries	123
Table 13	School Building Information.....	124-131
Table 14	Principal Employers	132
Table 15	Operating Statistics	133
Table 16	Food Service Operating Data.....	134-135

SINGLE AUDIT

Federal Reports and Schedules.....	139
Schedule of Expenditures of Federal Awards.....	140
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 <i>Governmental Auditing Standards</i>	141-142
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance ..	143-144
Schedule of Findings and Questioned Costs.....	145-146
Summary Schedule of Prior Audit Findings - Federal Awards.....	147
Exhibit A—Management’s Response.....	148

INTRODUCTORY SECTION





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THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

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

December 11, 2013

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, 2013.

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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, Federally mandated “Single Audit” designed to meet the special needs of the Federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The standards governing the Single Audit engagement require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards.

Laurie J. Gaylord, Superintendent

School Board Members: Maura Barry-Sorenson • Michael Busha • Michael DiTerlizzi • Rebecca Negron • Marsha Powers
“An Equal Opportunity Agency”

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

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

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

PROFILE OF THE GOVERNMENT

The District and the Board were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District officials in accordance with Chapter 1001, Florida Statutes. The Board consists of five elected officials responsible for the adoption of policies, which govern the operation of the District's public schools. The elected Superintendent of Schools ("Superintendent") is the executive officer of the Board and is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules, and Board policies. The Superintendent has the specific responsibility for maintaining a uniform system of records and accounts in the District as prescribed by the State Board of Education.

The geographic boundaries of the District are those of Martin County, Florida. During the 2012-13 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 2012-13, the District provided general, special, vocational, and other education programs to 18,267 unweighted full-time equivalent students.

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

ECONOMIC CONDITION AND OUTLOOK

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

The student population increased from 17,964 in September 2012 to 18,267 in September 2013. Based on the October 2013 survey, the District will have no significant change in student population for fiscal year 2013-14.

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

MAJOR INITIATIVES

The District has developed a master plan for all of its facilities and is in the process of remodeling and adding new buildings as designed in the future plans. The District is in the final phases of completing Murray Middle School, Chiller Addition and Waterline and South Fork High School, Building and Site Improvements. The District has ongoing construction for the Martin County High School, Phase III Replace Classroom. 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;
- *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.
- *Safari Montage* - a comprehensive platform for digital media distribution and visual instruction needs via a suite of integrated products, giving educators and administrators a single interface for accessing all visual resources;
- *iReady* – A diagnostic and instructional product for teachers aligned with the Common Core State Standards.

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

- The 2012-13 school year marked the sixth consecutive year the District has earned the “Academically High-Performing School District” designation from the Florida Department of Education.
- In the 2012-13 school year, the District ranked 8th highest in the state for the total points earned on the Florida Comprehensive Assessment Test (FCAT).
- 2012-13 school year SAT and ACT scores were above state and national averages.
- FCAT Reading Scores for Martin County students in grades 7-10 are among the best in the state. Martin County seventh graders ranked fifth highest among Florida’s 67 school districts; eighth grade students ranked sixth highest; ninth graders ranked third highest in the state; and tenth graders also ranked third highest in the state.
- Martin County FCAT results exceeded the state averages in every grade level and subject. Several schools accomplished significant gains in math, reading, and science.
- Martin County students exceeded the state averages on all End of Course Exams (EOC) , and:
 - Algebra I: One hundred percent of all Martin County middle school students who took the Algebra I EOC passed the exam;
 - Biology: The Martin County School District ranked seventh among the 67 school districts with 77 percent of students passing the Biology EOC;
 - Geometry: Ninety-nine percent of all Martin County middle school students who took the Geometry EOC passed the exam;
 - US History: This was the first time the US History EOC was administered and Martin County students exceeded the state average.

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 2011. The District has a master facility plan to rebuild, remodel, and expand schools and sites, which shall take place over a number of years.

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

FINANCIAL POLICIES

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

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

BUDGETARY CONTROLS

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

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

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On October 15, 2013, the Board adopted a District staffing plan that establishes teaching positions based generally on student populations served. Additionally, support and administrative positions are created based upon established criteria.

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, 2012. This was the seventh consecutive year that the District has received this prestigious award. The Certificate is a national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized

CAFR, whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

Certificate of Excellence in Financial Reporting (ASBO) -The Association of School Business Officials International (ASBO) also awards a Certificate of Excellence in Financial Reporting to governments who meet the reporting requirements and submit their reports for review and consideration. The District received its sixth consecutive award for Certificate of Excellence in Financial Reporting, for the fiscal year 2011-12. The Certificate of Excellence in Financial Reporting awarded by ASBO certifies that the CAFR substantially conforms to the accounting and reporting standards adopted by ASBO.

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

ACKNOWLEDGEMENTS

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

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

Respectfully,



Laurie J. Gaylord
Superintendent of Schools



Helene DiBartolomeo, CPA
Director of Finance

District School Board of Martin County, Florida



Laurie J. Gaylord
Superintendent



Michael Busha
School Board Vice-Chair
District 1



Marsha Powers
School Board Member
District 2



Rebecca Negron
School Board Member
District 3



Maura Barry-Sorenson
School Board Chair
District 4



Michael DiTerlizzi
School Board Member
District 5



2012-13 Fiscal Year
Superintendent and School Board Members

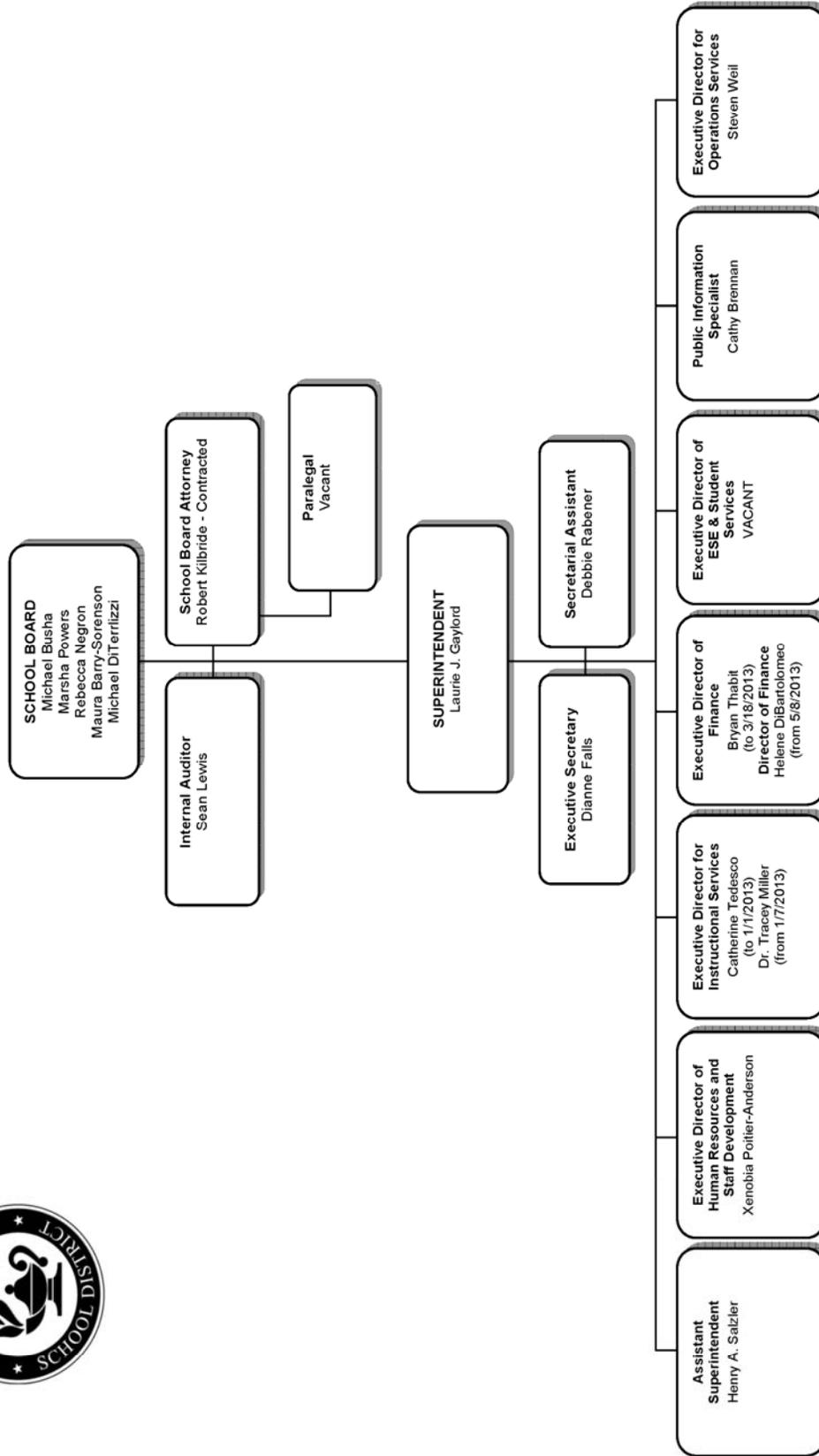
District School Board of Martin County, Florida

LIST OF PRINCIPAL OFFICIALS – APPOINTED

Henry A. Salzler	Assistant Superintendent
Xenobia Poitier-Anderson	Executive Director of Human Resources and Staff Development
Dr. Tracey Miller	Executive Director for Instructional Services
Helene DiBartolomeo	Director of Finance
Steven Weil	Executive Director for Operations Services



SCHOOL BOARD OF MARTIN COUNTY Organizational Chart





Government Finance Officers Association

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

Presented to

**District School Board
of Martin County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Association of School Business Officials International



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

District School Board of Martin County, Florida

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, appearing to read 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

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

John D. Musso, CAE, RSBA
Executive Director

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
Tallahassee, Florida 32399-1450



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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of and for the fiscal year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, as described in note 1 to the financial statements, which represents 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the discretely presented component unit, is based solely on the report of the other auditors.

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

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Martin County District School Board as of June 30, 2013, and the respective changes in financial position, and the budgetary comparison for the general fund and each major special revenue fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, SCHEDULE OF FUNDING PROGRESS – EARLY RETIREMENT PLAN, SCHEDULE OF EMPLOYER CONTRIBUTIONS – EARLY RETIREMENT PLAN, and SCHEDULE OF FUNDING PROGRESS - OTHER 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are the responsibility of management and were derived from and relate directly to the

underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 11, 2013

Audit Report No. 2014-059



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the District School Board of Martin County has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2013. 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 19 through 72.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

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

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

Government-wide Financial Statements

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

- The *statement of net position* presents information on most of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is strengthening or weakening.
- The *statement of activities* presents information showing how the government's net position changed during the 2012-13 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

The government-wide financial statements include not only the District itself (known as the primary government), but also the Hope Center for Autism, Inc., charter school. Although a legally separate organization, the component unit is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles. Financial information, for the component unit, is reported separately from the financial information presented for the primary government.

The government-wide financial statements may be found on pages 19-21 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, Special Revenue - Other Federal Programs, Special Revenue - Federal Economic Stimulus, and Capital Projects - Local Capital Improvement Tax Funds. Data from the other seven governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

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

The basic governmental funds financial statements can be found on pages 22-37 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 39-40 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 41-72 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. Combining and individual fund schedules can be found on pages 82-100. Additional information about the District that may be of interest to the reader is found under the Statistical section on pages 104-135 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-13 fiscal year are as follows:

Government-wide Statements

- The District's assets exceed its liabilities at June 30, 2013, by \$285 million (*net position*).
- The District's total net position decreased by \$15.8 million, which represents a 5.2 percent decrease from the 2011-12 fiscal year.
- General revenues total \$170.4 million, or 93.0 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$12.9 million, or 7.0 percent of all revenues.
- Expenses total \$199.1 million; \$12.9 million of these expenses are offset by program specific charges, with the remainder paid from general revenues. Total expenses exceed total revenues by \$15.8 million.

Fund Statements

- At June 30, 2013, the District's governmental funds report combined ending fund balances of \$29.8 million, a decrease of \$6.4 million from the prior fiscal year.
- At June 30, 2013, assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$3.3 million or 2.5 percent of total General Fund revenues.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the District’s net position as of June 30, 2013, compared to the net position as of June 30, 2012:

**District School Board of Martin County, Florida
Net Position**

	Governmental Activities		Percent Change
	2013	2012	
Current and other assets	\$ 39,734,277	\$ 47,061,595	-15.6%
Capital assets	373,271,475	376,202,540	-0.8%
Total assets	413,005,752	423,264,135	-2.4%
Other liabilities	8,449,696	7,072,691	19.5%
Long-term liabilities	119,321,455	115,186,040	3.6%
Total liabilities	127,771,151	122,258,731	4.5%
Net position:			
Net investment in capital assets	327,870,571	328,366,440	-0.2%
Restricted	25,931,065	30,311,138	-14.5%
Unrestricted Deficit	(68,567,035)	(57,672,174)	18.9%
Total net position	\$ 285,234,601	\$ 301,005,404	-5.2%

The largest portion of the District’s net position (\$327.9 million) reflects its investment in capital assets (e.g., land, buildings, furniture, fixtures, and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the District’s net position, \$25.9 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 \$5.4 million - after exclusion of \$13.9 million in compensated absences payable and \$60.1 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 position has decreased \$4.4 million from June 30, 2012, to June 30, 2013. This net position represents restrictions from specific revenue sources and grants. The deficit in unrestricted net position in the governmental type activities has increased by \$10.9 million, 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 position for the fiscal years ended June 30, 2013, and June 30, 2012 are as follows:

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

	Governmental Activities		Percent Change
	<u>2013</u>	<u>2012</u>	
Revenues			
Program revenues:			
Charges for services	\$ 5,855,734	\$ 6,003,286	-2.5%
Operating grants and contributions	5,385,431	4,830,648	11.5%
Capital grants and contributions	1,650,204	1,994,232	-17.3%
Total Program revenues	<u>12,891,369</u>	<u>12,828,166</u>	0.5%
General revenues:			
Property taxes, levied for operational purposes	93,749,587	89,175,396	5.1%
Property taxes, levied for capital purposes	26,034,115	26,224,667	-0.7%
Grants and contributions not restricted to specific prog.	45,816,980	45,362,980	1.0%
Other	4,836,979	2,899,401	66.8%
Total General revenues	<u>170,437,661</u>	<u>163,662,444</u>	4.1%
Total revenues	<u>183,329,030</u>	<u>176,490,610</u>	3.9%
Expenses			
Instruction	94,230,526	96,030,312	-1.9%
Pupil personnel services	9,835,181	9,903,132	-0.7%
Instructional media services	2,209,088	2,213,015	-0.2%
Instructional and curriculum development services	3,615,999	3,711,583	-2.6%
Instructional staff training services	2,365,365	2,895,164	-18.3%
Instruction related technology	1,655,201	1,741,333	-4.9%
School board	902,968	729,644	23.8%
General administration	659,120	729,721	-9.7%
School administration	9,598,008	10,316,230	-7.0%
Facilities services	29,581,334	26,041,389	13.6%
Fiscal services	908,486	1,066,902	-14.8%
Food services	7,678,953	7,170,203	7.1%
Central services	5,086,568	4,822,277	5.5%
Pupil transportation services	6,593,395	6,468,443	1.9%
Operation of plant	14,098,913	13,838,429	1.9%
Maintenance of plant	4,438,963	4,373,070	1.5%
Administrative technology services	614,590	563,865	9.0%
Community services	2,931,948	2,740,540	7.0%
Unallocated interest on long-term debt	2,095,227	2,203,833	-4.9%
Total expenses	<u>199,099,833</u>	<u>197,559,085</u>	0.8%
Change in net position	(15,770,803)	(21,068,475)	
Net position - beginning	301,005,404	322,073,879	
Net position - ending	<u>\$ 285,234,601</u>	<u>\$ 301,005,404</u>	-5.2%

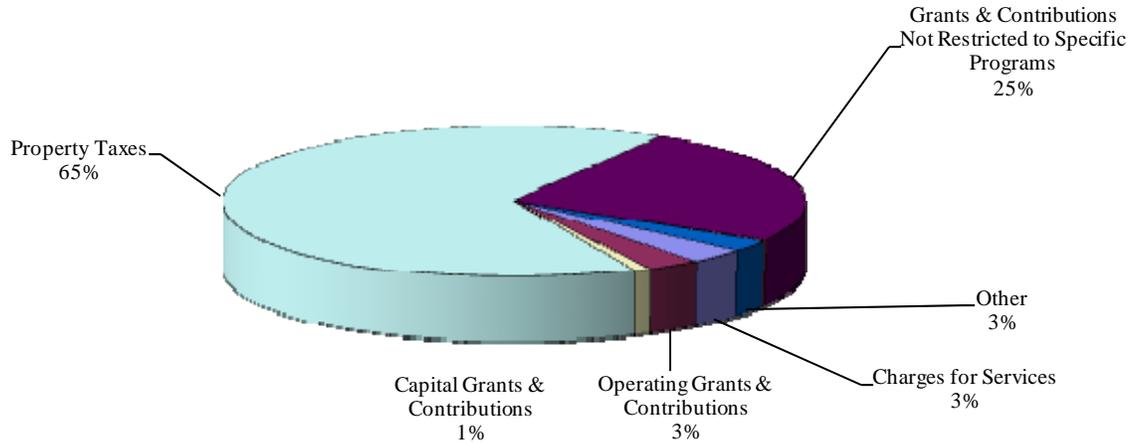
Major changes in revenues were caused by the following:

- Capital Grants – Decreased by 17.3 percent due to a decrease in State capital outlay appropriations.
- Property taxes levied for operational purposes - Increased \$4.6 million due to the increase in assessed property value and millage levy.
- Other – Increased by 66.8 percent, primarily due to an increase in recovery of insurance losses.

Major changes in expenses were caused by the following:

- School Board – Increased by \$0.2 million or 23.8 percent due to settlement payouts for personnel.
- Central Services – Increased by \$0.3 million or 5.5 percent, due primarily to the increase in the Board’s contribution for retiree health insurance.

