

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



For the Fiscal Year Ended June 30, 2015

Prepared by the Finance Department

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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INTRODUCTORY SECTION





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THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

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

January 28, 2016

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

State law requires that all school districts publish after the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (“GAAP”), and audited in accordance with auditing standards generally accepted in the United States of America by a licensed certified public accountant. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (“CAFR”) of the District School Board of Martin County, Florida (the “District”) for the fiscal year ended June 30, 2015.

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, 2015, 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, 2015, 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.

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 2014-15 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 2014-15, the District provided general, special, vocational, and other education programs to 18,583 unweighted full-time equivalent students.

The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with

their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school.

ECONOMIC CONDITION AND OUTLOOK

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

The student population increased from 18,296 in September 2014 to 18,583 in September 2015. Based on the 2015-16 Projected FTE survey, the District will have no significant change in student population for fiscal year 2015-16.

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 remodeling and renovations Spectrum Jr./Sr. High School, reroofing projects for South Fork High School and Jensen Beach Elementary School, and a replacement track at Jensen Beach High School. The District has planned construction for a new Administration and Media Center building for Indiantown Middle School and a two-story Science Lab and Administrative building at Martin County High School. The District has planned to purchase busses, facility maintenance, improvements, additions, and technology enhancements to be completed within the next 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:

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

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

- The 2014-15 school year marked the eighth consecutive year the District has earned the “Academically High-Performing School District” designation from the Florida Department of Education.
- The District is fully accredited by AdvancED, the parent organization of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement.
- The SAT and ACT scores for Martin County students are consistently higher than State and national averages.
- The District had the third highest rating in the state for 10th grade Florida Standards Assessment in English Language Arts.
- The Martin County School District is among the highest Federal Graduation Rate in the state at 88.8 percent.
- In the 2014-15 school year, all four high schools in the District earned an “A” grade, which marks the fourth consecutive year of straight A’s.
- The District’s strong network of volunteers logged over 128,000 hours serving the district in 2014-15. Twenty Martin County schools earned Golden School Awards and one school earned the Silver School Award from the Florida Department of Education. These awards recognize outstanding school volunteer programs.
- The Martin County School District has strong relationships with its community partners, including The Education Foundation of Martin County, Children’s Services Council, United Way, Character Counts!, Tykes and Teens, and many more.

FINANCIAL PLANNING

Providing adequate facilities to all students is fundamental to maintaining an effective education system. It speaks to a range of standards, including safety, class size, and equity. The District’s school building ages range from 1932 to 2009. The District has a master facility plan to rebuild, remodel, and expand schools and sites, which shall take place over a number of years.

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

FINANCIAL POLICIES

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

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

BUDGETARY CONTROLS

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

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

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

REPORTING ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting (GFOA) - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the ninth 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 eighth consecutive award for Certificate of Excellence in Financial Reporting, for the fiscal year 2013-14. 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