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

	2013	2012
Fund balance:		
Nonspendable	\$ 941,030	\$ 600,559
Restricted	25,583,236	30,245,201
Assigned	97,986	6,545
Unassigned	3,177,357	5,372,118
Total fund balance	\$ 29,799,609	\$ 36,224,423

As of the end of the 2012-13 fiscal year, the District's governmental funds reported combined ending fund balances of \$29.8 million, a decrease of \$6.4 million in comparison with the prior fiscal year.

Major Funds

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

The General Fund is the chief operating fund of the District. The General Fund has a decrease in fund balance of \$2.2 million, primarily due to raises and increased employee benefits and a reduction of the capital transfer from the Local Capital Improvement Fund. The total fund balance is \$4.9 million, of which \$3.2 million is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 2.5 percent of total General Fund operating revenue, while total fund balance represents 3.7 percent of that same amount.

The Special Revenue – Other Federal Programs Fund accounts for the financial resources of certain Federal grant programs. Revenues and expenditures totaled \$10.6 million each, a 4.6 percent decrease from 2011-12 fiscal year, primarily due to decreases in

program awards. Because revenues are recognized to the extent of allowable expenditures, this fund does not generally accumulate fund balance.

The Special Revenue – Federal Economic Stimulus Fund have total revenues and expenditures of \$0.3 million each, and the funding was mainly used for Race-to-the-Top grant activities. Because revenues are recognized to the extent of allowable expenditures, this fund does not generally accumulate fund balance. Overall revenues and expenditures decreased in the fiscal year as ARRA programs expired.

The Capital Projects - Local Capital Improvement Tax Fund has a decrease in fund balance of \$4.9 million to a total fund balance of \$19.8 million, which is restricted for acquisition, construction, and maintenance of capital assets. The decrease is primarily due to the continued construction of projects and a decrease in capital millage levy proceeds. It should be noted that several projects are currently under construction, and \$9.2 million has been encumbered for specific projects.

Nonmajor Funds

The fund balance increased by \$0.6 million, or 14 percent, primarily caused by the increase in the Food Service Fund. Nonmajor governmental funds consist of debt service and capital projects funds. The total fund balance of \$5.0 million is restricted to be expended on specific programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2012-13 fiscal year, the District amended its General Fund budget several times. Budget revisions were due primarily to workforce reductions due to attrition, termination payouts, and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance and compliance with State-mandated class-size reduction. Final budgeted revenues and expenditures were in line with original budgeted amounts.

A final budget amendment was approved at year-end to amend the budget to actual revenues and expenditures. The Board is authorized by State statute to make budget amendments up to the date that the District's Annual Financial Report is approved. The District typically elects to amend its budget to actual at that time to ensure that all expenditures adjustments are covered by the budget amendments. A General Fund budgetary comparison statement can be found in the Financial Section, pages 30-33.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2013, is \$373.3 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 decrease in net investment in capital assets from the previous fiscal year of .8 percent.

Major capital assets events during the 2012-2013 fiscal year include:

- Major construction in progress at June 30, 2013, includes the amount completed to date for architectural work and construction costs associated with Martin County High School – Phase III – Replace Classrooms
- Projects in final phase of completion, awaiting the completion of a punch list:
 - Murray Middle School – Chiller Addition and Waterline
 - South Fork High School – Building and Site Improvements

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

	<u>2013</u>	<u>2012</u>	<u>Percent Change</u>
Land	\$ 10,354,648	\$ 10,354,648	0.0%
Construction in progress	11,293,085	21,662,247	-47.9%
Improvements other than buildings	11,828,090	8,309,940	42.3%
Buildings and fixed equipment	330,082,002	325,409,714	1.4%
Furniture, fixtures, and equipment	5,769,406	5,712,642	1.0%
Motor vehicles	2,741,002	3,222,918	-15.0%
Property under capital leases	497,621	704,255	-29.3%
Audio visual materials & computer software	705,621	826,176	-14.6%
Total Capital Assets (Net of Depreciation)	\$ 373,271,475	\$ 376,202,540	-0.8%

As shown on the above table, construction in progress has decreased. This is due to the decrease 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, 2013, the District has total long-term debt outstanding of \$45.4 million, comprised of Certificates of Participation (COPS) Series 2005A, State Board of Education (SBE) Bonds, and capital leases.

District School Board of Martin County, Florida
Outstanding Debt

	<u>2013</u>	<u>2012</u>
COPS	\$ 34,360,000	\$ 35,530,000
State School (SBE) Bonds Payable	10,580,000	13,165,000
Obligations under Capital Leases	460,904	646,100
	<u>\$ 45,400,904</u>	<u>\$ 49,341,100</u>

The District's outstanding debt decreased \$3.9 million during 2012-13 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

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2013-14 fiscal year is projected to be 5.026 mills (an increase of .37 mills), the discretionary millage is projected to be .748 mills, and the capital outlay millage is projected to be 1.50 mills. General Fund revenues and other financing sources are projected to be at \$148.5 million, and expenditures are expected to be \$148.7 million.

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

- The unemployment rate for Martin County is currently 7.8 percent, which is a decrease from the rate of 9.8 percent a year ago.
- Student enrollment increased from 17,964 in September 2012 to 18,267 in September 2013.
- The County population increased for the 2012-13 fiscal year from 147,203 to 148,077.

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://www.martinschools.org/pages/Martin_County_School_District/General_Info/Department_Groups/Finance.

BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Position
June 30, 2013

	Primary Government	
	Governmental Activities	Component Unit
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 33,447,964	\$ 291,933
Investments	1,128,039	-
Accounts receivable	1,493,155	746
Deposits	-	1,488
Due from other governmental agencies	1,550,113	-
Inventories	580,968	-
Prepaid items	229,578	9,678
Restricted:		
Equity in property and casualty group	1,304,460	-
Capital assets not being depreciated:		
Land	10,354,648	301,520
Construction in progress	11,293,085	-
Capital assets net of accumulated depreciation:		
Improvements other than buildings	11,828,090	2,735
Buildings and fixed equipment	330,082,002	-
Leasehold Improvements	-	46,292
Furniture, fixtures, and equipment	5,769,406	5,816
Motor vehicles	2,741,002	-
Property under capital lease	497,621	-
Audio visual materials and computer software	705,621	-
Total assets	\$ 413,005,752	\$ 660,208
Liabilities		
Salaries and benefits payable	6,063,470	5,502
Accounts payable	1,731,633	2,276
Construction contracts payable - retainage	414,447	-
Unearned revenue	240,146	-
Long-term liabilities:		
Portion due in one year:		
Notes payable	-	10,659
Obligations under capital lease	194,671	-
Bonds payable	935,000	-
Certificates of participation payable	1,215,000	-
Compensated absences payable	2,071,833	-
Portion due in more than one year:		
Notes payable	-	222,251
Obligations under capital lease	266,233	-
Bonds payable	9,645,000	-
Certificates of participation payable	33,145,000	-
Compensated absences payable	11,792,604	-
Other postemployment benefits obligation	60,056,114	-
Total liabilities	127,771,151	240,688
Net position		
Net investment in capital assets	327,870,571	123,453
Restricted for:		
State required carryover programs	1,077,255	-
Capital projects	21,472,268	57,651
Debt service	266,278	-
Food service	3,043,525	-
Other	71,739	-
Unrestricted net position (deficit)	(68,567,035)	238,416
Total net position	\$ 285,234,601	\$ 419,520

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, 2013

<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	\$ 94,230,526	\$ 434,820	\$ -	\$ -
Pupil personnel services	9,835,181	-	-	-
Instructional media services	2,209,088	-	-	-
Instruction and curriculum development services	3,615,999	-	-	-
Instructional staff training services	2,365,365	-	-	-
Instruction related technology	1,655,201	-	-	-
School board	902,968	-	-	-
General administration	659,120	-	-	-
School administration	9,598,008	-	-	-
Facilities services	29,581,334	-	-	224,379
Fiscal services	908,486	-	-	-
Food services	7,678,953	2,573,283	5,385,431	-
Central services	5,086,568	-	-	-
Pupil transportation services	6,593,395	-	-	-
Operation of plant	14,098,913	-	-	-
Maintenance of plant	4,438,963	-	-	-
Administrative technology services	614,590	-	-	-
Community services	2,931,948	2,847,631	-	-
Unallocated interest on long-term debt	2,095,227	-	-	1,425,825
Total primary government	<u>\$ 199,099,833</u>	<u>\$ 5,855,734</u>	<u>\$ 5,385,431</u>	<u>\$ 1,650,204</u>
Component unit:				
Hope Center for Autism, Inc.	<u>\$ 952,840</u>	<u>\$ 27,994</u>	<u>\$ -</u>	<u>\$ 8,584</u>

General revenues:
Taxes:
 Property taxes, levied for operational purposes
 Property taxes, levied for capital purposes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
 Total general revenues
 Change in net position
Total net position - beginning
Total net position - ending

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

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

Primary Government Governmental Activities	Component Unit
\$ (93,795,706)	\$ -
(9,835,181)	-
(2,209,088)	-
(3,615,999)	-
(2,365,365)	-
(1,655,201)	-
(902,968)	-
(659,120)	-
(9,598,008)	-
(29,356,955)	-
(908,486)	-
279,761	-
(5,086,568)	-
(6,593,395)	-
(14,098,913)	-
(4,438,963)	-
(614,590)	-
(84,317)	-
(669,402)	-
<u>\$ (186,208,464)</u>	<u>\$ -</u>

<u>\$ -</u>	<u>\$ (916,262)</u>
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93,749,587	-
26,034,115	-
45,816,980	938,208
387,295	120
4,449,684	-
<u>170,437,661</u>	<u>938,328</u>
(15,770,803)	22,066
301,005,404	397,454
<u>\$ 285,234,601</u>	<u>\$ 419,520</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue - Other Federal Programs Fund	Special Revenue - Federal Economic Stimulus Fund
Assets			
Cash and cash equivalents	\$ 10,566,346	\$ -	\$ -
Investments	121,802	-	-
Accounts receivable	622,610	10,217	245
Due from other governmental agencies	-	988,437	89,346
Inventories	422,333	-	-
Prepaid items	49,066	-	-
Total assets	\$ 11,782,157	\$ 998,654	\$ 89,591
Liabilities and fund balances			
Liabilities:			
Temporary negative cash	\$ -	\$ 906,438	\$ 77,604
Salaries and benefits payable	5,990,418	50,402	2,597
Accounts payable	700,328	41,814	9,390
Constructions contracts payable - retainage	-	-	-
Unearned revenue	145,612	-	-
Total liabilities	6,836,358	998,654	89,591
Fund balances:			
Nonspendable	593,201	-	-
Restricted	1,077,255	-	-
Assigned	97,986	-	-
Unassigned	3,177,357	-	-
Total fund balances	4,945,799	-	-
Total liabilities and fund balances	\$ 11,782,157	\$ 998,654	\$ 89,591

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
\$ 20,076,626	\$ 3,789,034	\$ 34,432,006
553,876	452,361	1,128,039
4,674	855,409	1,493,155
417,979	54,351	1,550,113
-	158,635	580,968
-	-	49,066
<u>\$ 21,053,155</u>	<u>\$ 5,309,790</u>	<u>\$ 39,233,347</u>
-	-	984,042
-	20,053	6,063,470
810,500	169,601	1,731,633
414,447	-	414,447
-	94,534	240,146
<u>1,224,947</u>	<u>284,188</u>	<u>9,433,738</u>
553,876	347,829	1,494,906
19,274,332	4,677,773	25,029,360
-	-	97,986
-	-	3,177,357
<u>19,828,208</u>	<u>5,025,602</u>	<u>29,799,609</u>
<u>\$ 21,053,155</u>	<u>\$ 5,309,790</u>	<u>\$ 39,233,347</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2013

Total fund balances - governmental funds \$ 29,799,609

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

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

Capital assets not being depreciated	\$ 21,647,733	
Capital assets being depreciated	<u>351,623,742</u>	373,271,475

The District's portion of the equity held in the risk management consortium is not reported as an asset of the governmental funds.	1,304,460
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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.	180,512
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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	\$ (460,904)	
Bonds payable	(10,580,000)	
Certificates of participation Series 2005A	(34,360,000)	
Compensated absences payable	(13,864,437)	
Other postemployment benefits obligation	<u>(60,056,114)</u>	<u>(119,321,455)</u>

Total Net Position - Governmental Activities \$ 285,234,601

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, 2013

	General Fund	Special Revenue - Other Federal Programs Fund	Special Revenue - Federal Economic Stimulus Fund
Revenues			
Federal direct	\$ 452,898	\$ 1,901,223	\$ -
Federal through state and local	960,648	8,660,907	360,951
State	33,381,110	-	-
Local:			
Taxes	93,749,587	-	-
Charges for services - food services	-	-	-
Impact fees	-	-	-
Miscellaneous	5,023,805	-	-
Total revenues	<u>133,568,048</u>	<u>10,562,130</u>	<u>360,951</u>
Expenditures			
Current:			
Instruction	84,886,775	3,767,166	39,254
Pupil personnel services	6,536,789	2,849,566	-
Instructional media services	2,095,209	16,253	-
Instruction and curriculum development services	1,882,801	1,381,658	216,095
Instructional staff training services	240,177	2,000,647	34,411
Instruction related technology	1,473,490	-	63,691
School board	869,548	-	-
General administration	728,911	387,456	-
School administration	8,972,904	-	-
Facilities services	979,357	-	-
Fiscal services	844,077	-	-
Food services	-	488	-
Central services	4,695,849	-	-
Pupil transportation services	6,279,089	84,967	-
Operation of plant	13,520,162	50,492	-
Maintenance of plant	4,290,026	-	-
Administrative technology services	589,731	-	-
Community services	2,760,649	1,585	-
Capital outlay:			
Facilities acquisition and construction	-	-	-
Other capital outlay	34,387	21,852	7,500
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
Paying agent fees	-	-	-
Total expenditures	<u>141,679,931</u>	<u>10,562,130</u>	<u>360,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,111,883)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Insurance loss recoveries	-	-	-
Transfers in	6,260,089	-	-
Transfers out	(316,984)	-	-
Total other financing sources (uses)	<u>5,943,105</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,168,778)</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>7,114,577</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,945,799</u>	<u>\$ -</u>	<u>\$ -</u>

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

Capital Projects - Local Capital Improvement Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,354,121
-	5,223,047	15,205,553
-	1,832,218	35,213,328
26,034,115	-	119,783,702
-	2,573,283	2,573,283
-	1,752,609	1,752,609
479,100	15,501	5,518,406
<u>26,513,215</u>	<u>11,396,658</u>	<u>182,401,002</u>
-	503	88,693,698
-	-	9,386,355
-	-	2,111,462
-	-	3,480,554
-	-	2,275,235
-	-	1,537,181
-	-	869,548
-	-	1,116,367
-	-	8,972,904
8,679,693	94,689	9,753,739
-	-	844,077
-	7,305,960	7,306,448
-	-	4,695,849
-	-	6,364,056
-	-	13,570,654
-	-	4,290,026
-	-	589,731
-	-	2,762,234
13,532,818	215,518	13,748,336
3,162,379	72,625	3,298,743
185,196	2,085,000	2,270,196
28,099	2,080,690	2,108,789
-	14,537	14,537
<u>25,588,185</u>	<u>11,869,522</u>	<u>190,060,719</u>
925,030	(472,864)	(7,659,717)
1,234,903	-	1,234,903
240,491	2,799,313	9,299,893
(7,262,909)	(1,720,000)	(9,299,893)
<u>(5,787,515)</u>	<u>1,079,313</u>	<u>1,234,903</u>
(4,862,485)	606,449	(6,424,814)
24,690,693	4,419,153	36,224,423
<u>\$ 19,828,208</u>	<u>\$ 5,025,602</u>	<u>\$ 29,799,609</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, 2013

Net change in fund balances - total governmental funds \$ (6,424,814)

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	\$ 17,047,079	
Less, depreciation expense	<u>(13,080,603)</u>	3,966,476

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. (6,897,541)

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. (604,696)

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. 3,195,457

Issuance costs on new debt are reported as expenditures in the governmental funds, but are deferred and amortized on the statement of activities. (1,505,000)

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 position. This is the amount of repayments in the current period.

Bonds, refunding payments	\$ 1,670,000	
Bonds, scheduled debt service payments	915,000	
Certificates of participation repayments	1,170,000	
Capital lease repayments	<u>185,196</u>	3,940,196

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

Current year expense	\$ (14,469,519)	
Current year contribution	<u>3,198,451</u>	(11,271,068)

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. (169,813)

Change in net position of governmental activities \$ (15,770,803)

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal direct	\$ 456,650	\$ 452,898	\$ 452,898	\$ -
Federal through state and local	921,659	960,648	960,648	-
State	32,944,404	33,381,110	33,381,110	-
Local				-
Taxes	93,066,978	93,749,587	93,749,587	-
Miscellaneous	4,881,690	5,023,805	5,023,805	-
Total revenues	<u>132,271,381</u>	<u>133,568,048</u>	<u>133,568,048</u>	<u>-</u>
Expenditures				
Current:				
Instructional services				
Salaries	59,163,922	59,099,372	59,099,372	-
Employee benefits	17,639,095	17,156,047	17,156,047	-
Purchased services	4,738,457	5,088,306	5,088,306	-
Materials and supplies	2,233,514	1,948,360	1,948,360	-
Capital outlay	251,987	89,426	89,426	-
Other	1,576,778	1,505,264	1,505,264	-
Total instructional services	<u>85,603,753</u>	<u>84,886,775</u>	<u>84,886,775</u>	<u>-</u>
Pupil personnel services				
Salaries	4,274,430	4,541,335	4,541,335	-
Employee benefits	1,265,873	1,273,249	1,273,249	-
Purchased services	678,054	688,911	688,911	-
Materials and supplies	28,008	24,330	24,330	-
Capital outlay	9,149	697	697	-
Other	19,187	8,267	8,267	-
Total pupil personnel services	<u>6,274,701</u>	<u>6,536,789</u>	<u>6,536,789</u>	<u>-</u>
Instructional media services				
Salaries	1,468,832	1,512,826	1,512,826	-
Employee benefits	451,424	442,708	442,708	-
Purchased services	8,756	1,697	1,697	-
Materials and supplies	60,997	44,699	44,699	-
Capital outlay	89,625	79,885	79,885	-
Other	8,298	13,394	13,394	-
Total instructional media services	<u>2,087,932</u>	<u>2,095,209</u>	<u>2,095,209</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	1,378,919	1,471,964	1,471,964	-
Employee benefits	381,025	382,223	382,223	-
Purchased services	13,893	18,192	18,192	-
Materials and supplies	13,596	7,595	7,595	-
Capital outlay		26	26	-
Other	2,619	2,801	2,801	-
Total instruction and curriculum development services	<u>1,790,052</u>	<u>1,882,801</u>	<u>1,882,801</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Instructional staff training services				
Salaries	\$ 66,215	\$ 118,915	\$ 118,915	\$ -
Employee benefits	7,885	8,191	8,191	-
Purchased services	24,909	49,925	49,925	-
Materials and supplies	73,831	48,826	48,826	-
Capital outlay	13,344	-	-	-
Other	65,449	14,320	14,320	-
Total instructional staff training services	251,633	240,177	240,177	-
Instruction related technology				
Salaries	1,149,595	1,094,634	1,094,634	-
Employee benefits	294,450	279,306	279,306	-
Purchased services	52,450	9,130	9,130	-
Materials and supplies	60,638	23,684	23,684	-
Other	3,183	66,736	66,736	-
Total instruction related technology	1,560,316	1,473,490	1,473,490	-
School board				
Salaries	433,457	346,253	346,253	-
Employee benefits	131,843	93,651	93,651	-
Purchased services	90,588	227,154	227,154	-
Materials and supplies	5,604	611	611	-
Capital outlay	374	135	135	-
Other	24,616	201,744	201,744	-
Total school board	686,482	869,548	869,548	-
General administration				
Salaries	473,360	544,315	544,315	-
Employee benefits	108,465	106,607	106,607	-
Purchased services	8,279	36,714	36,714	-
Materials and supplies	1,557	3,536	3,536	-
Capital outlay	250	75	75	-
Other	41,796	37,664	37,664	-
Total general administration	633,707	728,911	728,911	-
School administration				
Salaries	7,097,158	7,043,571	7,043,571	-
Employee benefits	1,955,912	1,893,879	1,893,879	-
Purchased services	13,451	14,042	14,042	-
Materials and supplies	12,746	13,652	13,652	-
Capital outlay	18,208	324	324	-
Other	3,417	7,436	7,436	-
Total school administration	9,100,892	8,972,904	8,972,904	-

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities services				
Salaries	\$ 734,840	\$ 764,044	\$ 764,044	\$ -
Employee benefits	187,165	190,620	190,620	-
Purchased services	18,521	10,713	10,713	-
Materials and supplies	4,146	13,236	13,236	-
Other	1,744	744	744	-
Total facilities services	946,416	979,357	979,357	-
Fiscal services				
Salaries	681,166	619,686	619,686	-
Employee benefits	197,217	182,197	182,197	-
Purchased services	50,076	15,454	15,454	-
Materials and supplies	10,685	6,637	6,637	-
Capital outlay	755	235	235	-
Other	10,793	19,868	19,868	-
Total fiscal services	950,692	844,077	844,077	-
Central services				
Salaries	2,157,155	1,495,676	1,495,676	-
Employee benefits	2,596,771	2,837,577	2,837,577	-
Purchased services	261,939	288,826	288,826	-
Energy services	424	323	323	-
Materials and supplies	42,036	37,848	37,848	-
Capital outlay	9,749	1,998	1,998	-
Other	47,897	33,601	33,601	-
Total central services	5,115,971	4,695,849	4,695,849	-
Pupil transportation services				
Salaries	2,773,853	2,949,009	2,949,009	-
Employee benefits	1,405,288	1,385,357	1,385,357	-
Purchased services	476,667	529,923	529,923	-
Energy services	953,803	942,747	942,747	-
Materials and supplies	345,204	379,974	379,974	-
Capital outlay	11,037	8,182	8,182	-
Other	148,034	83,897	83,897	-
Total pupil transportation services	6,113,886	6,279,089	6,279,089	-

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operation of plant				
Salaries	\$ 4,152,616	\$ 4,287,909	\$ 4,287,909	\$ -
Employee benefits	2,189,064	2,225,997	2,225,997	-
Purchased services	2,053,097	1,966,995	1,966,995	-
Energy services	4,628,608	4,681,037	4,681,037	-
Materials and supplies	240,055	256,892	256,892	-
Capital outlay	31	-	-	-
Other	51,633	101,332	101,332	-
Total operation of plant	13,315,104	13,520,162	13,520,162	-
Maintenance of plant				
Salaries	2,823,631	3,050,528	3,050,528	-
Employee benefits	1,053,831	1,086,084	1,086,084	-
Purchased services	70,836	70,732	70,732	-
Materials and supplies	83,838	81,531	81,531	-
Capital outlay	-	674	674	-
Other	137	477	477	-
Total maintenance of plant	4,032,273	4,290,026	4,290,026	-
Administrative technology services				
Salaries	415,387	466,545	466,545	-
Employee benefits	133,577	112,818	112,818	-
Purchased services	324	10,368	10,368	-
Total administrative technology services	549,288	589,731	589,731	-
Community services				
Salaries	1,592,685	1,737,657	1,737,657	-
Employee benefits	395,090	389,450	389,450	-
Purchased services	127,299	148,715	148,715	-
Materials and supplies	207,817	219,903	219,903	-
Capital outlay	57,338	54,578	54,578	-
Other	208,414	210,346	210,346	-
Total community services	2,588,643	2,760,649	2,760,649	-
Total current operating	141,601,741	141,645,544	141,645,544	-
Capital outlay:				
Other capital outlay	-	34,387	34,387	-
Total expenditures	141,601,741	141,679,931	141,679,931	-
Deficiency of revenues under expenditures	(9,330,360)	(8,111,883)	(8,111,883)	-
Other financing sources (uses)				
Transfers in	7,600,322	6,260,089	6,260,089	-
Transfers out	(54,347)	(316,984)	(316,984)	-
Total other financing sources (uses)	7,545,975	5,943,105	5,943,105	-
Net change in fund balances	(1,784,385)	(2,168,778)	(2,168,778)	-
Fund balances - beginning	7,114,577	7,114,577	7,114,577	-
Fund balances - ending	\$ 5,330,192	\$ 4,945,799	\$ 4,945,799	\$ -

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2013

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Federal direct	\$ 831,407	\$ 1,901,223	\$ 1,901,223	\$ -
Federal through state and local	10,036,312	8,660,907	8,660,907	-
Total revenues	<u>10,867,719</u>	<u>10,562,130</u>	<u>10,562,130</u>	<u>-</u>
Expenditures				
Current:				
Instructional services				
Salaries	2,228,860	1,960,273	1,960,273	-
Employee benefits	883,091	715,278	715,278	-
Purchased services	241,955	563,131	563,131	-
Materials and supplies	320,043	273,191	273,191	-
Capital outlay	242,792	56,319	56,319	-
Other	93,928	198,974	198,974	-
Total instructional services	<u>4,010,669</u>	<u>3,767,166</u>	<u>3,767,166</u>	<u>-</u>
Pupil personnel services				
Salaries	1,747,952	2,070,317	2,070,317	-
Employee benefits	483,444	644,740	644,740	-
Purchased services	342,762	87,812	87,812	-
Materials and supplies	82,006	45,048	45,048	-
Capital outlay	29,492	1,499	1,499	-
Other	-	150	150	-
Total pupil personnel services	<u>2,685,656</u>	<u>2,849,566</u>	<u>2,849,566</u>	<u>-</u>
Instructional media services				
Salaries	10,360	10,960	10,960	-
Employee benefits	5,075	5,293	5,293	-
Other	922	-	-	-
Total instructional media services	<u>16,357</u>	<u>16,253</u>	<u>16,253</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	929,503	1,010,776	1,010,776	-
Employee benefits	259,959	267,511	267,511	-
Purchased services	49,975	45,097	45,097	-
Materials and supplies	25,066	24,125	24,125	-
Capital outlay	7,450	137	137	-
Other	11,034	34,012	34,012	-
Total instruction and curriculum development services	<u>1,282,987</u>	<u>1,381,658</u>	<u>1,381,658</u>	<u>-</u>
Instructional staff training				
Salaries	1,583,448	1,455,335	1,455,335	-
Employee benefits	435,498	404,832	404,832	-
Purchased services	119,933	86,713	86,713	-
Materials and supplies	137,332	42,687	42,687	-
Capital outlay	2,044	-	-	-
Other	9,263	11,080	11,080	-
Total instructional staff training	<u>2,287,518</u>	<u>2,000,647</u>	<u>2,000,647</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 - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2013

Other Federal Programs Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Administration				
Other	532,655	387,456	387,456	-
Total general administration	<u>532,655</u>	<u>387,456</u>	<u>387,456</u>	<u>-</u>
School administration				
Salaries	22,632	-	-	-
Employee benefits	7,756	-	-	-
Total school administration	<u>30,388</u>	<u>-</u>	<u>-</u>	<u>-</u>
Food services				
Other	480	488	488	-
Total food services	<u>480</u>	<u>488</u>	<u>488</u>	<u>-</u>
Pupil transportation services				
Purchased services	4,125	80,904	80,904	-
Energy services	-	1,686	1,686	-
Materials and supplies	-	52	52	-
Capital outlay	1,000	2,325	2,325	-
Total pupil transportation services	<u>5,125</u>	<u>84,967</u>	<u>84,967</u>	<u>-</u>
Operation of plant				
Purchased services	13,363	38,685	38,685	-
Materials and supplies	451	10,644	10,644	-
Capital outlay	-	1,163	1,163	-
Total operation of plant	<u>13,814</u>	<u>50,492</u>	<u>50,492</u>	<u>-</u>
Community services				
Materials and supplies	2,070	1,585	1,585	-
Total community services	<u>2,070</u>	<u>1,585</u>	<u>1,585</u>	<u>-</u>
Capital outlay				
Other capital outlay	-	21,852	21,852	-
Total capital outlay	<u>-</u>	<u>21,852</u>	<u>21,852</u>	<u>-</u>
Total expenditures	<u>10,867,719</u>	<u>10,562,130</u>	<u>10,562,130</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>

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, 2013

	Federal Economic Stimulus Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final	Amounts	
Revenues				
Federal through state and local	\$ 734,803	\$ 360,951	\$ 360,951	\$ -
Total revenues	<u>734,803</u>	<u>360,951</u>	<u>360,951</u>	<u>-</u>
Expenditures				
Current:				
Instruction				
Salaries	-	33,868	33,868	-
Employee benefits	376	5,386	5,386	-
Other	13,875	-	-	-
Total instruction	<u>14,251</u>	<u>39,254</u>	<u>39,254</u>	<u>-</u>
Pupil personnel services				
Salaries	19,315	-	-	-
Employee benefits	438	-	-	-
Total pupil personnel services	<u>19,753</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	124,510	101,560	101,560	-
Employee benefits	23,578	23,579	23,579	-
Purchased services	133,843	86,485	86,485	-
Materials and supplies	72,255	3,771	3,771	-
Capital outlay	159,099	700	700	-
Total instruction & curriculum development serv.	<u>513,285</u>	<u>216,095</u>	<u>216,095</u>	<u>-</u>
Instructional staff training services				
Purchased services	14,208	2,845	2,845	-
Materials and supplies	19,209	329	329	-
Capital outlay	1,356	31,237	31,237	-
Total instructional staff training services	<u>34,773</u>	<u>34,411</u>	<u>34,411</u>	<u>-</u>
Instruction Related Technology				
Salaries	\$ 49,168	\$ 49,168	\$ 49,168	\$ -
Employee benefits	16,628	14,523	14,523	-
Total instruction related technology	<u>65,796</u>	<u>63,691</u>	<u>63,691</u>	<u>-</u>
Facilities services				
Capital outlay	86,945	-	-	-
Total general administration	<u>86,945</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Other capital outlay	-	7,500	7,500	-
Total expenditures	<u>734,803</u>	<u>360,951</u>	<u>360,951</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, 2013

	<u>Federal Economic Stimulus Fund</u>			Variance with Final Budget - Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Pension Trust Fund	Private - Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ -	\$ 100,954	\$ 1,796,435
Investments			
Common stock	3,205,024	-	-
Corporate debt obligations	1,231,161	-	-
Money market fund	727,936	-	-
American depository receipts	383,035	-	-
United States agencies and instrumentalities obligations	312,420	-	-
United States treasury notes	160,722	-	-
Other	84,791	-	-
Accounts receivable	-	-	1,458
Inventory	-	-	62,324
Total assets	\$ 6,105,089	\$ 100,954	\$ 1,860,217
Liabilities			
Temporary negative cash	\$ 270,425	\$ -	\$ -
Due to student organizations	-	-	1,827,051
Accounts payable	-	-	33,166
Total liabilities	270,425	-	\$ 1,860,217
Net position			
Assets held in trust for pension benefits	5,834,664	-	
Assets held in trust for scholarships	-	100,954	
Net position	\$ 5,834,664	\$ 100,954	

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	Pension Trust Fund	Private - Purpose Trust Funds
ADDITIONS		
Contributions:		
Gifts, grants and bequests	\$ -	\$ -
Investment Earnings and Losses:		
Interest and dividends	159,074	-
Gain on sale of investments	21,163	-
Net increase in the fair value of investments	767,036	-
Total additions	<u>947,273</u>	<u>-</u>
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries	605,842	-
Scholarships	-	19,000
Administrative expenses	72,104	-
Total deductions	<u>677,946</u>	<u>19,000</u>
Change in net position	269,327	(19,000)
Net Position - beginning	<u>5,565,337</u>	<u>119,954</u>
Net Position - ending	<u><u>\$ 5,834,664</u></u>	<u><u>\$ 100,954</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, 2013

I.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	43
A.	Reporting Entity	43
B.	Government-wide and Fund Financial Statements—Basis of Presentation.....	43
1.	Government-wide Financial Statements	44
2.	Fund Financial Statements	44
C.	Measurement Focus, Basis of Accounting, and Financial Statement Presentation	45
1.	Government-wide Financial Statements	45
2.	Governmental Fund Financial Statements	46
3.	Fiduciary Fund Financial Statements.....	46
4.	Component Units	47
D.	Assets, Liabilities, and Net Position/Fund Balance	47
1.	Deposits and Investments	47
2.	Inventories and Prepaid Items.....	48
3.	Capital Assets.....	48
4.	Unearned Revenue	49
5.	Accrued Compensated Absences.....	49
6.	Other Long-Term Liabilities.....	49
E.	Revenue Sources	50
1.	State Revenue Sources	50
2.	District Property Taxes	50
3.	Federal Revenue Sources	51
4.	Educational Impact Fees	51
II.	STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY.....	51
III.	PROPERTY TAXES	52
IV.	INVESTMENTS.....	53
V.	DUE FROM OTHER GOVERNMENTAL AGENCIES	56
VI.	CAPITAL ASSETS.....	57
VII.	LONG-TERM OBLIGATIONS.....	58
A.	Obligations under Capital Lease.....	58
B.	Certificates of Participation.....	58
C.	Bonds Payable.....	59
D.	Changes in Long-Term Liabilities	60
VIII.	INTERFUND TRANSFERS.....	61

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

IX.	EMPLOYEE BENEFITS	61
	A. State Retirement Program	61
	B. Early Retirement Plan	63
	C. Other Postemployment Benefits.....	65
X.	OTHER INFORMATION.....	68
	A. Schedule of State Revenue Sources	68
	B. Risk Management Programs	68
	C. Construction and Other Significant Commitments	69
	D. Fund Balance Reporting.....	70
XI.	SUBSEQUENT EVENTS.....	72

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 Unit

The Hope Center for Autism, Inc., is a separate not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The Hope Center for Autism, Inc., operates as a charter school and is considered to be a component unit since it is fiscally dependent on the District to levy taxes for its support and there is a potential for the charter school to provide specific financial benefits to, or impose, specific financial burdens on, the District. A copy of the separate financial statements for the charter school is available at the District's administrative office.

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

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

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

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

1. Government-wide Financial Statements

Government-wide financial statements (the Statement of Net Position and the Statement of Activities) 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, if not specifically associated with a particular function, is reported as unallocated. *Program revenues* include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-supporting or draws from the general revenues of the District.

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

2. Fund Financial Statements

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

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs – to account for the financial resources generated for federal grants.
- Special Revenue – Federal Economic Stimulus Fund– to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).
- 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 No. 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 Position.

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.

3. Fiduciary Fund Financial Statements

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

4. Component Unit

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

D. Assets, Liabilities, and Net Position/Fund Balance

1. Deposits and Investments

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The District considers cash as those accounts used as demand deposit accounts and considers cash equivalents as those amounts on deposit in money market funds and amounts placed in the State Board of Administration's (SBA) Florida Local Government Surplus Funds Trust Fund ("Florida PRIME"), except that money market funds in the Pension Trust Fund are not classified as cash equivalents. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7 like external investment pool, as of June 30, 2013, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The Board has a formal investment policy. The purpose of this policy is to set forth the investment objectives and parameters for the management of the District's public funds. These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The District's investment policy limits investments to a maximum of 5 years or less. 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 September 2013 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 1.11845939 at June 30, 2013. Fund B is not subject to participant withdrawal requests.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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.

As of June 30, 2013, 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, 2013.

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 \$24,106,121 acquired or constructed prior to the 1979-80 fiscal year are stated at estimated historical

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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. Unearned Revenue

The unearned revenues will be recognized as revenue in the fiscal year that they are earned, in accordance with the accrual basis of accounting. Unearned 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.