Laurie J. Gaylord
Superintendent of Schools

Helene DiBartolomeo

Helene DiBartolomeo, CPA
Director of Finance

District School Board of Martin County, Florida



Laurie J. Gaylord
Superintendent



Christia Li Roberts
School Board Member
District 1



Marsha Powers
School Board Vice-Chair
District 2



Rebecca Negron
School Board Member
District 3



Tina McSoley
School Board Member
District 4



Michael DiTerlizzi
School Board Chair
District 5



2014-15 Fiscal Year
Superintendent and School Board Members

District School Board of Martin County, Florida

LIST OF PRINCIPAL OFFICIALS – APPOINTED



Ginger Featherstone
Assistant
Superintendent



Dr. Tracey Miller
Executive Director for
Instructional Services



Thomas E. Sheeran
Executive Director for
Operations Service



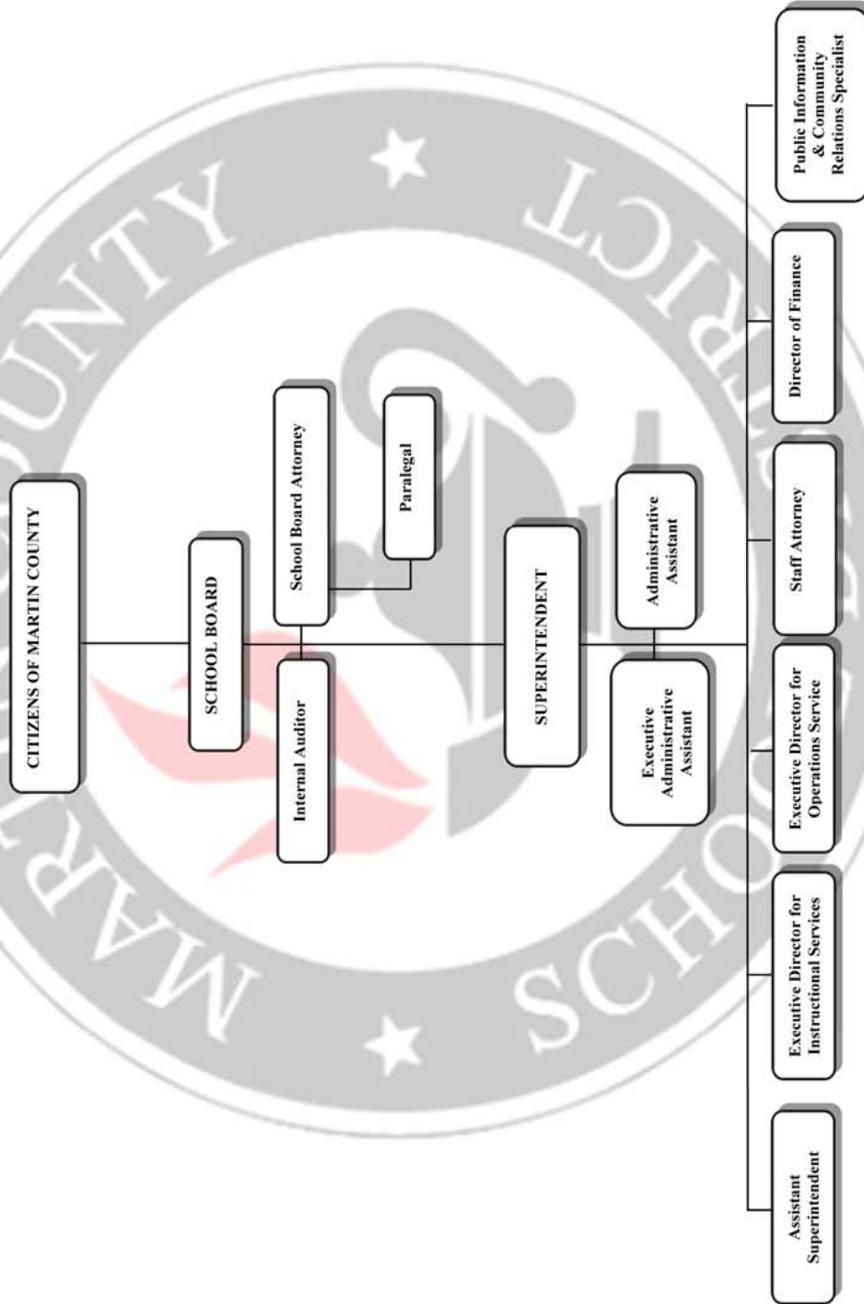
Kim W. Sabol
Staff Attorney



Helene DiBartolomeo
Director of Finance



School District of Martin County
Organizational Chart





Government Finance Officers Association

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

Presented to

**District School Board of Martin County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2014*

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 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

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

John D. Musso, CAE, RSBA
Executive Director



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FINANCIAL SECTION





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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represents 100 percent of the transactions and account balances of the discretely presented component unit columns. Those statements were audited by other auditors whose reports thereon have 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general and major special revenue funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note II.A. to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is a change in accounting principle that requires an employer participating in a cost-sharing multiple-employer defined benefit pension plan to report the employer's proportionate share of the net pension liability of the defined benefit pension plan, and requires an employer administering a single-employer defined benefit plan to report its net pension liability of the defined benefit plan. This affects the comparability of amounts reported in the 2014-15 fiscal year with the amounts reported for the 2013-14 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, Schedule of Funding Progress - Other Postemployment Benefits Plan, Schedule of Changes in Net Pension Liability and Related Ratios – Early Retirement Plan, Schedule of Employer Contributions – Early Retirement Plan, Schedule of Investment Returns – Early Retirement Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, and Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 the **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules and the **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 28, 2016
Audit Report No. 2016-082



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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, 2015. 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 21 through 85.

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 2014-15 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

The government-wide financial statements may be found on pages 21-23 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 – Food Service, Special Revenue - Other Federal Programs, and Capital Projects - Local Capital Improvement Tax Funds. Data from the other eight governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

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

The basic governmental funds financial statements can be found on pages 24-39 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 40-41 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 43-85 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 102-122. Additional information about the District that may be of interest to the reader is found under the Statistical section on pages 107-143 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-15 fiscal year are as follows:

Government-wide Statements

- The District's assets and deferred outflows exceed its liabilities and deferred inflows at June 30, 2015, by \$212.3 million (*net position*).
- The District's total net position decreased by \$67.4 million, which represents a 24.1 percent decrease from the 2013-14 fiscal year. The decrease included an adjustment decreasing the beginning net position in the amount of \$65.4 million as a result of the adoption of the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68. For more information on this adjustment, please refer to notes in the financial statements, Note II.
- General revenues total \$181.3 million, or 92.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$13.9 million, or 7.1 percent of all revenues.
- Expenses total \$197.2 million; \$13.9 million of these expenses are offset by program specific charges, with the remainder paid from the general revenues. Total expenses exceed total revenues by \$2.0 million.