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

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

The Board adopted the 2012 tax levy on September 4, 2012. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Martin County Tax Collector at fiscal year-end but not yet remitted to the District.

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

3. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The District also receives Race-to-the-Top funds, which are scheduled to expire on June 30, 2014.

4. Educational Impact Fees

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

NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

I. Accounting Changes

A. The District adopted new accounting guidance GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Concepts Statement No. 4, Elements of Financial Statements. These statements incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and renamed that measure as “net position”, rather than net assets, affecting the comparability of the financial statements from the 2011-12 to the 2012-13 fiscal years.

B. The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65), effective for reporting periods beginning after December 15, 2012. The statement amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The District has elected early adoption of GASB No. 65 in the 2012-13 fiscal year financial statements. There was no impact on the District’s financial statements as a result of this early adoption.

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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 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 2012 tax roll for the 2012-13 fiscal year:

<u>TAX ROLL</u>	<u>MILLAGES</u>	<u>TAXES LEVIED</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.656	\$ 83,526,062
Basic Discretionary Local Effort	0.748	13,418,706
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.500	26,909,170
Total	<u>6.904</u>	<u>\$ 123,853,938</u>

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

NOTE IV – INVESTMENTS

As of June 30, 2013, the District had the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration:		
Florida PRIME (1)	40 Day Average	\$ 1,003,963
Fund B Surplus Funds Trust Fund	3.98 Year Average	872,608
Debt Service Accounts	6 Months	263,167
PFM Asset Management LLC		
PFM Funds Prime Series Institutional Class Shares Fund (1)	47 Day Average	7,848,058
PFM Funds Government Series Fund (1)	42 Day Average	7,825,626
Wells Fargo Advantage Government Money Market Fund (1)	39 Day Average	8,001,639
Schwab Money Market Fund	53 Day Average	727,934
Wells Fargo Heritage Money Market Fund (1)(2)	31 Day Average	2,394,243
Corporate Debt Obligations	September 2013 - December 2022 November 2013 -	1,231,162
Obligations of United States Government Agencies and Instrumentalities	April 2016	312,420
American Depository Receipts	N/A	383,035
United States Treasury Notes	March 2015 - April 2017	160,722
Common Stock	N/A	3,205,024
Total Investments, Primary Government		\$ 34,229,601

Notes:

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

(2) Includes \$413,660, classified as cash and cash equivalents, held under a trust agreement with the Certificates of Participation, Series 2005A, financing arrangements. See Note VII B

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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

		Statement of Net Position
Fair Value of Investments		\$ 34,229,601
Cash in Bank		8,078,455
Total		<u>\$ 42,308,056</u>
Cash and Cash Equivalents - Statement of Net Position	\$ 33,447,964	
Cash and Cash Equivalents - Fiduciary Funds, Net of Temporary Negative Cash of \$270,425	<u>1,626,964</u>	
Total Cash and Cash Equivalents		35,074,928
Investments - Statements of Net Position	1,128,039	
Investments - Pension Trust Fund	<u>6,105,089</u>	
Total Investments		<u>7,233,128</u>
Total		<u>\$ 42,308,056</u>

Interest Rate Risk

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

The District utilizes “weighted average maturity” as a measurement of interest rate risk and as of June 30, 2013, the investment portfolio had a weighted average maturity of .25 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, 2013. Fund B had a WAL of 3.98 years at June 30, 2013. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding WAL. Participation in Fund B is involuntary.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(16), Florida Statutes, provides the authority to invest in the SBA 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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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

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

The District's Early Retirement Trust Fund investment policy authorizes the following investments: 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, 2013, all state and local government bonds and all Treasury notes and Federal Government instrumentalities were rated AA+ by Standard & Poor's; and the District's investments in corporate debt were rated A through AA+ by Standard & Poor'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, 2013, 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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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, 2013, the District's investment portfolios were held with a third-party custodian as required by the District's investment policy.

The District's Early Retirement Trust Fund investment policy and Certificates of Participation, Series 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

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy has established asset allocation and issuer limits on the following investments which are designed to reduce concentration of credit risk of the District's investment portfolio. A maximum of 25 percent of available funds, may be invested in the Florida Local Government Surplus Funds Trust Fund ("Florida PRIME"), 100 percent of available funds may be invested in United States Government Securities, 50 percent of available funds may be invested in United States Government agencies with a 25 percent limit on individual issuers, 75 percent of available funds may be invested in Federal instrumentalities with a 30 percent limit on individual issuers, 25 percent of available funds may be invested in interest bearing time deposit or savings accounts with a 15 percent limit on individual issuers, 50 percent of available funds may be invested in repurchase agreements with a 25 percent limit on individual issuers, 25 percent of available funds may be invested in commercial paper with a 5percent limit on individual issuers, 20 percent of available funds may be invested in state and/or local government taxable and/or tax-exempt debt, 75 percent of available funds may be invested in registered investment companies (money market mutual funds) with a 25 percent limit of individual issuers, 25 percent of available funds may be invested in intergovernmental investment pools, 50 percent of available funds may be invested in corporate obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program with a 25 percent limit on individual issuers.

The District's Early Retirement Plan (Plan) is governed by a separate investment policy that limits investment in equities to 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, 2013, the District has a total of approximately \$1.5 million of Due from other Governmental Agencies consisting of \$0.4 million for FEMA, \$1.0 million for Federal grants, and \$0.1 for food service.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

Government Activities	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
<u>Capital Assets Not being Depreciated:</u>				
Land	\$ 10,354,648	\$ -	\$ -	\$ 10,354,648
Construction in Progress	21,662,247	10,036,406	20,405,568	11,293,085
Sub total	32,016,895	10,036,406	20,405,568	21,647,733
<u>Capital Assets being Depreciated:</u>				
Improvements Other than Buildings	17,741,939	4,338,630	-	\$ 22,080,569
Buildings and Fixed Equipment	430,527,740	19,778,868	19,481,756	430,824,852
Furniture, Fixtures, and Equipment	22,144,697	2,408,461	720,750	23,832,408
Motor Vehicles	9,565,327	475,175	116,492	9,924,010
Property Under Capital Lease	1,239,801	-	-	1,239,801
Audio Visual Materials and Software	5,087,926	415,107	434,785	5,068,248
Sub total	486,307,430	27,416,241	20,753,783	492,969,888
<u>Less Accumulated Depreciation for:</u>				
Improvements Other than Buildings	9,431,999	820,480	-	10,252,479
Buildings and Fixed Equipment	105,118,026	8,425,500	12,800,676	100,742,850
Furniture, Fixtures, and Equipment	16,432,055	2,146,039	515,092	18,063,002
Motor Vehicles	6,342,409	956,172	115,573	7,183,008
Property Under Capital Lease	535,546	206,634	-	742,180
Audio Visual Materials and Software	4,261,750	525,778	424,901	4,362,627
Total Accumulated Depreciation	142,121,785	13,080,603	13,856,242	141,346,146
Depreciated Capital Assets - Net	344,185,645	14,335,638	6,897,541	351,623,742
Government Activities Funds Net	\$ 376,202,540	\$ 24,372,044	\$ 27,303,109	\$ 373,271,475

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

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

Instruction	\$ 47,724
Pupil Personnel	1,945
Instructional Media Services	2,371
Instruction and Curriculum Development Services	9,319
Facilities Services	12,940,610
Food Services	74,558
Community Services	4,076
Total Depreciation Expense	\$ 13,080,603

NOTE VII – LONG-TERM OBLIGATIONS

A. OBLIGATIONS UNDER CAPITAL LEASE

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

Copy Machines	Asset Balance <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
2014	213,295	194,671	18,624
2015	213,295	204,631	8,664
2016	62,338	61,602	736
Total	<u>\$ 488,928</u>	<u>\$ 460,904</u>	<u>\$ 28,024</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 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 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 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 3.9 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
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	1,365,000	1,351,856	2,716,856
2018	1,420,000	1,295,269	2,715,269
2019-2023	8,050,000	5,502,356	13,552,356
2024-2028	9,975,000	3,514,281	13,489,281
2029-2032	9,760,000	986,597	10,746,597
Total	\$ 34,360,000	\$ 17,017,130	\$ 51,377,130

C. BONDS PAYABLE

Bonds payable at June 30, 2013, are as follows:

Bond Type	Interest Rate	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2004A	4.00% - 4.625%	2024	2,140,000
Series 2005B	5.00%	2020	2,310,000
Series 2006A	4.424% - 4.628%	2026	2,500,000
Series 2008A	3.50% - 5.00%	2028	820,000
Series 2009A	4.00% - 5.00%	2019	185,000
Series 2010A	4.00% - 5.00%	2022	1,120,000
Series 2011A	3.00% - 5.00%	2023	1,505,000
Total Bonds Payable			\$ 10,580,000

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

State School Bonds

These bonds are issued by the State Board of Education 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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

Annual requirements to amortize all bonded debt outstanding as of June 30, 2013, are as follows:

Fiscal Year	Bonds Payable		Total
	Principal	Interest	
2014	935,000	488,540	1,423,540
2015	980,000	444,915	1,424,915
2016	1,030,000	398,630	1,428,630
2017	1,085,000	349,905	1,434,905
2018	1,140,000	298,343	1,438,343
2019-2023	3,925,000	870,125	4,795,125
2024-2028	1,485,000	149,744	1,634,744
Total	\$ 10,580,000	\$ 3,000,202	\$ 13,580,202

D. CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013	Due in One Year
Obligations Under Capital Lease	\$ 646,100	\$ -	\$ 185,196	\$ 460,904	\$ 194,671
Bonds Payable	13,165,000	-	2,585,000	10,580,000	935,000
Certificates of Participation	35,530,000	-	1,170,000	34,360,000	1,215,000
Compensated Absences Payable	17,059,894	2,997,521	6,192,978	13,864,437	2,071,833
Other Postemployment Benefits Obligation	48,785,046	14,469,519	3,198,451	60,056,114	-
Total Governmental Activities	<u>\$ 115,186,040</u>	<u>\$ 17,467,040</u>	<u>\$ 13,331,625</u>	<u>\$ 119,321,455</u>	<u>\$ 4,416,504</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.

NOTE VIII - INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 6,260,089	\$ 316,984
Capital Projects:		
Local Capital Improvement Tax	240,491	7,262,909
Nonmajor Governmental Funds	2,799,313	1,720,000
Total	\$ 9,299,893	\$ 9,299,893

The purpose of the transfers from the Local Capital Improvement Tax Fund to the General Fund was for property insurance premium payments and annual maintenance costs. Transfers out from the Local Capital Improvement Tax Fund and the nonmajor Other Capital Projects Fund to the nonmajor Debt Service – Other Fund were made in order to make the required interest and principal payment for the Certificates of Participation, Series 2005A. The purpose of the transfer out from General Fund to the nonmajor Food Service Fund was to provide School Recognition bonuses to food service workers. The reason for the transfers out from the General Fund to the Local Capital Improvement Tax Fund was for reimbursement of indirect costs of finance, payroll, purchasing, and operations department personnel salaries and benefits charged that were considered unallowable costs in the 2011-12 fiscal year.

NOTE IX – EMPLOYEE BENEFITS

A. STATE RETIREMENT PROGRAM

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

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Senior Management Service, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The contribution rates for members are established, and may be amended, by the State of Florida.

During the 2012-13 fiscal year, contribution rates were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (a)
Florida Retirement System, Regular	3.00	5.18
Florida Retirement System, Elected County Officers	3.00	10.23
Florida Retirement System, Senior Management Service	3.00	6.30
Deferred Retirement Option Program – applicable to all members of the above classes	-	5.44
Florida Retirement System, Re-employed Retiree	(b)	(b)

Notes:

(a) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.

(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 including employee contributions for the fiscal year ending June 30, 2011, June 30, 2012, and June 30, 2013, totaled \$9,060,783, \$6,070,822, and \$6,344,191 respectively, which were equal to the required contributions for each fiscal year.

There were 476 District participants in the Investment Plan during the 2012-13 fiscal year. The District's contributions, including employee contributions to the Investment Plan totaled \$1,375,019, which was equal to the required contribution for the 2012-13 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplemental information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

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, 2013, 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. 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.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

There was an annual required contribution for the 2012-13 plan year of \$169,813, which was taken from our credit balance. The annual required contribution was affected by the following factors (based on actuarial report dated 7/1/2011):

- Average annual compensation for covered employees decreased 100 percent, as all plan participants are receiving benefits.
- The actuarial investment return was (0.01) percent, compared to an assumed rate of 8 percent.
- The District was approved to carry a credit balance, and the annual contribution of \$169,813 was deducted from the credit balance, leaving a credit balance of \$180,512.

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:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Annual Board Contribution</u>	<u>Percentage</u>	<u>Net Pension Obligation</u>
2011	35,305	-	N/A	-
2012	157,234	-	N/A	-
2013	169,813 ⁽¹⁾	-	N/A	-

(1) Payment made from credit balance amount of \$350,325

Concentrations

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

Trend Information

Schedule of funding progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability ⁽¹⁾ (b)</u>	<u>Unfunded Actuarial Accrued Liability ⁽²⁾ (b) - (a)</u>	<u>Funded Ratio ⁽³⁾ (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll (b-a)/c</u>
7/1/2011	6,354,000	6,938,673	584,673	91.6%	-	N/A

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, 2011.

District School Board of Martin County, Florida
 Notes to the Basic Financial Statements
 June 30, 2013

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	7/1/2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Open 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	Not Applicable
Inflation Rate	3.0%
Postemployment Benefit Increases	3.0%

C. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, the District must offer similar health care benefits for retired employees as it does to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees for health, dental, vision, and life insurance benefits. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. All of the District's employees may become eligible for those benefits if they reach normal retirement age (as defined by the pension or investment option) and have at least 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 OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

Funding Policy. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2012-13 fiscal year, 544 retirees received postemployment benefits. The District provided required contributions of \$3,198,451 toward the annual OPEB cost, comprised of premium payments made on behalf of retirees net of retiree contributions totaling \$2,076,346, which represents 2.4 percent of covered payroll.

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

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

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

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 7,278,157
Amortization of Unfunded Actuarial Accrued Liability	<u>7,171,733</u>
Annual Required Contribution	14,449,890
Interest on Net OPEB Obligation	1,848,953
Adjustment to Annual Required Contribution	<u>(1,829,324)</u>
Annual OPEB Cost (Expense)	14,469,519
Contribution Toward the OPEB Cost	<u>(3,198,451)</u>
Increase in Net OPEB Obligation	11,271,068
Net OPEB Obligation, Beginning of Year	<u>48,785,046</u>
Net OPEB Obligation, End of Year	<u><u>\$ 60,056,114</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, 2013, and the preceding two years, were as follows:

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010-11	\$ 14,026,570	24.47%	\$ 37,835,420
2011-12	13,771,116	20.49%	48,785,046
2012-13	14,469,519	22.10%	60,056,114

Funded Status and Funding Progress. As of January 1, 2012, the most recent valuation, the actuarial accrued liability for benefits was \$177,191,403, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$177,191,403 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$87,746,600, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 201.94 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the basic financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The District's OPEB actuarial valuation as of January 1, 2012, used the individual entry age normal cost actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2013, and to estimate the 2012-13 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.79 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, an annual healthcare cost trend rate of 12.9 percent initially for the 2012-13 fiscal year, reduced by an average of 1.13 percent per year, to an ultimate rate of 5.0 percent for the fiscal year ending June 30, 2019, and a general price inflation rate of 3 percent per 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, 2013, was 25 years.

NOTE X – OTHER INFORMATION

A. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue sources for the 2012-13 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Program (Class Size Reduction)	\$ 20,564,881
Florida Education Finance Program	8,354,799
Workforce Development Program	1,928,688
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,650,205
School Recognition	1,376,338
Voluntary Prekindergarten	591,625
Adults with Disabilities	242,797
Gross Receipts Tax (Public Education Capital Outlay)	94,689
Miscellaneous	409,306
Total	<u>\$ 35,213,328</u>

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

B. RISK MANAGEMENT PROGRAMS

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

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

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

SCERMP's purchased excess property loss limit during the 2012-13 fiscal year was \$100 million, except for Flood/Earthquake of \$75 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2012-13 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 per occurrence and \$4,000,000 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 the Legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per occurrence.

As a result of recording a liability for specific reserves for claims incurred, but not reported, the property and casualty group has ending retained earnings of \$8,928,540. The District's portion of the retained earnings is calculated at 14.61 percent of the total or \$1,304,460.

During the 2012-13 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, 2013:

Major Funds					
General	Special Revenue - Other Federal Programs	Special Revenue - Federal Economic Stimulus	Special Revenue - Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 97,986	\$ 2,607	\$ 15,267	\$ 9,206,506	\$ 61,303	\$ 9,383,669

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2013

Construction Contracts

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

Project		Contract Amount	Completed to Date	Balance Committed
Martin County High School	Architect	1,310,674	1,182,046	128,628
Phase III Replace Classrooms 3108	Contractor	10,681,318	7,355,612	3,325,706
South Fork High School	Architect	39,522	39,522	-
Building and Site Improvement Project 3204	Contractor	1,707,689	1,651,668	56,021
		\$ 13,739,203	\$ 10,228,848	\$ 3,510,355

D. FUND BALANCE REPORTING

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

Nonspendable

The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories, Fund B investments, 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, 2013.

Assigned

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

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, 2013

The following is a schedule of fund balances by category at June 30, 2013:

	Major Funds					Total Governmental Funds
	General	Special Revenue - Other Federal Programs	Special Revenue - Federal Economic Stimulus	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	
Fund Balances						
Nonspendable:						
Inventories	\$ 422,333	\$ -	\$ -	\$ -	\$ 158,635	\$ 580,968
Prepaid Items	49,066	-	-	-	-	49,066
Investments - Fund B	121,802	-	-	553,876	189,194	864,872
Spendable:						
Restricted:						
State Req. Carryover	1,077,255	-	-	-	-	1,077,255
Food Service	-	-	-	-	2,884,890	2,884,890
Debt Service	-	-	-	-	266,278	266,278
Capital Projects	-	-	-	19,274,332	1,454,866	20,729,198
Tourism Awareness Trust	-	-	-	-	71,739	71,739
Assigned for purchase obligations	97,986	-	-	-	-	97,986
Unassigned	3,177,357	-	-	-	-	3,177,357
Total Fund Balances	<u>\$ 4,945,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,828,208</u>	<u>\$ 5,025,602</u>	<u>\$ 29,799,609</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.

On June 6, 2013, the Board approved a waiver of Board Policy 6210 that governs the five (5) percent unassigned fund balance in its operating funds. It is the intent of the Board to implement strategies over the next two fiscal school years to achieve an unassigned fund balance of five (5) percent by June 30, 2015.

NOTE XI – SUBSEQUENT EVENTS

On September 17, 2013, the School Board approved the issuance of Tax Anticipation Notes in the amount of \$9.9 million. The proceeds will be used for operating purposes for the fiscal year ending June 30, 2014.

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

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

**SCHEDULE OF FUNDING PROGRESS-
OTHER 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 ⁽¹⁰⁾ (a)	Actuarial Accrued Liability ⁽¹⁾ (b)	Unfunded Actuarial Accrued Liability ⁽²⁾ (b) - (a)	Funded Ratio ⁽³⁾ (a)/(b)	Covered Payroll ⁽⁹⁾ (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%
7/1/2011	6,354,000	6,938,673 ⁽⁸⁾	584,673	91.6%	- ⁽⁸⁾	N/A

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) Based on data from actuarial report as of July 1, 2011.
- (9) 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 was eliminated as a result.
- (10) 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

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Board Contribution</u>	<u>Percentage</u>
2005	\$ 75,003	\$ 75,003	100%
2006	-	-	N/A
2007	-	-	N/A
2008	-	-	N/A
2009	-	-	N/A
2010	75,652	-	N/A
2011	35,305	-	N/A
2012	157,234 ⁽¹⁾	-	N/A
2013	169,813 ⁽²⁾	-	N/A

(1) Payment made from credit balance amount of \$350,325

(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
Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
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%
January 1, 2012	-	177,191,403	177,191,403	0%	87,746,600	201.94%

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



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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Funds

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

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, 2013

	Special Revenue		
	Food Service Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash and cash equivalents	\$ 2,431,154	\$ 71,739	\$ 2,502,893
Investments	-	-	-
Accounts receivable	679,781	-	679,781
Due from other governmental agencies	54,351	-	54,351
Inventories	158,635	-	158,635
Total assets	\$ 3,323,921	\$ 71,739	\$ 3,395,660
Liabilities and fund balances			
Liabilities:			
Temporary negative cash	\$ -	\$ -	\$ -
Salaries and benefits payable	20,053	-	20,053
Accounts payable	165,809	-	165,809
Unearned revenues	94,534	-	94,534
Total liabilities	280,396	-	280,396
Fund balances:			
Nonspendable	158,635	-	158,635
Restricted	2,884,890	71,739	2,956,629
Total fund balances	3,043,525	71,739	3,115,264
Total liabilities and fund balances	\$ 3,323,921	\$ 71,739	\$ 3,395,660

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	
\$ -	\$ 3,111	\$ 3,111	\$ 3,792	\$ 119,391	\$ 1,159,847	\$ 1,283,030	\$ 3,789,034
263,167	-	263,167	-	-	189,194	189,194	452,361
-	-	-	-	-	175,628	175,628	855,409
-	-	-	-	-	-	-	54,351
-	-	-	-	-	-	-	158,635
<u>\$ 263,167</u>	<u>\$ 3,111</u>	<u>\$ 266,278</u>	<u>\$ 3,792</u>	<u>\$ 119,391</u>	<u>\$ 1,524,669</u>	<u>\$ 1,647,852</u>	<u>\$ 5,309,790</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	20,053
-	-	-	3,792	-	-	3,792	169,601
-	-	-	-	-	-	-	94,534
-	-	-	<u>3,792</u>	<u>-</u>	<u>-</u>	<u>3,792</u>	<u>284,188</u>
-	-	-	-	-	189,194	189,194	347,829
263,167	3,111	266,278	-	119,391	1,335,475	1,454,866	4,677,773
<u>263,167</u>	<u>3,111</u>	<u>266,278</u>	<u>-</u>	<u>119,391</u>	<u>1,524,669</u>	<u>1,644,060</u>	<u>5,025,602</u>
<u>\$ 263,167</u>	<u>\$ 3,111</u>	<u>\$ 266,278</u>	<u>\$ 3,792</u>	<u>\$ 119,391</u>	<u>\$ 1,524,669</u>	<u>\$ 1,647,852</u>	<u>\$ 5,309,790</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, 2013

	Special Revenue		
	Food Service Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds
Revenues			
Federal through state and local	\$ 5,223,047	\$ -	\$ 5,223,047
State	81,804	-	81,804
Local:			
Charges for food services	2,573,283	-	2,573,283
Impact fees	-	-	-
Miscellaneous	662	-	662
Total revenues	<u>7,878,796</u>	<u>-</u>	<u>7,878,796</u>
Expenditures			
Current:			
Instruction	-	503	503
Pupil personnel services	-	-	-
Instructional media services	-	-	-
Instruction and curriculum development services	-	-	-
Instructional staff training services	-	-	-
Instructional related technology	-	-	-
General administration	-	-	-
School administration	-	-	-
Facilities services	-	-	-
Food services	7,305,960	-	7,305,960
Pupil transportation services	-	-	-
Operation of plant	-	-	-
Community services	-	-	-
Capital outlay:			
Facilities acquisition and construction	-	-	-
Other capital outlay	72,625	-	72,625
Debt Service:			
Principal	-	-	-
Interest and fees	-	-	-
Paying agent fees	-	-	-
Total expenditures	<u>7,378,585</u>	<u>503</u>	<u>7,379,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500,211</u>	<u>(503)</u>	<u>499,708</u>
Other financing sources (uses)			
Transfers in	76,493	-	76,493
Transfers out	-	-	-
Total other financing sources (uses)	<u>76,493</u>	<u>-</u>	<u>76,493</u>
Net change in fund balances	<u>576,704</u>	<u>(503)</u>	<u>576,201</u>
Fund balances - beginning	2,466,821	72,242	2,539,063
Fund balances - ending	<u>\$ 3,043,525</u>	<u>\$ 71,739</u>	<u>\$ 3,115,264</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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,223,047
1,425,825	-	1,425,825	94,689	199,950	29,950	324,589	1,832,218
-	-	-	-	-	-	-	2,573,283
-	-	-	-	-	1,752,609	1,752,609	1,752,609
-	952	952	-	21	13,866	13,887	15,501
1,425,825	952	1,426,777	94,689	199,971	1,796,425	2,091,085	11,396,658
-	-	-	-	-	-	-	503
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	94,689	-	-	94,689	94,689
-	-	-	-	-	-	-	7,305,960
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	86,355	129,163	215,518	215,518
-	-	-	-	-	-	-	72,625
915,000	1,170,000	2,085,000	-	-	-	-	2,085,000
527,870	1,552,820	2,080,690	-	-	-	-	2,080,690
13,665	-	13,665	-	872	-	872	14,537
1,456,535	2,722,820	4,179,355	94,689	87,227	129,163	311,079	11,869,522
(30,710)	(2,721,868)	(2,752,578)	-	112,744	1,667,262	1,780,006	(472,864)
-	2,722,820	2,722,820	-	-	-	-	2,799,313
-	-	-	-	-	(1,720,000)	(1,720,000)	(1,720,000)
-	2,722,820	2,722,820	-	-	(1,720,000)	(1,720,000)	1,079,313
(30,710)	952	(29,758)	-	112,744	(52,738)	60,006	606,449
293,877	2,159	296,036	-	6,647	1,577,407	1,584,054	4,419,153
\$ 263,167	\$ 3,111	\$ 266,278	\$ -	\$ 119,391	\$ 1,524,669	\$ 1,644,060	\$ 5,025,602



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



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

	Food Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Federal through state and local	\$ 4,906,637	\$ 5,223,047	\$ 5,223,047	\$ -
State	79,600	81,804	81,804	-
Local				
Charges for services - food services	2,916,683	2,573,283	2,573,283	-
Miscellaneous	20,450	662	662	-
Total revenues	<u>7,923,370</u>	<u>7,878,796</u>	<u>7,878,796</u>	<u>-</u>
Expenditures				
Current:				
Food services				
Salaries	2,128,482	2,212,792	2,212,792	-
Employee benefits	1,125,210	757,408	757,408	-
Purchased services	436,985	439,622	439,622	-
Energy services	204,600	166,825	166,825	-
Materials and supplies	3,927,000	3,490,461	3,490,461	-
Capital outlay	375,140	35,790	35,790	-
Other	55,000	203,062	203,062	-
Total food services	<u>8,252,417</u>	<u>7,305,960</u>	<u>7,305,960</u>	<u>-</u>
Capital outlay				
Other capital outlay	-	72,625	72,625	-
Total capital outlay	<u>-</u>	<u>72,625</u>	<u>72,625</u>	<u>-</u>
Total expenditures	<u>8,252,417</u>	<u>7,378,585</u>	<u>7,378,585</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(329,047)</u>	<u>500,211</u>	<u>500,211</u>	<u>-</u>
Other financing sources				
Transfers in	54,347	76,493	76,493	-
Total other financing sources	<u>54,347</u>	<u>76,493</u>	<u>76,493</u>	<u>-</u>
Net change in fund balance	<u>(274,700)</u>	<u>576,704</u>	<u>576,704</u>	<u>-</u>
Fund balance - beginning	<u>2,466,821</u>	<u>2,466,821</u>	<u>2,466,821</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,192,121</u>	<u>\$ 3,043,525</u>	<u>\$ 3,043,525</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, 2013

	Miscellaneous Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Local	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Instruction				
Purchased services	-	503	503	-
Materials and supplies	3,640	-	-	-
Capital outlay:				
Other capital outlay	6,225	-	-	-
Total expenditures	<u>9,865</u>	<u>503</u>	<u>503</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,865)</u>	<u>(503)</u>	<u>(503)</u>	<u>-</u>
Net change in fund balances	(9,865)	(503)	(503)	-
Fund balance - beginning	<u>72,242</u>	<u>72,242</u>	<u>72,242</u>	<u>-</u>
Fund balance - ending	<u>\$ 62,377</u>	<u>\$ 71,739</u>	<u>\$ 71,739</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, 2013

State Board of Education Bonds Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,454,381	\$ 1,425,825	\$ 1,425,825	\$ -
Total revenues	<u>1,454,381</u>	<u>1,425,825</u>	<u>1,425,825</u>	<u>-</u>
Expenditures				
Debt service:				
Principal	895,000	915,000	915,000	-
Interest and fees	561,580	527,870	527,870	-
Paying agent fees	-	13,665	13,665	-
Total expenditures	<u>1,456,580</u>	<u>1,456,535</u>	<u>1,456,535</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,199)</u>	<u>(30,710)</u>	<u>(30,710)</u>	<u>-</u>
Net change in fund balance	(2,199)	(30,710)	(30,710)	-
Fund balance - beginning	<u>293,877</u>	<u>293,877</u>	<u>293,877</u>	<u>-</u>
Fund balance - ending	<u>\$ 291,678</u>	<u>\$ 263,167</u>	<u>\$ 263,167</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, 2013

	Debt Service - Other Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Local	\$ 1,100	\$ 952	\$ 952	\$ -
Total revenues	<u>1,100</u>	<u>952</u>	<u>952</u>	<u>-</u>
Expenditures				
Debt service:				
Principal	1,170,000	1,170,000	1,170,000	-
Interest and fees	1,550,692	1,552,820	1,552,820	-
Total expenditures	<u>2,720,692</u>	<u>2,722,820</u>	<u>2,722,820</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,719,592)</u>	<u>(2,721,868)</u>	<u>(2,721,868)</u>	<u>-</u>
Other financing sources				
Transfers in	2,722,891	2,722,820	2,722,820	-
Total other financing sources	<u>2,722,891</u>	<u>2,722,820</u>	<u>2,722,820</u>	<u>-</u>
Net change in fund balance	3,299	952	952	-
Fund balance - beginning	<u>2,159</u>	<u>2,159</u>	<u>2,159</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,458</u>	<u>\$ 3,111</u>	<u>\$ 3,111</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, 2013

Public Education Capital Outlay Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 141,424	\$ 94,689	\$ 94,689	\$ -
Local	-	-	-	-
Total revenues	<u>141,424</u>	<u>94,689</u>	<u>94,689</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	141,424	94,689	94,689	-
Total expenditures	<u>141,424</u>	<u>94,689</u>	<u>94,689</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
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, 2013

	Capital Outlay and Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State	\$ 532,611	\$ 199,950	\$ 199,950	\$ -
Local	125	21	21	-
Total revenues	<u>532,736</u>	<u>199,971</u>	<u>199,971</u>	<u>-</u>
Expenditures				
Debt service:				
Paying agent fees	-	872	872	-
Capital outlay:				
Facilities acquisition and construction	-	86,355	86,355	-
Total expenditures	<u>-</u>	<u>87,227</u>	<u>87,227</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>532,736</u>	<u>112,744</u>	<u>112,744</u>	<u>-</u>
Net change in fund balance	532,736	112,744	112,744	-
Fund balance - beginning	<u>6,647</u>	<u>6,647</u>	<u>6,647</u>	<u>-</u>
Fund balance - ending	<u>\$ 539,383</u>	<u>\$ 119,391</u>	<u>\$ 119,391</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, 2013

	Local Capital Improvement Tax Fund (Major Fund)			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Local				
Taxes	\$ 26,112,559	\$ 26,034,115	\$ 26,034,115	\$ -
Miscellaneous	78,160	479,100	479,100	-
Total revenues	<u>26,190,719</u>	<u>26,513,215</u>	<u>26,513,215</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	-	8,679,693	8,679,693	-
Capital outlay:				
Facilities acquisition and construction	39,456,478	13,532,818	13,532,818	-
Other capital outlay	-	3,162,379	3,162,379	-
Debt service:				
Principal	-	185,196	185,196	-
Interest and fees	-	28,099	28,099	-
Total expenditures	<u>39,456,478</u>	<u>25,588,185</u>	<u>25,588,185</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,265,759)</u>	<u>925,030</u>	<u>925,030</u>	<u>-</u>
Other financing sources (uses)				
Insurance loss recoveries	-	1,234,903	1,234,903	-
Transfers in	-	240,491	240,491	-
Transfers out	(9,153,213)	(7,262,909)	(7,262,909)	-
Total other financing sources (uses)	<u>(9,153,213)</u>	<u>(5,787,515)</u>	<u>(5,787,515)</u>	<u>-</u>
Net change in fund balance	<u>(22,418,972)</u>	<u>(4,862,485)</u>	<u>(4,862,485)</u>	<u>-</u>
Fund balance - beginning	<u>24,690,693</u>	<u>24,690,693</u>	<u>24,690,693</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,271,721</u>	<u>\$ 19,828,208</u>	<u>\$ 19,828,208</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, 2013

	Other Capital Projects Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State	\$ 28,000	\$ 29,950	\$ 29,950	\$ -
Local				
Impact fees	-	1,752,609	1,752,609	-
Miscellaneous	879,665	13,866	13,866	-
Total revenues	<u>907,665</u>	<u>1,796,425</u>	<u>1,796,425</u>	<u>-</u>
Expenditures				
Capital outlay:				
Facilities acquisition and construction	<u>155,414</u>	<u>129,163</u>	<u>129,163</u>	<u>-</u>
Total expenditures	<u>155,414</u>	<u>129,163</u>	<u>129,163</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>752,251</u>	<u>1,667,262</u>	<u>1,667,262</u>	<u>-</u>
Other financing sources (uses)				
Transfers out	<u>(1,170,000)</u>	<u>(1,720,000)</u>	<u>(1,720,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,170,000)</u>	<u>(1,720,000)</u>	<u>(1,720,000)</u>	<u>-</u>
Net change in fund balance	(417,749)	(52,738)	(52,738)	-
Fund balance - beginning	<u>1,577,407</u>	<u>1,577,407</u>	<u>1,577,407</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,159,658</u>	<u>\$ 1,524,669</u>	<u>\$ 1,524,669</u>	<u>\$ -</u>

FIDUCIARY FUNDS

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2013

	<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	\$ 425	\$ 6,294	\$ 80,622	\$ 9,458	\$ 100,954
NET POSITION							
Net Position Held in Trust for Scholarships and Other Purposes	\$ 2,249	\$ 1,906	\$ 425	\$ 6,294	\$ 80,622	\$ 9,458	\$ 100,954

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2013

	<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	-	-	-	-	-	-	-
Total Additions	-	-	-	-	-	-	-
DEDUCTIONS							
Scholarships	-	-	-	-	19,000	-	19,000
Change in Net Position	-	-	-	-	(19,000)	-	(19,000)
Net Position - Beginning	2,249	1,906	425	6,294	99,622	9,458	119,954
Net Position - Ending	<u>\$ 2,249</u>	<u>\$ 1,906</u>	<u>\$ 425</u>	<u>\$ 6,294</u>	<u>\$ 80,622</u>	<u>\$ 9,458</u>	<u>\$ 100,954</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, 2013

	Balance at July 1, 2012	Additions	Deductions	Balance at June 30, 2013
<u>Internal School Funds</u>				
Assets				
Cash and cash equivalents	\$ 1,710,753	\$ 4,405,558	\$ 4,319,876	\$ 1,796,435
Accounts receivable	1,345	1,458	1,345	1,458
Inventory	64,253	71,514	73,443	62,324
Total assets	<u>\$ 1,776,351</u>	<u>\$ 4,478,530</u>	<u>\$ 4,394,664</u>	<u>\$ 1,860,217</u>
Liabilities				
Due to student organizations	\$ 1,769,604	\$ 4,445,364	\$ 4,387,917	\$ 1,827,051
Accounts payable	6,747	33,166	6,747	33,166
Total liabilities	<u>\$ 1,776,351</u>	<u>\$ 4,478,530</u>	<u>\$ 4,394,664</u>	<u>\$ 1,860,217</u>