Fund Statements

- At June 30, 2015, the District's governmental funds report combined ending fund balances of \$44.6 million, an increase of \$8.6 million.
- At June 30, 2015, assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$6.1 million or 4.2 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, 2015, compared to the net position as of June 30, 2014:

District School Board of Martin County, Florida			
Net Position			
	<u>Governmental Activities</u>		<u>Percent</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Current and other assets	\$ 59,056,672	\$ 46,329,454	27.5%
Capital assets	363,644,910	369,074,936	-1.5%
Total assets	<u>422,701,582</u>	<u>415,404,390</u>	1.8%
Net carrying amount of debt refunding	1,367,755	-	
Pensions	11,953,532	-	
Total deferred outflows of resources	<u>13,321,287</u>	<u>-</u>	
Other liabilities	13,199,773	9,021,396	46.3%
Long-term liabilities	183,605,411	126,684,008	44.9%
Total liabilities	<u>196,805,184</u>	<u>135,705,404</u>	45.0%
Pensions	26,940,013	-	
Total deferred inflows of resources	<u>26,940,013</u>	<u>-</u>	
Net position:			
Net investment in capital assets	322,910,925	326,249,703	-1.0%
Restricted	37,837,728	29,868,235	26.7%
Unrestricted (deficit)	(148,470,981)	(76,418,952)	94.3%
Total net position	<u><u>\$ 212,277,672</u></u>	<u><u>\$ 279,698,986</u></u>	-24.1%

The largest portion of the District’s net position (\$322.9 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, \$37.8 million, represents resources that are subject to external restrictions on how they may be used. The District’s unrestricted net position balance is negative because of the District’s future liabilities for employee compensated absences, other postemployment benefits, and pension plan obligations; however, the District has sufficient current assets to meet its current obligations.

Restricted net position increased \$8.0 million from June 30, 2014, to June 30, 2015. This net position represents restrictions from specific revenue sources and grants. The deficit in unrestricted net position in the governmental type activities increased by \$72.1 million, primarily due to the recognition and presentation of the pension plan liability obligations of the District.

The District's combined net position decreased by \$67.4 million, from \$279.7 million at June 30, 2014 to \$212.3 million at June 30, 2015. This change is primarily attributable to the adoption of the GASB Statement 68, which represents a change in accounting principle that requires employers participating in single-employer and cost-sharing multiple-employer defined pension plans to report the employer's proportionate share of the net pension liabilities of the defined benefit pension plans.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2015, and June 30, 2014 are as follows:

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

	<u>Governmental Activities</u>		Percent Change
	<u>2015</u>	<u>2014</u>	
Revenues			
Program revenues:			
Charges for services	\$ 5,681,060	\$ 5,960,764	-4.7%
Operating grants and contributions	6,152,078	5,693,100	8.1%
Capital grants and contributions	2,114,250	1,795,600	17.7%
Total Program revenues	<u>13,947,388</u>	<u>13,449,464</u>	3.7%
General revenues:			
Property taxes, levied for operational purposes	103,006,102	101,934,042	1.1%
Property taxes, levied for capital purposes	27,406,923	26,489,776	3.5%
Grants and contributions not restricted to specific prog.	46,504,240	44,246,019	5.1%
Other	4,402,712	4,295,027	2.5%
Total General revenues	<u>181,319,977</u>	<u>176,964,864</u>	2.5%
Total revenues	<u>195,267,365</u>	<u>190,414,328</u>	2.5%
Expenses			
Instruction	97,511,574	96,807,293	0.7%
Student personnel services	9,560,480	10,244,916	-6.7%
Instructional media services	2,082,654	2,172,342	-4.1%
Instructional and curriculum development services	3,778,735	3,601,545	4.9%
Instructional staff training services	2,962,444	2,785,963	6.3%
Instruction related technology	1,874,605	1,720,419	9.0%
School board	597,054	566,506	5.4%
General administration	496,860	503,988	-1.4%
School administration	10,164,576	10,222,149	-0.6%
Facilities services	21,355,569	22,916,304	-6.8%
Fiscal services	862,146	859,453	0.3%
Food services	9,251,136	8,011,020	15.5%
Central services	7,162,409	5,293,707	35.3%
Student transportation services	6,144,052	6,370,280	-3.6%
Operation of plant	14,125,494	13,942,964	1.3%
Maintenance of plant	4,031,091	4,596,677	-12.3%
Administrative technology services	636,857	639,763	-0.5%
Community services	2,901,806	2,840,225	2.2%
Unallocated interest on long-term debt	1,748,295	1,854,429	-5.7%
Total expenses	<u>197,247,837</u>	<u>195,949,943</u>	0.7%
Change in net position	(1,980,472)	(5,535,615)	
Net position - beginning	279,698,986	285,234,601	
Adjustments to net position ⁽¹⁾	(65,440,842)	-	
Net position - ending	<u>\$ 212,277,672</u>	<u>\$ 279,698,986</u>	-24.1%

Note (1): Adjustments to beginning net position due to the implementation of GASB Statement 68. See Note II to the basic financial statements.