STATISTICAL SECTION



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



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STATISTICAL SECTION

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

Contents

Financial Trends..... 104-113

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 114-116

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

Debt Capacity..... 117

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..... 118-119

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 120-135

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 Position by Component
Last 10 Fiscal Years
(Unaudited)

Fiscal Year Ending	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Primary Government:					
Net investment in capital assets	\$ 177,867,748	\$ 215,680,230	\$ 210,538,436	\$ 224,729,723	\$ 269,985,466
Restricted	50,671,472	45,499,278	74,856,275	94,150,769	79,028,507
Unrestricted	<u>(3,053,300)</u>	<u>(836,363)</u>	<u>(432,723)</u>	<u>(2,022,548)</u>	<u>(12,173,357)</u>
Total primary government net position	<u>\$ 225,485,920</u>	<u>\$ 260,343,145</u>	<u>\$ 284,961,988</u>	<u>\$ 316,857,944</u>	<u>\$ 336,840,616</u>

Note:

Net Position increased significantly between 2004 and 2008 due primarily to an increase in property tax used to acquire and construct capital assets that depreciate in future years. Net position began to decrease in 2009 due to the decrease in millage levy from 2.00 in 2008 to 1.50 in 2010 and decrease in property values

Source: District Records

Table 1

<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
\$ 281,062,894	\$ 300,336,151	\$ 319,932,319	\$ 328,366,440	\$ 327,870,571
75,730,138	63,951,404	42,529,840	30,311,138	25,931,065
<u>(21,623,079)</u>	<u>(32,814,040)</u>	<u>(40,388,280)</u>	<u>(57,672,174)</u>	<u>(68,567,035)</u>
<u>\$ 335,169,953</u>	<u>\$ 331,473,515</u>	<u>\$ 322,073,879</u>	<u>\$ 301,005,404</u>	<u>\$ 285,234,601</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Changes in Net Position - Government-wide (1)

Last 10 Fiscal Years

(Unaudited)

Primary Government	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008
Expenses					
Governmental activities:					
Instruction	\$ 71,228,030	\$ 78,763,307	\$ 84,298,588	\$ 92,186,209	\$ 100,088,071
Pupil personnel services	6,750,749	7,229,200	7,823,268	8,588,915	9,416,081
Instructional media services	2,095,148	2,103,233	2,321,712	2,512,530	2,718,646
Instruction and curriculum development services	2,800,593	3,093,555	3,248,984	3,417,083	3,654,795
Instructional staff training services	809,771	809,517	1,003,658	1,302,224	2,094,178
Instructional technology (3)	-	-	1,174,206	1,182,214	1,301,506
School board	767,953	599,271	699,356	951,845	743,919
General administration	1,054,049	1,076,826	1,105,237	896,706	961,588
School administration	6,977,310	7,669,796	8,134,751	8,940,370	10,127,670
Facilities services	8,097,769	20,395,079	13,718,422	23,766,287	25,904,672
Fiscal services	787,316	764,175	815,701	818,099	857,860
Food services	5,275,135	5,988,710	6,464,961	7,090,471	7,400,658
Central services (3)	3,787,386	4,313,133	2,795,938	3,075,766	3,623,885
Pupil transportation services	4,954,285	5,035,298	5,532,049	6,688,004	7,213,168
Operation of plant	9,179,127	10,677,630	12,578,662	14,182,308	15,511,085
Maintenance of plant	2,611,260	2,753,158	2,733,502	3,122,998	3,344,687
Administrative technology (3)	-	-	558,610	540,097	600,242
Community services	2,677,590	2,194,116	2,410,540	2,682,319	3,190,881
Unallocated Interest on long-term debt	503,636	578,419	1,468,301	2,463,642	2,414,359
Unallocated depreciation expense	8,468,762	9,718,426	5,230,503	-	-
Loss on disposal of assets	-	104,193	-	-	-
Total expenses	<u>138,825,869</u>	<u>163,867,042</u>	<u>164,116,949</u>	<u>184,408,087</u>	<u>201,167,951</u>
Governmental activities:					
Charges for services					
Instruction	2,457,453	2,280,820	2,640,392	2,845,113	2,836,003
Food	2,800,871	3,007,232	3,286,653	3,452,163	3,324,172
Pupil transportation	8,072	28,149	-	-	-
Community service	-	-	-	-	-
Operating grants and contributions	7,000,846	6,938,764	6,874,323	7,228,223	7,457,767
Capital grants and contributions	10,612,219	3,861,768	3,596,577	11,643,707	12,047,688
Total program revenues	<u>22,879,461</u>	<u>16,116,733</u>	<u>16,397,945</u>	<u>25,169,206</u>	<u>25,665,630</u>
Primary government net expense	<u>\$ (115,946,408)</u>	<u>\$ (147,750,309)</u>	<u>\$ (147,719,004)</u>	<u>\$ (159,238,881)</u>	<u>\$ (175,502,321)</u>
Governmental activities:					
Property taxes:					
Levied for operational purposes	\$ 80,405,574	\$ 83,352,650	\$ 89,995,924	\$ 97,894,199	\$ 101,005,604
Levied for capital projects	25,673,154	29,795,761	33,929,970	41,261,608	43,886,882
Grants and contributions not restricted					
to specific programs	31,354,334	36,786,734	38,482,136	42,392,038	43,765,216
Insurance loss recoveries	-	25,927,356	4,121,131	233,152	56,190
Miscellaneous	4,237,299	5,232,594	5,692,955	3,883,932	2,914,896
Unrestricted investment earnings	999,270	1,512,437	3,716,156	5,469,908	3,856,205
Total primary government	<u>\$ 142,669,631</u>	<u>\$ 182,607,532</u>	<u>\$ 175,938,272</u>	<u>\$ 191,134,837</u>	<u>\$ 195,484,993</u>
Change in Net Position					
Total primary government (2)	<u>\$ 26,723,223</u>	<u>\$ 34,857,223</u>	<u>\$ 28,219,268</u>	<u>\$ 31,895,956</u>	<u>\$ 19,982,672</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, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
\$ 96,028,710	\$ 99,394,082	\$ 101,154,165	\$ 96,030,312	\$ 94,230,526
8,990,622	10,769,701	9,928,751	9,903,132	9,835,181
2,755,296	2,393,206	2,263,085	2,213,015	2,209,088
3,454,527	3,333,307	3,418,956	3,711,583	3,615,999
1,982,599	3,001,115	3,155,887	2,895,164	2,365,365
832,089	1,641,862	1,699,938	1,741,333	1,655,201
826,006	866,172	731,165	729,644	902,968
753,206	739,511	750,550	729,721	659,120
9,990,153	10,209,565	9,925,657	10,316,230	9,598,008
25,881,704	19,629,027	26,211,680	26,041,389	29,581,334
829,305	1,162,258	1,159,594	1,066,902	908,486
7,332,469	6,854,384	6,591,543	7,170,203	7,678,953
3,630,236	3,669,788	4,216,113	4,822,277	5,086,568
6,595,659	6,451,503	6,143,955	6,468,443	6,593,395
15,083,575	14,207,089	15,184,217	13,838,429	14,098,913
3,241,597	4,392,925	4,595,135	4,373,070	4,438,963
408,321	656,490	563,005	563,865	614,590
3,164,681	2,880,821	2,729,930	2,740,540	2,931,948
2,366,566	2,291,704	2,239,480	2,203,833	2,095,227
-	-	-	-	-
-	-	-	-	-
<u>194,147,321</u>	<u>194,544,510</u>	<u>202,662,806</u>	<u>197,559,085</u>	<u>199,099,833</u>
2,865,145	2,731,917	371,096	429,597	434,820
3,156,448	2,923,061	2,954,156	2,808,455	2,573,283
-	-	-	-	-
-	-	2,559,255	2,765,234	2,847,631
7,590,006	4,046,600	4,520,960	4,830,648	5,385,431
3,496,132	3,503,253	3,075,398	1,994,232	1,650,204
<u>17,107,731</u>	<u>13,204,831</u>	<u>13,480,865</u>	<u>12,828,166</u>	<u>12,891,369</u>
<u>\$ (177,039,590)</u>	<u>\$ (181,339,679)</u>	<u>\$ (189,181,941)</u>	<u>\$ (184,730,919)</u>	<u>\$ (186,208,464)</u>
\$ 93,508,345	\$ 99,281,016	\$ 97,202,185	\$ 89,175,396	\$ 93,749,587
36,356,391	28,656,156	26,738,877	26,224,667	26,034,115
43,493,062	46,726,435	52,672,114	45,362,980	45,816,980
116,796	-	-	-	1,234,903
1,896,946	2,072,294	2,701,383	2,719,167	3,214,781
(2,613)	907,340	467,746	180,234	387,295
<u>\$ 175,368,927</u>	<u>\$ 177,643,241</u>	<u>\$ 179,782,305</u>	<u>\$ 163,662,444</u>	<u>\$ 170,437,661</u>
<u>\$ (1,670,663)</u>	<u>\$ (3,696,438)</u>	<u>\$ (9,399,636)</u>	<u>\$ (21,068,475)</u>	<u>\$ (15,770,803)</u>

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

	Post-GASB 54	
	Fiscal Year	
	<u>2011</u>	<u>2012</u>
General Fund		
Nonspendable	\$ 488,370	\$ 534,622
Restricted	2,227,392	1,201,292
Assigned	611,930	6,545
Unassigned	9,389,240	5,372,118
Total General Fund	<u>\$ 12,716,932</u>	<u>\$ 7,114,577</u>
All Other Governmental Funds		
Nonspendable	\$ 209,683	\$ 65,937
Restricted	40,092,765	29,043,909
Total All Other Governmental Funds	<u>\$ 40,302,448</u>	<u>\$ 29,109,846</u>
	Pre-GASB 54	
	<u>2004</u>	<u>2005</u>
General Fund		
Reserved	\$ 2,375,967	\$ 1,880,160
Unreserved	5,903,895	8,139,110
Total General Fund	<u>\$ 8,279,862</u>	<u>\$ 10,019,270</u>
All Other Governmental Funds		
Reserved	\$ 15,165,509	\$ 16,857,750
Unreserved, reported in:		
Capital projects funds	34,433,691	27,864,767
Special revenue funds	1,921,205	1,687,739
Total All Other Governmental Funds	<u>\$ 51,520,405</u>	<u>\$ 46,410,256</u>

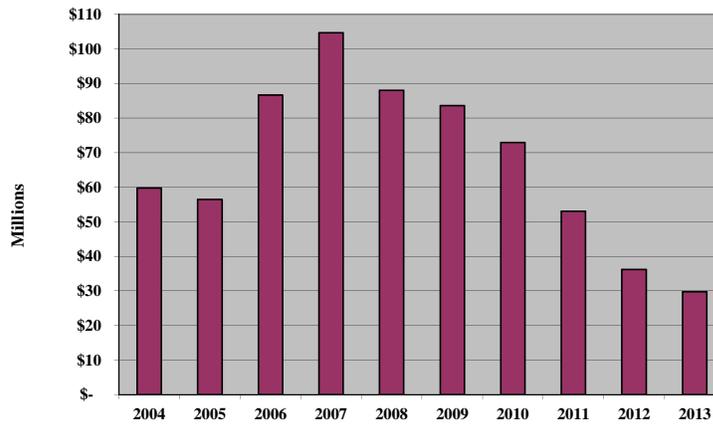
Note: (1) Includes all governmental fund types

Source: District records

Fiscal Year	
2013	
\$	593,201
	1,077,255
	97,986
	3,177,357
\$	4,945,799
<hr/>	
\$	901,705
	23,952,105
\$	24,853,810

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
\$ 11,352,293	\$ 10,539,979	\$ 9,577,335	\$ 7,962,435	\$ 10,901,277
<hr/>				
\$ 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
\$ 75,293,659	\$ 94,181,874	\$ 78,418,292	\$ 75,655,727	\$ 62,070,823

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			
	2004	2005	2006	2007
Revenues				
Federal sources:				
Federal grants	\$ 11,238,974	\$ 11,956,044	\$ 12,159,646	\$ 11,660,006
Food services	2,916,692	2,750,335	3,002,897	2,874,851
Total federal sources	<u>14,155,666</u>	<u>14,706,379</u>	<u>15,162,543</u>	<u>14,534,857</u>
State sources:				
Florida education finance program	8,324,716	8,759,498	6,459,587	7,958,571
Public education capital outlay	2,185,956	1,472,984	1,594,564	2,921,933
Food services	95,795	96,160	88,518	86,732
State grants and other	23,561,968	22,203,732	25,438,866	35,761,875
Total state sources	<u>34,168,435</u>	<u>32,532,374</u>	<u>33,581,535</u>	<u>46,729,111</u>
Local sources:				
Ad valorem taxes	106,078,728	113,129,401	123,861,840	139,155,807
Food service sales	2,807,500	3,025,680	3,286,653	3,549,624
Interest and other income	999,221	1,512,438	3,716,156	5,469,908
Other revenues	7,191,611	7,890,639	8,461,358	6,962,523
Total local sources	<u>117,077,060</u>	<u>125,558,158</u>	<u>139,326,007</u>	<u>155,137,862</u>
Total revenues	<u>165,401,161</u>	<u>172,796,911</u>	<u>188,070,085</u>	<u>216,401,830</u>
Expenditures				
Instruction	71,059,991	78,919,442	84,058,619	91,820,583
Pupil personnel services	6,731,577	7,259,741	7,801,929	8,600,273
Instructional media services	2,088,917	2,111,265	2,313,271	2,512,236
Instruction and curriculum development services	2,792,893	3,104,161	3,188,203	3,383,843
Instructional staff training services	809,771	814,022	1,005,353	1,295,385
Instructional related technology(2)	-	-	1,164,873	1,179,755
Board of education	767,951	601,737	689,525	908,266
General administration	1,054,049	1,082,796	1,107,102	1,095,254
School administration	6,915,603	7,694,958	8,096,343	9,003,542
Facilities services	5,127,475	20,396,158	11,678,947	12,836,647
Fiscal services	775,640	766,774	808,644	805,616
Food services	5,268,691	6,024,723	6,439,565	7,033,624
Central services(2)	5,120,628	4,476,188	2,778,151	3,079,037
Pupil transportation services	4,944,019	5,061,765	5,536,631	6,682,415
Operation of plant	9,166,997	10,744,197	12,573,720	14,260,919
Maintenance of plant	2,597,579	2,763,874	2,719,203	3,100,833
Administrative technology(2)	-	-	547,887	541,725
Community services	2,677,590	2,203,440	2,414,611	2,697,668
Capital Outlay:				
Facilities acquisition and construction	47,328,450	43,775,415	45,856,668	20,626,860
Other capital outlay	3,823,515	7,103,040	3,107,210	3,920,957
Debt Service:				
Principal	478,274	622,659	715,034	710,000
Interest and fiscal charges	470,809	548,922	1,175,315	2,463,643
Total expenditures	<u>\$ 180,000,419</u>	<u>\$ 206,075,277</u>	<u>\$ 205,776,804</u>	<u>\$ 198,559,081</u>

Table 4

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

(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			
	2004	2005	2006	2007
Excess of revenues over (under) expenditures	\$ (14,599,258)	\$ (33,278,366)	\$ (17,706,719)	\$ 17,842,749
Other Financing Sources (Uses)				
Long-term debt issued	2,657,173	3,195,503	44,095,000	-
Refunding bond issue	-	-	4,040,000	-
Payment to escrow agent for refunded bonds	-	-	(4,418,053)	-
Premium of sale/refunding of bonds/COP	-	-	608,202	-
Discount on sale of bonds/COP	-	-	(523,135)	-
Capital leases	-	784,767	-	-
FEMA and insurance loss recoveries	65,889	25,927,356	4,121,131	233,152
Transfers in	810,000	542,357	2,992,935	2,250,387
Transfers out	(810,000)	(542,357)	(2,992,935)	(2,250,387)
Total other financing sources (uses)	<u>2,723,062</u>	<u>29,907,626</u>	<u>47,923,145</u>	<u>233,152</u>
Prior period adjustments & other	82,042	-	-	-
Net change in fund balances	<u>\$ (11,794,154)</u>	<u>\$ (3,370,740)</u>	<u>\$ 30,216,426</u>	<u>\$ 18,075,901</u>
Debt service as a percentage of noncapital expenditures	0.68%	0.71%	1.15%	1.71%

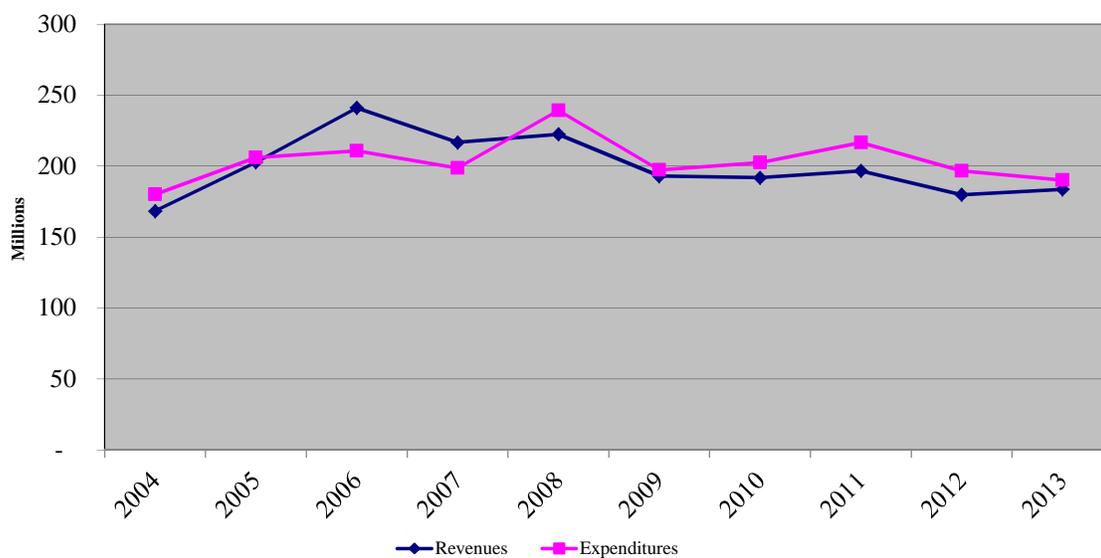
Notes: (1) Includes all governmental fund types

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

Source: District records

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ (17,740,813)	\$ (4,494,261)	\$ (10,956,690)	\$ (21,288,016)	\$ (17,891,197)	\$ (7,659,717)	
925,000	-	-	-	-	-	
-	-	350,000	1,205,000	1,505,000	-	
-	-	(377,799)	(1,404,877)	(1,730,010)	-	
33,397	-	30,978	195,334	229,483	-	
-	-	-	-	-	-	
-	-	-	1,239,801	-	-	
56,190	116,796	307,449	100,038	1,091,767	1,234,903	
5,446,766	8,178,799	8,804,532	8,426,038	8,852,137	9,299,893	
(5,446,766)	(8,178,799)	(8,804,532)	(8,426,038)	(8,852,137)	(9,299,893)	
1,014,587	116,796	310,628	1,335,296	1,096,240	1,234,903	
-	-	-	-	-	-	
\$ (16,726,226)	\$ (4,377,465)	\$ (10,646,062)	\$ (19,952,720)	\$ (16,794,957)	\$ (6,424,814)	
2.13%	2.38%	2.41%	2.26%	2.53%	2.61%	

Revenues vs. Expenditures



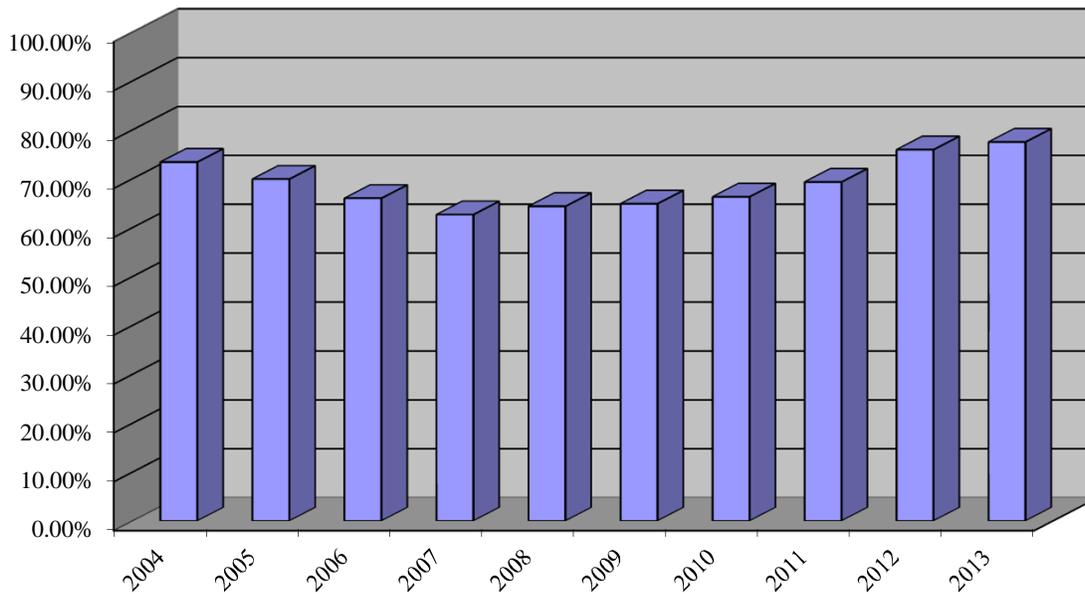
DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Assessed and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

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
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	22,111,389	6,659,157	15,452,233	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	28,358,259	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
2012	21,379,718	2,378,906	47,993	23,806,617	5,735,774	18,070,843	75.91%	6.604
2013	20,400,691	2,691,034	43,327	23,135,052	5,212,197	17,922,855	77.47%	6.904

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

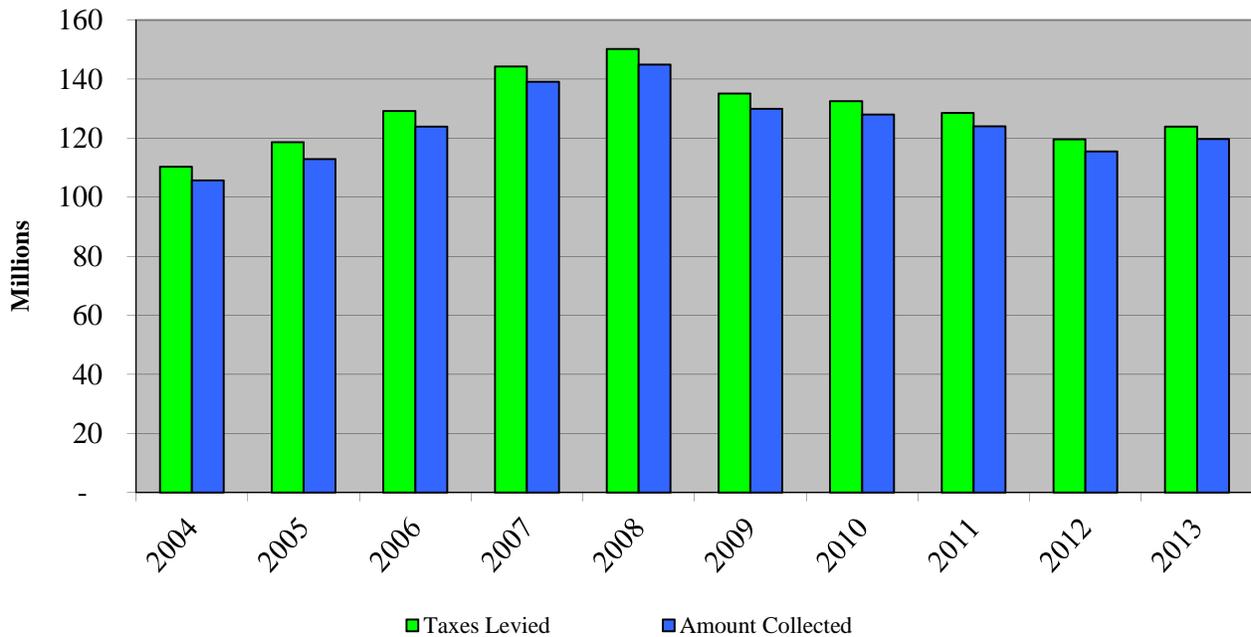


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Property Tax Levies and Collections
Last 10 Years
(Unaudited)

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
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%	58,945	123,976,859	96.47%
2012	119,608,739	115,341,118	96.43%	89,639	115,430,757	96.51%
2013	123,853,938	119,694,063	96.64%	-	119,694,063	96.64%

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)

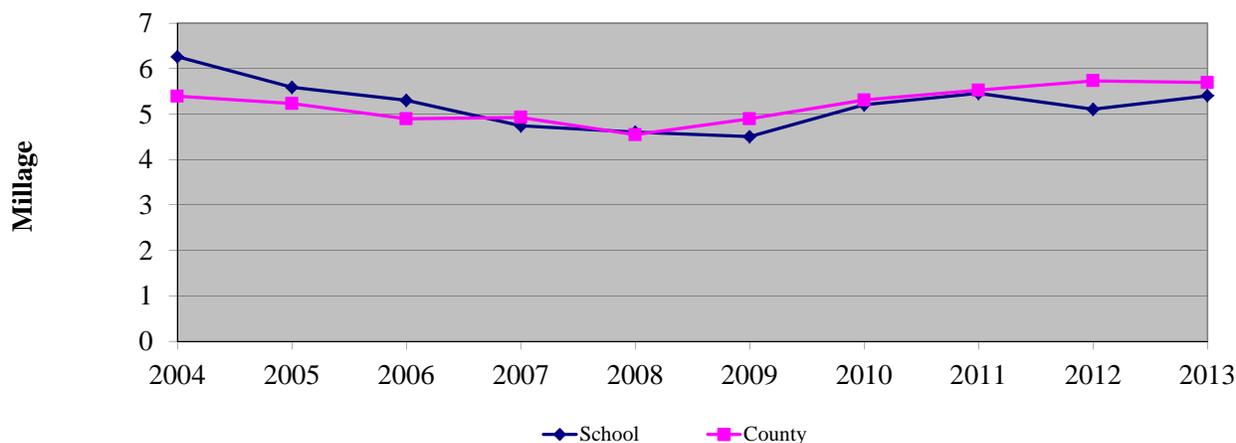
Fiscal Year	Direct Rates ⁽¹⁾			Overlapping Rates ⁽²⁾								
	District School Board of Martin County			Martin County				MSTU	City of Stuart	Jupiter Island	Sewall's Point	Ocean Breeze Park
	Operating	Capital	Total	Operating	Debt Service		Other					
2004	6.263	2.000	8.263	5.395	0.4120	1.0510	1.0893	4.1539	3.6170	1.8990	-	
2005	5.592	2.000	7.592	5.230	0.3720	1.0692	1.0760	4.1539	3.2540	1.8990	2.8820	
2006	5.300	2.000	7.300	4.895	0.3250	1.0690	0.8287	5.4615	3.0904	1.9410	5.1949	
2007	4.744	2.000	6.744	4.928	0.1140	1.0557	0.7722	5.3442	2.9994	2.4000	3.4815	
2008	4.602	2.000	6.602	4.548	0.1220	0.9557	0.6796	4.5573	2.9994	2.1690	2.2911	
2009	4.502	1.750	6.252	4.897	0.1270	1.0108	0.7027	4.5788	3.1400	2.2300	2.4241	
2010	5.203	1.500	6.703	5.309	0.1382	1.0108	0.8754	4.6081	3.2350	2.2300	2.2459	
2011	5.456	1.500	6.956	5.525	0.0826	1.0100	0.9610	4.6436	3.3841	2.1800	2.6295	
2012	5.104	1.500	6.604	5.734	0.0368	0.8401	0.9636	4.6674	4.9528	2.2896	4.6799	
2013	5.404	1.500	6.904	5.696	0.0373	0.8327	0.9755	4.9041	4.2861	2.2896	4.7910	

(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)

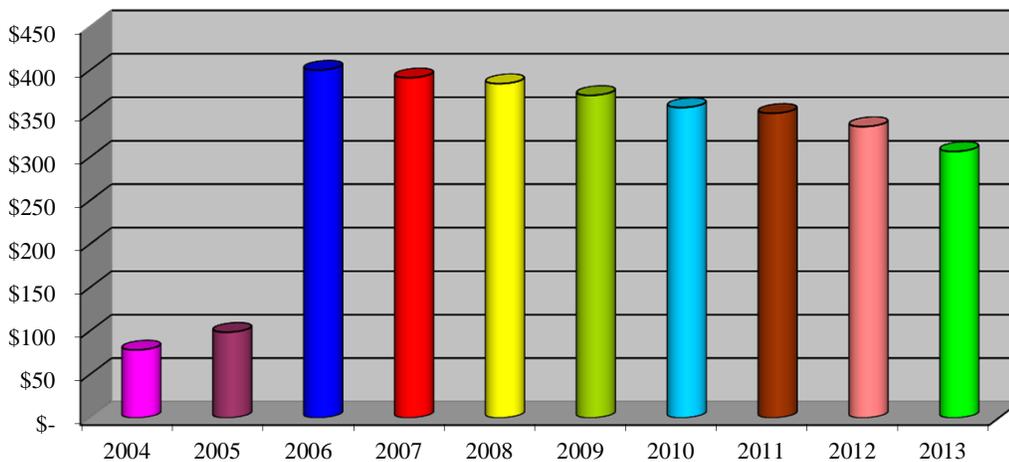
Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2004	10,465	-	297	10,762	0.16%	78.19
2005	13,135	-	785	13,920	0.19%	98.68
2006	15,700	40,790	597	57,087	0.71%	400.20
2007	14,990	40,790	472	56,252	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	0.68%	357.12
2011	13,895	36,660	822	51,377	0.66%	350.49
2012	13,165	35,530	646	49,341	N/A	335.19
2013	10,580	34,360	461	45,401	N/A	306.60

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 2012 and 2013.

* 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 Economic 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⁾
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	7,576,859	51,723	17,612	11.7
2011	146,587	7,787,403	52,798	17,759	10.9
2012	147,203	N/A	N/A	17,964	9.8
2013	148,077	N/A	N/A	18,267	7.8

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, 2013 and 9 years ago
(Amounts expressed in thousands)
(Unaudited)

Taxpayer	2013			2004		
	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value
Florida Power & Light Co.	1	\$ 1,842,698	7.96%	1	\$ 774,818	4.28%
Indiantown Cogeneration LP	2	266,756	1.15%	2	304,899	1.68%
Treasure Coast - JCP Associates Ltd.	3	74,374	0.32%	3	59,723	0.33%
Florida Gas Transmission	4	55,045	0.24%	-	-----	-----
Hubman, Christopher J	5	46,315	0.20%	-	-----	-----
Gulfstream Natural Gas	6	43,787	0.19%	-	-----	-----
Louis Drefus Citrus Inc.	7	30,307	0.13%	-	-----	-----
Bellsouth Telecom	8	27,863	0.12%	4	51,801	0.29%
Sandhill Cove Properties, Inc.	9	26,677	0.12%	8	23,078	0.13%
Hamm, Edward H	10	27,666	0.12%	-	-----	-----
Knickerbocker Properties DBA St. Andrews Apt.	-	-----	-----	5	25,279	0.14%
Medalist Golf Company	-	-----	-----	6	23,492	0.13%
Columbia Properties Stuart	-	-----	-----	7	22,474	0.12%
Lowe's Home Centers, Inc.	-	-----	-----	9	21,037	0.12%
Running W Citrus Limited	-	-----	-----	10	8,569	0.05%
Total		\$ 2,441,488	10.26%		\$ 1,315,170	8.29%

Source: Martin County Tax Collector's Office

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

District Employees

Last 10 Fiscal Years

(Unaudited)

	2004	2005	2006	2007
Instructional administrators	10	7	14	9
Non-instructional administrators	7	7	6	6
Consultants/supervisors of instruction	2	1	2	2
Principals	19	20	20	20
Assistant principals	26	28	30	30
Elementary classroom teachers	380	390	395	407
Secondary classroom teachers	414	435	455	449
ESE teachers	183	201	212	213
Other teachers (adult)	39	41	42	39
Guidance counselors	39	36	38	41
Visiting teachers/Social workers	1	1	1	1
Psychologists	5	6	6	7
Librarians	17	22	24	24
Other professionals (instructional)	80	78	76	86
Other professionals (non-instructional)	82	74	75	87
Aides	249	256	265	277
Technicians	15	15	14	13
Clerical/secretarial	133	143	163	170
Service workers	265	228	255	289
Skilled crafts	33	29	32	30
Unskilled laborers	16	16	15	17
Total employees	2,015	2,034	2,140	2,217

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

2008	2009	2010	2011	2012	2013
9	8	8	9	11	12
6	4	6	8	7	7
2	3	3	4	3	4
21	23	23	23	23	23
30	32	31	32	32	31
414	414	415	461	455	460
468	460	461	464	453	451
214	218	230	238	231	233
38	100	99	72	58	54
43	39	37	37	35	38
1	1	1	0	0	0
7	7	7	7	7	7
24	24	20	20	20	20
74	85	99	94	101	109
89	89	93	89	85	84
270	268	282	279	290	287
14	15	14	10	11	10
171	164	169	163	168	168
295	297	290	292	297	299
33	34	34	36	32	32
18	18	18	11	12	12
2,241	2,303	2,340	2,349	2,331	2,341



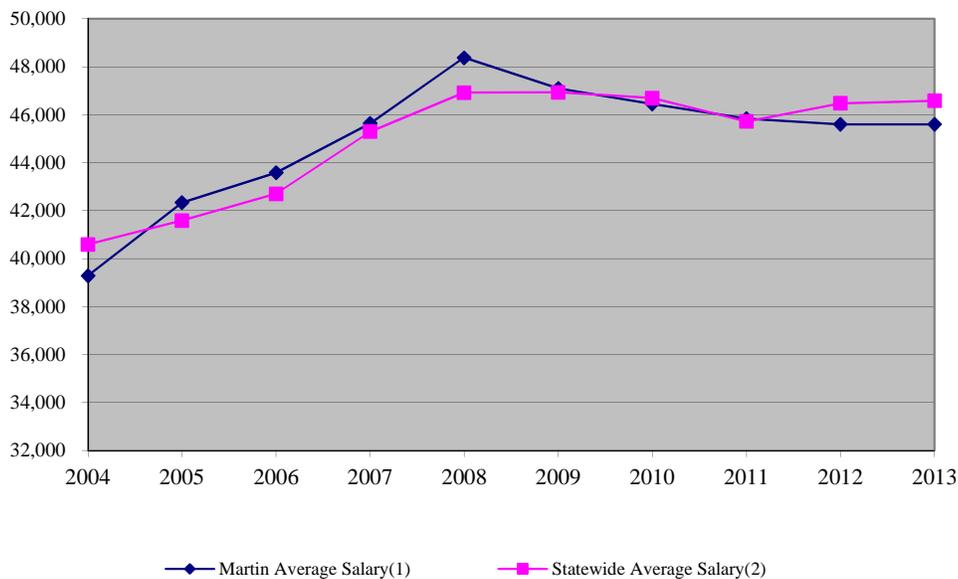
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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Teacher Salaries
Last 10 Years
(Unaudited)

<u>Fiscal Year</u>	<u>Minimum Salary⁽¹⁾</u>	<u>Maximum Salary⁽¹⁾</u>	<u>Martin Average Salary⁽²⁾</u>	<u>Statewide Average Salary⁽²⁾</u>
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
2012	37,000	68,901	45,604	46,479
2013	37,000	68,901	45,603	46,583