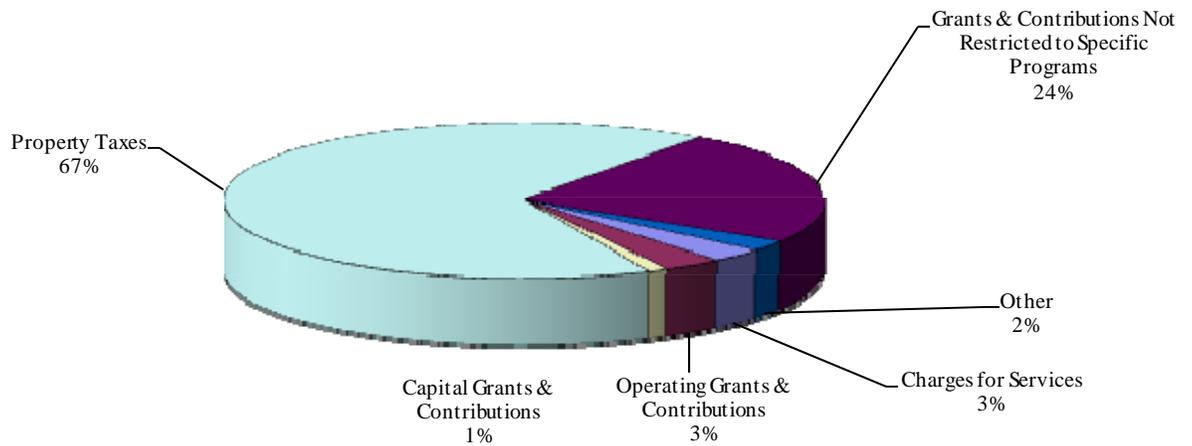
Major changes in revenues were caused by the following:

- Operating grants – Increased by 8.1 percent due to an increase in school lunch usage and reimbursement.
- Capital grants and contributions – Increased by 17.7 percent due to the Public Education Capital Outlay (PECO) funds allocated to the District from the State.

Major changes in expenses were caused by the following:

- Instructional – Increased by 0.7 percent due to instructional personnel receiving a \$700 bonus.
- Food services – Increased by 15.5 percent due primarily to increases in employee compensation.

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

	2015	2014
Fund balance:		
Nonspendable	\$ 669,328	\$ 959,547
Restricted	37,837,728	29,677,558
Assigned	214,301	100,738
Unassigned	5,885,978	5,291,075
Total fund balance	<u>\$ 44,607,335</u>	<u>\$ 36,028,918</u>

As of the end of the 2014-15 fiscal year, the District's governmental funds reported combined ending fund balances of \$44.6 million, an increase of \$8.6 million in comparison with the prior fiscal year.

Major Funds

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

The General Fund is the chief operating fund of the District. The General Fund has an increase in fund balance of \$2.6 million, primarily due to an increase in local tax revenue collections based on the base student allocation and an increase in student count. The total fund balance is \$10.9 million, of which \$5.9 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 4.1 percent of total General Fund operating revenue, while total fund balance represents 7.5 percent of that same amount.

The Special Revenue – Food Services accounts for and report on activities of the food service program when serving breakfast and lunch at the schools. The financial position did not significantly change.

The Special Revenue – Other Federal Programs Fund accounts for the financial resources of certain Federal grant programs. Revenues and expenditures totaled \$11.4 million each, a 15.1 percent increase from 2013-14 fiscal year, primarily due to increase program awards. Because revenues are recognized to the extent of allowable expenditures, this fund does not generally accumulate fund balance.

The Capital Projects – Local Capital Improvement Tax Fund has an increase in fund balance of \$3.6 million to a total fund balance of \$25.0 million, which is restricted for acquisition, construction, and maintenance of capital assets. The increase is primarily due to the increase in the property tax collections. It should be noted that \$8.0 million of the fund balance is committed for specific projects.

Nonmajor Funds

The nonmajor governmental funds consist of special revenue, debt service, and capital projects funds. Fund balance of these funds increased by \$2.4 million or 88.1 percent from the previous fiscal year due primarily to the premium from the refunding of the Certificates of Participation. The total fund balance of \$5.1 million is restricted to be expended on specific programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2014-15 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 32-35.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation, as of June 30, 2015, total \$363.6 million. Capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; and audio visual materials and computer software. The District experienced a decrease in capital assets compared to the previous fiscal year of approximately 1.5 percent.

Major capital assets events during the 2014-2015 fiscal year include:

- Projects completed:
 - Palm City Elementary, Hidden Oaks Middle School, Martin County High School, and South Fork High School – Chiller plant replacement
 - Felix A. Williams Elementary School – Repair/installation of air handlers

- Projects in final phase of completion, awaiting the completion of a punch list:
 - Murray Middle School – Demolition and waterline
 - Spectrum Jr./Sr. High School – Remodel and renovations
 - Jensen Beach High School – Track replacement
 - South Fork High School – Reroofing project

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

	2015	2014	Percent Change
Land	\$ 10,354,648	\$ 10,354,648	0.0%
Construction in progress	1,784,688	235,848	656.7%
Improvements other than buildings	11,532,870	11,947,634	-3.5%
Buildings and fixed equipment	330,011,053	336,285,245	-1.9%
Furniture, fixtures, and equipment	4,859,789	6,349,000	-23.5%
Motor vehicles	4,403,856	3,205,850	37.4%
Property under capital lease	223,129	290,988	-23.3%
Audio visual materials & computer software	474,877	405,723	17.0%
Total Capital Assets (Net of Depreciation)	\$ 363,644,910	\$ 369,074,936	-1.5%

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

Long-Term Debt

At June 30, 2015, the District has total long-term debt outstanding of \$38.9 million, comprised of Certificates of Participation (COPS) Series 2014A, State Board of Education (SBE) Bonds, and capital leases.

District School Board of Martin County, Florida
Outstanding Debt

	<u>2015</u>	<u>2014</u>
COPS	\$ 33,563,419	\$ 33,145,000
State School (SBE) Bonds Payable	8,331,000	9,414,000
Obligations under Capital Lease	207,321	266,233
	<u>\$ 42,101,740</u>	<u>\$ 42,825,233</u>

The District's outstanding debt decreased \$4.0 million during the 2014-15 fiscal year. The decrease was primarily due to scheduled principal retirements and the refunding of COPS. Additional information on the District's debt may be found in Note VII of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2015-16 fiscal year is projected to be 4.848 mills (a decrease of .042 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 \$155.2 million, and expenditures are expected to be \$152.7 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 5.5 percent, which is a decrease from the rate of 6.3 percent a year ago.
- Student enrollment increased from 18,296 in September 2014 to 18,583 in September 2015.
- The County population increased for the 2014-15 fiscal year from 148,817 to 150,062.

REQUESTS FOR INFORMATION

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



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BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Position
June 30, 2015

	Primary Government	
	Governmental Activities	Component Unit
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 51,037,812	\$ 488,841
Investments	201,089	-
Accounts receivable	1,314,459	-
Deposits	-	1,488
Due from other governmental agencies	4,584,420	4,184
Inventories	618,154	-
Prepaid items	51,174	4,500
Restricted:		
Equity in property and casualty group	1,249,564	-
Capital assets not being depreciated:		
Land	10,354,648	-
Construction in progress	1,784,688	-
Capital assets net of accumulated depreciation:		
Improvements other than buildings	11,532,870	8,001
Buildings and fixed equipment	330,011,053	-
Leasehold Improvements	-	37,892
Furniture, fixtures, and equipment	4,859,789	1,900
Motor vehicles	4,403,856	-
Property under capital lease	223,129	-
Audio visual materials and computer software	474,877	-
Total assets	422,701,582	546,806
Deferred outflows of resources		
Net carrying amount of debt refunding	1,367,755	-
Pensions	11,953,532	-
Total deferred outflows of resources	13,321,287	-
Liabilities		
Salaries and benefits payable	7,661,340	16,024
Accounts payable	5,218,201	-
Construction contracts payable - retainage	66,099	-
Due to other government agencies	865	-
Unearned revenue	253,268	-
Long-term liabilities:		
Portion due in one year:		
Notes payable	-	-
Obligations under capital lease	86,015	-
Bonds payable	949,000	-
Certificates of participation payable	1,500,201	-
Compensated absences payable	2,455,052	-
Net pension liability	1,623,637	-
Portion due in more than one year:		
Obligations under capital lease	121,306	-
Bonds payable	7,382,000	-
Certificates of participation payable	32,063,218	-
Compensated absences payable	9,906,424	-
Net pension liability	46,275,671	-
Other postemployment benefits obligation	81,242,887	-
Total liabilities	196,805,184	16,024
Deferred inflows of resources		
Pensions	26,940,013	-
Total deferred inflows of resources	26,940,013	-
Net position		
Net investment in capital assets	322,910,925	47,793
Restricted for:		
State required carryover programs	4,288,488	-
Capital projects	29,689,612	67,918
Debt service	383,298	-
Food service	3,413,288	-
Other	63,042	-
Unrestricted net position (deficit)	(148,470,981)	415,071
Total net position	\$ 212,277,672	\$ 530,782