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			
	2004	2005	2006	2007
<u>Elementary</u>				
Seawind Elementary (1993)				
Square feet	119,804	119,804	119,804	119,804
Capacity	788	589	589	589
Enrollment	670	630	651	667
JD Parker Elementary (2004/re-built) ⁽²⁾				
Square feet	-	125,940	125,940	125,940
Capacity	-	804	804	804
Enrollment	562	604	585	598
Palm City Elementary (1958)				
Square feet	106,954	106,954	106,954	106,954
Capacity	930	713	713	713
Enrollment	951	925	899	875
Port Salerno Elementary (2002/re-built) ⁽²⁾				
Square feet	108,962	108,962	108,962	108,962
Capacity	923	757	757	757
Enrollment	682	688	659	660
Hobe Sound Elementary (2004/re-built) ⁽²⁾				
Square feet	-	112,190	112,190	112,190
Capacity	-	816	816	816
Enrollment	457	577	588	703
Warfield Elementary (1959)				
Square feet	123,584	123,584	123,584	139,520
Capacity	1,156	875	875	875
Enrollment	608	617	617	614
Jensen Beach Elementary (1970)				
Square feet	95,159	95,159	95,159	95,159
Capacity	939	721	721	721
Enrollment	608	617	622	625
Pinewood Elementary (1988)				
Square feet	103,756	103,756	103,756	104,570
Capacity	838	622	622	644
Enrollment	784	747	879	764
Crystal Lake Elementary (1989)				
Square feet	101,628	101,628	101,628	101,628
Capacity	841	620	620	620
Enrollment	747	712	700	736

(continued)

Table 13

Fiscal Year					
2008	2009	2010	2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾
137,803	136,075	127,350	127,350	127,350	127,350
837	797	783	783	764	764
673	689	735	738	721	687
125,940	125,940	125,691	125,691	125,691	125,691
757	757	754	754	695	695
607	610	612	626	614	682
118,524	114,074	107,872	102,532	102,532	103,422
929	953	808	698	670	696
881	794	740	700	649	639
108,962	108,962	109,944	109,944	115,120	126,076
757	757	757	757	805	877
660	646	653	722	761	789
110,804	110,804	115,632	115,632	115,632	115,632
797	797	793	793	776	776
711	712	689	696	665	647
142,024	114,653	147,410	145,941	145,941	133,961
911	845	1,084	1,048	1,048	886
618	638	643	671	704	730
97,829	96,760	100,201	100,201	100,468	102,196
775	721	721	721	668	704
626	603	571	555	576	583
132,001	129,603	128,796	120,994	122,256	126,576
982	996	888	718	756	784
761	730	710	710	754	742
106,147	106,027	104,574	100,176	103,681	108,079
720	720	720	630	621	688
733	505	504	492	528	557

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

School	Fiscal Year			
	2004	2005	2006	2007
Bessey Creek Elementary (1995)				
Square feet	111,296	111,296	111,296	111,296
Capacity	779	589	589	589
Enrollment	705	753	800	747
Felix A. Williams Elementary (1993)				
Square feet	137,605	137,605	137,605	137,605
Capacity	910	705	705	705
Enrollment	720	704	718	650
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⁾ 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.

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

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

Table 13

Fiscal Year					
2008	2009	2010	2011⁽³⁾	2012⁽⁴⁾	2013⁽⁵⁾
118,312	111,296	122,445	122,445	122,445	112,445
745	589	599	599	599	599
752	572	556	534	525	544
140,197	138,469	111,844	111,059	111,059	112,709
759	723	653	635	635	671
653	633	684	647	631	662
		124,838	124,838	124,838	124,838
	767	767	767	767	767
	457	521	565	603	590

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

School	Fiscal Year			
	2004	2005	2006	2007
<u>Middle</u>				
Dr. David L. Anderson Middle School (2005)				
Square feet	-	-	-	210,194
Capacity	-	-	-	1,255
Enrollment	-	-	-	897
Hidden Oaks Middle School (1991)				
Square feet	166,779	166,779	166,779	166,779
Capacity	1,446	1,241	1,241	1,241
Enrollment	1,437	1,452	1,075	1,125
Indiantown Middle School (1969)				
Square feet	99,053	99,053	99,053	99,053
Capacity	1,096	804	770	693
Enrollment	481	482	441	403
Murray Middle School(1961)				
Square feet	131,551	131,551	131,551	142,157
Capacity	1,244	1,033	1,033	828
Enrollment	1,095	1,032	805	748
Stuart Middle School(1971)				
Square feet	164,307	164,307	164,307	164,307
Capacity	1,507	1,318	1,318	1,278
Enrollment	1,298	1,250	980	912
<u>High</u>				
Martin County High School (1963)				
Square feet	365,764	365,764	365,764	365,764
Capacity	2,480	2,432	2,432	2,432
Enrollment	1,946	1,809	1,937	1,958
South Fork High School(1982)				
Square feet	295,394	295,394	295,394	295,394
Capacity	2,060	1,906	1,906	1,906
Enrollment	2,072	2,057	2,059	1,979
Jensen Beach High School (2002)				
Square feet	323,747	323,747	323,747	323,747
Capacity	1,676	1,676	1,676	1,676
Enrollment	1,037	1,357	1,510	1,520

(continued)

Table 13

Fiscal Year					
2008	2009	2010	2011⁽³⁾	2012⁽⁴⁾	2013⁽⁵⁾
210,194	210,194	219,253	219,253	219,253	219,253
1,255	1,395	1,316	1,184	1,184	1,184
901	904	889	984	956	941
177,323	172,041	178,828	173,566	173,566	178,828
1,458	1,445	1,455	1,210	1,210	1,329
1,119	1,113	1,147	1,090	1,086	1,048
102,183	98,053	155,404	155,404	155,404	155,404
706	770	1,348	1,213	1,213	1,213
408	400	399	401	421	463
188,198	185,670	213,597	211,889	211,889	215,345
1,509	1,641	1,643	1,439	1,177	1,256
750	767	757	760	747	815
166,760	148,006	198,350	174,517	174,517	174,517
11,337	1,130	1,852	1,156	1,156	1,179
919	877	854	881	927	967
371,536	426,584	431,008	431,008	396,341	417,947
2,489	2,589	2,517	2,391	1,651	2,214
1,951	1,993	1,966	1,945	1,998	2,119
337,462	311,353	298,302	313,984	313,984	317,078
2,603	2,369	2,114	1,672	1,634	1,685
1,964	1,917	1,863	1,829	1,840	1,933
323,747	323,747	323,999	323,857	323,857	323,999
1,590	1,674	1,636	1,554	1,554	1,554
1,523	1,527	1,542	1,573	1,634	1,771

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

School	Fiscal Year			
	2004	2005	2006	2007
<u>Other</u>				
Spectrum JR/SR High School (1932)				
Square feet	26,480	16,794	16,794	16,794
Capacity	304	142	179	142
Enrollment	94	81	92	104
Challenger School (1988)				
Square feet	46,458	46,458	46,458	46,458
Capacity	156	156	156	171
Enrollment	66	64	70	79

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⁾ 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.

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

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

Table 13

Fiscal Year					
2008	2009	2010	2011⁽³⁾	2012⁽⁴⁾	2013⁽⁵⁾
23,234	20,298	20,024	15,655	15,655	19,159
317	218	231	130	130	218
111	155	77	90	85	61
46,573	51,577	44,205	44,105	44,105	44,155
171	171	171	171	171	171
80	75	71	58	38	31

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

Current year (2012):			Percentage of Total County Employment	
Employer	Rank	Employees	Employment	Product/Service
Martin Health Systems	1	2,783	4.41%	Health Care
Martin County School District	2	2,590	4.11%	Government
Martin County	3	1,565	2.48%	Government
State of Florida	4	580	0.92%	Government
Triumph Group - Vought Aircraft Division	5	408	0.65%	Aerospace Products
TurboCombustor Technologies Inc.	6	396	0.63%	Telephone Co.
Liberator Medical Holdings Inc.	7	340	0.54%	Aerospace Products
Seacoast National Bank	8	294	0.47%	Banking
Louis Dreyfus Commodities	9	250	0.40%	Merchandiser
Armellini Express Lines	10	223	0.35%	Trucking
Total		9,429	14.96%	
Nine years ago (2003):				
Martin County School District	1	2,554	4.18%	Government
Martin Health Systems	2	2,483	4.06%	Health Care
Martin County Government	3	1,664	2.72%	Government
Publix Super Markets, Inc.	4	1,173	1.92%	Grocery Chain
Armellini Express Lines	5	719	1.18%	Trucking
State of Florida	6	706	1.16%	Government
Winn-Dixie	7	423	0.69%	Grocery Chain
Triumph Group - Vought Aircraft Division	8	400	0.65%	Aerospace Products
The Home Depot	9	363	0.59%	Retail Department Store
Scripps Treasure Coast Publishing	10	300	0.49%	Newspaper
Total		10,785	17.64%	

Note: The labor force figures for 2012 and 2003 are 63,073 and 61,107, respectively. These numbers were used to calculate the percentage of total county employment.

Source: Martin County Clerk's Office provided the 2003 and 2012 data.

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

¹ Information for 2013 is not available, so this schedule was prepared with the data of 2012 and 2003.

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
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
2012	155,162,209	17,964	8,637	-6.00%	1,265	14.2
2013	157,085,087	18,267	8,599	-0.44%	1,352	13.5

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			
	2004	2005	2006	2007
Days meals were served	180	177	177	180
Average number of free and reduced lunches served daily	4,708	4,887	4,574	4,421
Total number of free and reduced lunches served	847,366	864,934	809,664	795,803
Average daily subsidy received	\$ 16,736	\$ 16,082	\$ 17,268	\$ 16,453
Total subsidy received	\$ 3,012,488	\$ 2,846,495	\$ 3,056,415	\$ 2,961,584
Average number of lunches served daily	8,260	8,587	8,479	8,618
Total number of lunches served	1,486,737	1,519,851	1,500,753	1,551,266
Percentage of free and reduced lunches served to total meals	57.00%	56.91%	53.95%	51.30%
Average daily revenues	\$ 32,480	\$ 33,657	\$ 36,755	\$ 36,173
Total revenues	\$ 5,846,321	\$ 5,957,317	\$ 6,505,702	\$ 6,511,207
Average daily costs	\$ 30,593	\$ 35,293	\$ 36,816	\$ 39,867
Total costs	\$ 5,506,669	\$ 6,246,919	\$ 6,516,430	\$ 7,176,124

Source: District Records

Table 16

Fiscal Year					
2008	2009	2010	2011	2012	2013
180	180	180	180	180	180
4,536	4,930	5,336	5,916	6,201	6,260
816,466	887,337	960,559	1,064,941	1,116,133	1,126,823
\$ 17,775	\$ 20,418	\$ 22,013	\$ 24,891	\$ 27,011	\$ 29,471
\$ 3,199,581	\$ 3,675,167	\$ 3,962,301	\$ 4,480,344	\$ 4,861,936	\$ 5,304,851
8,998	8,806	8,712	9,425	9,630	9,405
1,619,721	1,585,167	1,568,250	1,696,459	1,733,429	1,692,924
50.41%	55.98%	61.25%	62.77%	64.39%	66.56%
\$ 36,684	\$ 38,050	\$ 38,257	\$ 41,333	\$ 42,686	\$ 43,771
\$ 6,603,070	\$ 6,849,010	\$ 6,886,294	\$ 7,439,956	\$ 7,683,416	\$ 7,878,796
\$ 40,252	\$ 39,502	\$ 36,279	\$ 36,890	\$ 38,313	\$ 40,992
\$ 7,245,316	\$ 7,110,363	\$ 6,530,245	\$ 6,640,240	\$ 6,896,268	\$ 7,378,585



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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 for Each Major Federal Program and Report on Internal Control Over Compliance

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings—Federal Awards

**DISTRICT SCHOOL BOARD OF MARTIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	321	\$ 960,148.84	\$ -
National School Lunch Program	10.555 (2) (A)	300, 350	4,036,877.09	
Summer Food Service Program for Children	10.559	323	120,485.44	
Total Child Nutrition Cluster			<u>5,117,511.37</u>	<u>-</u>
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	330	105,535.88	
Total United States Department of Agriculture			<u>5,223,047.25</u>	<u>-</u>
United States Environmental Protection Agency:				
Indirect:				
St. Johns River Water Management District:				
National Estuary Program	66.456	None	21,084.00	
United States Department of Energy:				
Indirect:				
University of Central Florida				
ARRA - State Energy Program	81.041(2)(B)	None	137,010.74	
United States Department of Education:				
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027 (4)	263	3,761,636.19	15,871.50
Special Education - Preschool Grants	84.173	267	137,806.43	
University of South Florida:				
Special Education - Grants to States	84.027 (4)	None	23,900.00	
St. Lucie County District School Board:				
Special Education - Grants to States	84.027 (4)	None	23,166.00	
Total Special Education Cluster			<u>3,946,508.62</u>	<u>15,871.50</u>
Florida Department of Education				
Adult Education - Basic Grants to States	84.002	191, 193	111,340.61	
Title I Grants to Local Educational Agencies	84.010	212, 220, 221, 226, 228	3,520,242.83	
Migrant Education - State Grant Program	84.011	217	89,099.80	
Career and Technical Education - Basic Grants to States	84.048	161	136,819.04	
English Language Acquisition Grants	84.365	102	232,814.73	
Improving Teacher Quality State Grants	84.367	224	631,843.49	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111	321,696.89	
Education Jobs Fund	84.410	541	39,253.88	
University of Central Florida:				
Mathematics and Science Partnerships	84.366	None	39,303.69	
Total United States Department of Education			<u>9,068,923.58</u>	<u>15,871.50</u>
United States Department of Health and Human Services:				
Direct:				
Head Start	93.600 (3)	N/A	1,901,223.40	-
Total United States Department of Health and Human Services			<u>1,901,223.40</u>	<u>-</u>
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	72,777.91	
Air Force Junior Reserve Officers Training Corps	None	N/A	131,155.58	
Total United States Department of Defense			<u>203,933.49</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 16,555,222.46</u>	<u>\$ 15,871.50</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) Noncash Assistance:
 - (A) National School Lunch Program - Includes \$470,058 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
 - (B) State Energy Program - Includes \$137,010.74 representing the Federally-paid portion of solar panels and related site preparation and installation costs.
 - (3) Head Start - Expenditures include \$843,092.67 for grant number/program year 4CH0466/20 and \$1,058,130.73 for grant number/program year 04CH0466/21.
 - (4) Special Education - Expenditures total \$3,808,702.19 for CFDA No. 84.027.



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 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*

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2013, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the Martin County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 a certain additional matter that is discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report. In addition, we noted certain matters that we reported to District management in our operational audit report No. 2014-062, dated December 2013.

Management's response to the finding described in the section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 11, 2013

Audit Report No. 2014-059



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 FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Report on Compliance for Each Major Federal Program

We have audited the Martin County District School Board's compliance with the types of compliance requirements described in the *OMB 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, 2013. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with 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. *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.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 11, 2013

Audit Report No. 2014-059

**MARTIN COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
CFDA Number(s):	Name of Federal Program or Cluster:
81.041	ARRA – State Energy Program
84.027 and 84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
Dollar threshold used to distinguish between Type A and Type B programs:	\$496,656
Auditee qualified as low-risk auditee?	Yes

ADDITIONAL MATTER

Finding No. 1: Financial Reporting

Preparation of fund financial statements pursuant to generally accepted accounting principles (GAAP) requires an analysis to determine the major governmental funds that require separate columnar presentation. The District must report a governmental fund as major when the fund's liabilities represent at least 10 percent of the total governmental fund liabilities.

Our review of the District's 2012-13 fiscal year annual financial report, as submitted to the Florida Department of Education and presented for audit, indicated improvements could be made in financial reporting procedures. Because of an inadvertent account misclassification, total governmental fund liabilities was incorrect and District personnel did not separately identify and report the Special Revenue - Other Fund as a major fund. Separately reporting major funds allows financial statement users to readily identify the District's most significant funds and their account balances and transactions, and ensures compliance with GAAP.

We extended our procedures to determine the adjustments necessary to properly report the Special Revenue - Other Fund as a major fund on the financial statements, and District personnel accepted these adjustments. However, our extended audit procedures cannot substitute for management's responsibility to implement adequate controls over financial reporting.

Recommendation: **The District should improve its financial reporting procedures to ensure that major funds are properly identified and reported on the financial statements.**

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 our report No. 2013-046.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*MARTIN COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013*

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 (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 District revised its cost allocation plan in the 2010-11 school year. The District noted that the 2010 non-Federal share exceeded the required amount by \$25,842.06 and will consult the grantor as to applying the overage to 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 30200 • Facsimile: (772) 219-1231

December 11, 2013

David W. Martin, CPA
Office of the Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The purpose of this letter is to respond to the preliminary and tentative audit finding for the School Board of Martin County as a result of the audit for the fiscal year ending June 30, 2013. The following is the response as submitted by the appropriate staff.

Finding No. 1: Financial Reporting

The District concurs with the auditor's position that it should improve its financial reporting to ensure that major funds are properly identified and reported on the financial statements. District staff has contacted the Florida Department of Education to include an account classification on the Annual Financial Report that is submitted to the State to assist in the proper classification in the future.

In closing, I would like to thank the staff from your office for their professionalism and cooperation in the conduct of the aforementioned audit. Please feel free to contact my office if you have any questions concerning this matter.

Sincerely,

A handwritten signature in blue ink that reads "Laurie J. Gaylord".

Laurie J. Gaylord
Superintendent

CC: School Board Members
Superintendent's Cabinet

Laurie J. Gaylord, Superintendent

School Board Members: Maura Barry-Sorenson • Michael Busha • Michael DiTerlizzi • Rebecca Negron • Marsha Powers
"An Equal Opportunity Agency"