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, 2015

<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	\$ 97,511,574	\$ 348,719	\$ -	\$ -
Student personnel services	9,560,480	-	-	-
Instructional media services	2,082,654	-	-	-
Instruction and curriculum development services	3,778,735	-	-	-
Instructional staff training services	2,962,444	-	-	-
Instruction related technology	1,874,605	-	-	-
School board	597,054	-	-	-
General administration	496,860	-	-	-
School administration	10,164,576	-	-	-
Facilities services	21,355,569	-	-	386,579
Fiscal services	862,146	-	-	-
Food services	9,251,136	2,125,725	6,152,078	-
Central services	7,162,409	-	-	-
Student transportation services	6,144,052	18,407	-	-
Operation of plant	14,125,494	-	-	-
Maintenance of plant	4,031,091	-	-	364,186
Administrative technology services	636,857	-	-	-
Community services	2,901,806	3,188,209	-	-
Unallocated interest on long-term debt	1,748,295	-	-	1,363,485
Total primary government	<u>\$ 197,247,837</u>	<u>\$ 5,681,060</u>	<u>\$ 6,152,078</u>	<u>\$ 2,114,250</u>
Component unit:				
Hope Center for Autism, Inc.	<u>\$ 1,017,861</u>	<u>\$ 14,130</u>	<u>\$ -</u>	<u>\$ 9,741</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
Adjustment to beginning net position
Total net position - ending

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

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

Primary Government Governmental Activities	Component Unit
\$ (97,162,855)	\$ -
(9,560,480)	-
(2,082,654)	-
(3,778,735)	-
(2,962,444)	-
(1,874,605)	-
(597,054)	-
(496,860)	-
(10,164,576)	-
(20,968,990)	-
(862,146)	-
(973,333)	-
(7,162,409)	-
(6,125,645)	-
(14,125,494)	-
(3,666,905)	-
(636,857)	-
286,403	-
(384,810)	-
<u>\$ (183,300,449)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (993,990)</u>
103,006,102	-
27,406,923	-
46,504,240	1,025,289
25,276	139
4,377,436	12,753
<u>181,319,977</u>	<u>1,038,181</u>
(1,980,472)	44,191
279,698,986	486,591
(65,440,842)	-
<u>\$ 212,277,672</u>	<u>\$ 530,782</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Federal Programs Fund
Assets			
Cash and cash equivalents	\$ 20,532,208	\$ 3,572,784	\$ -
Investments	-	-	-
Accounts receivable	400,785	207,200	269
Due from other governmental agencies	-	42,501	4,085,189
Due from other funds	-	-	-
Inventories	410,955	207,199	-
Prepaid items	51,174	-	-
Total assets	\$ 21,395,122	\$ 4,029,684	\$ 4,085,458
Liabilities and fund balances			
Liabilities:			
Salaries and benefits payable	\$ 7,428,273	\$ 96,224	\$ 136,843
Accounts payable	3,018,506	195,904	445,653
Constructions contracts payable - retainage	-	-	-
Due to other governmental agencies	-	-	-
Due to other funds	-	-	3,502,962
Unearned revenue	97,447	117,069	-
Total liabilities	10,544,226	409,197	4,085,458
Fund balances:			
Nonspendable	462,129	207,199	-
Restricted	4,288,488	3,413,288	-
Assigned	214,301	-	-
Unassigned	5,885,978	-	-
Total fund balances	10,850,896	3,620,487	-
Total liabilities and fund balances	\$ 21,395,122	\$ 4,029,684	\$ 4,085,458

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
\$ 22,644,911	\$ 4,287,909	\$ 51,037,812
-	201,089	201,089
6,050	700,155	1,314,459
417,978	38,752	4,584,420
3,539,408	-	3,539,408
-	-	618,154
-	-	51,174
<u>\$ 26,608,347</u>	<u>\$ 5,227,905</u>	<u>\$ 61,346,516</u>
\$ -	\$ -	\$ 7,661,340
1,544,690	13,448	5,218,201
66,099	-	66,099
-	865	865
-	36,446	3,539,408
-	38,752	253,268
<u>1,610,789</u>	<u>89,511</u>	<u>16,739,181</u>
-	-	669,328
24,997,558	5,138,394	37,837,728
-	-	214,301
-	-	5,885,978
<u>24,997,558</u>	<u>5,138,394</u>	<u>44,607,335</u>
<u>\$ 26,608,347</u>	<u>\$ 5,227,905</u>	<u>\$ 61,346,516</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, 2015

Total fund balances - governmental funds \$ 44,607,335

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	\$ 12,139,336	
Capital assets being depreciated	<u>351,505,574</u>	363,644,910

The District's portion of the equity held in the risk management consortium is not reported as an asset of the governmental funds.	1,249,564
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The difference between the acquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements, but is not reported in the governmental funds.	1,367,755
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflow of pension expense	\$ 3,738,625	
Deferred outflow of employer contribution	<u>8,214,907</u>	11,953,532

Deferred inflows of resources related to pensions	(26,940,013)
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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	\$ (207,321)	
Bonds payable	(8,331,000)	
Certificates of participation payable	(33,563,419)	
Compensated absences payable	(12,361,476)	
Other postemployment benefits obligation	(81,242,887)	
Net pension liability	<u>(47,899,308)</u>	<u>(183,605,411)</u>

Total net position - governmental activities \$ 212,277,672

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, 2015

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Other Federal Programs Fund</u>
Revenues			
Federal direct	\$ 374,069	\$ -	\$ 1,747,494
Federal through state and local	607,959	6,063,754	9,674,942
State	33,936,891	88,324	-
Local:			
Taxes	103,006,102	-	-
Charges for services - food services	-	2,125,725	-
Impact fees	-	-	-
Miscellaneous	6,260,921	5,950	-
Total revenues	<u>144,185,942</u>	<u>8,283,753</u>	<u>11,422,436</u>
Expenditures			
Current:			
Instruction	89,160,016	-	4,339,229
Student personnel services	6,229,747	-	2,927,089
Instructional media services	1,988,513	-	-
Instruction and curriculum development services	1,935,546	-	1,577,999
Instructional staff training services	880,156	-	1,943,242
Instruction related technology	1,802,347	-	-
School board	576,082	-	-
General administration	797,047	-	521,744
School administration	9,873,724	-	-
Facilities services	625,888	-	-
Fiscal services	842,342	-	-
Food services	-	7,879,475	488
Central services	5,866,846	-	-
Student transportation services	5,895,242	-	27,505
Operation of plant	13,754,652	-	46,586
Maintenance of plant	3,869,186	-	-
Administrative technology services	610,589	-	-
Community services	2,763,679	-	3,263
Capital outlay:			
Facilities acquisition and construction	-	-	-
Other capital outlay	76,899	452,564	35,291
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
Paying agent fees	-	-	-
Total expenditures	<u>147,548,501</u>	<u>8,332,039</u>	<u>11,422,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,362,559)</u>	<u>(48,286)</u>	<u>-</u>
Other financing sources (uses)			
Refunding COPS issued	-	-	-
Premium on refunding COPS	-	-	-
Refunding bonds issued	-	-	-
Premium on refunding bonds	-	-	-
Payments to refunded escrow agent	-	-	-
Inception of capital lease	-	-	-
Insurance loss recoveries	-	-	-
Transfers in	6,065,779	34,399	-
Transfers out	(91,871)	-	-
Total other financing sources (uses)	<u>5,973,908</u>	<u>34,399</u>	<u>-</u>
Net change in fund balances	2,611,349	(13,887)	-
Fund balances - beginning	<u>8,239,547</u>	<u>3,634,374</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,850,896</u>	<u>\$ 3,620,487</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
\$ -	\$ -	\$ 2,121,563
-	146,795	16,493,450
-	2,130,340	36,155,555
27,406,923	-	130,413,025
-	-	2,125,725
-	2,130,501	2,130,501
410,423	(18,806)	6,658,488
<u>27,817,346</u>	<u>4,388,830</u>	<u>196,098,307</u>
-	8,605	93,507,850
-	-	9,156,836
-	-	1,988,513
-	123,246	3,636,791
-	21,549	2,844,947
-	2,000	1,804,347
-	-	576,082
-	-	1,318,791
-	-	9,873,724
8,275,884	115,832	9,017,604
-	-	842,342
-	-	7,879,963
-	-	5,866,846
-	-	5,922,747
-	-	13,801,238
-	-	3,869,186
-	-	610,589
-	-	2,766,942
3,934,836	509,755	4,444,591
3,409,899	-	3,974,653
254,304	2,241,000	2,495,304
12,854	1,468,251	1,481,105
-	345,617	345,617
<u>15,887,777</u>	<u>4,835,855</u>	<u>188,026,608</u>
<u>11,929,569</u>	<u>(447,025)</u>	<u>8,071,699</u>
-	29,020,000	29,020,000
-	3,233,419	3,233,419
-	1,378,000	1,378,000
-	131,078	131,078
-	(33,475,406)	(33,475,406)
195,392	-	195,392
24,235	-	24,235
-	2,566,683	8,666,861
(8,574,990)	-	(8,666,861)
<u>(8,355,363)</u>	<u>2,853,774</u>	<u>506,718</u>
3,574,206	2,406,749	8,578,417
<u>21,423,352</u>	<u>2,731,645</u>	<u>36,028,918</u>
<u>\$ 24,997,558</u>	<u>\$ 5,138,394</u>	<u>\$ 44,607,335</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, 2015

Net change in fund balances - total governmental funds	\$ 8,578,417	
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays and depreciation adjustments in the current period.	(4,808,874)	
The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets were recognized as an expenditure in the fiscal year of purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets.	(621,152)	
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.	(29,576)	
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for leave used. This is the net amount of vacation and sick leave paid in excess of the amount earned in the current period.	1,123,771	
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Premiums and refunding costs are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements. The difference is the amount by which repayments exceeded proceeds in the current period.		
Inception of capital lease	\$ (195,392)	
Refunding COPs issued	(29,020,000)	
Refunding COPs premium	(3,233,419)	
Refunding bonds proceeds	(1,378,000)	
Refunded COPs redeemed	31,835,000	
Refunded bonds redeemed	1,485,000	
Capital lease repayments	254,304	
Bonds repayment	<u>976,000</u>	
		723,493
Refunding costs are reported in the governmental funds in the year the debt is issued, but are deferred amortized over the life of the debt in the governmental-wide statements.		1,367,755
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	\$ (14,441,051)	
Current year contribution	<u>3,571,692</u>	
		(10,869,359)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	\$ 8,214,907	
Pension expense	<u>(5,659,854)</u>	
		<u>2,555,053</u>
Change in net position of governmental activities		<u>\$ (1,980,472)</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
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal direct	\$ 402,160	\$ 374,069	\$ 374,069	\$ -
Federal through state and local	751,747	607,959	607,959	-
State	33,937,575	33,936,891	33,936,891	-
Local				
Taxes	102,416,540	103,006,102	103,006,102	-
Miscellaneous	5,081,000	6,260,921	6,260,921	-
Total revenues	<u>142,589,022</u>	<u>144,185,942</u>	<u>144,185,942</u>	<u>-</u>
Expenditures				
Current:				
Instructional services				
Salaries	61,710,274	60,205,839	60,205,839	-
Employee benefits	20,087,002	19,026,249	19,026,249	-
Purchased services	5,474,597	5,695,060	5,695,060	-
Materials and supplies	2,688,642	2,211,943	2,211,943	-
Capital outlay	63,900	92,479	92,479	-
Other	1,658,536	1,928,446	1,928,446	-
Total instructional services	<u>91,682,951</u>	<u>89,160,016</u>	<u>89,160,016</u>	<u>-</u>
Student personnel services				
Salaries	4,148,930	4,152,752	4,152,752	-
Employee benefits	1,332,889	1,298,587	1,298,587	-
Purchased services	708,145	730,690	730,690	-
Materials and supplies	26,890	44,675	44,675	-
Capital outlay	649	-	-	-
Other	286	3,043	3,043	-
Total student personnel services	<u>6,217,789</u>	<u>6,229,747</u>	<u>6,229,747</u>	<u>-</u>
Instructional media services				
Salaries	1,457,484	1,410,308	1,410,308	-
Employee benefits	477,730	451,189	451,189	-
Purchased services	3,681	5,088	5,088	-
Materials and supplies	61,991	29,159	29,159	-
Capital outlay	98,794	91,000	91,000	-
Other	7,648	1,769	1,769	-
Total instructional media services	<u>2,107,328</u>	<u>1,988,513</u>	<u>1,988,513</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	1,286,173	1,453,080	1,453,080	-
Employee benefits	429,891	466,377	466,377	-
Purchased services	23,418	9,084	9,084	-
Materials and supplies	14,548	4,795	4,795	-
Capital outlay	26	-	-	-
Other	2,619	2,210	2,210	-
Total instruction and curriculum development services	<u>1,756,675</u>	<u>1,935,546</u>	<u>1,935,546</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Instructional staff training services				
Salaries	\$ 575,270	\$ 545,639	\$ 545,639	\$ -
Employee benefits	160,231	150,321	150,321	-
Purchased services	347,458	117,610	117,610	-
Materials and supplies	188,579	49,155	49,155	-
Capital outlay	-	2,640	2,640	-
Other	18,259	14,791	14,791	-
Total instructional staff training services	1,289,797	880,156	880,156	-
Instruction related technology				
Salaries	1,279,748	1,264,679	1,264,679	-
Employee benefits	403,609	375,971	375,971	-
Purchased services	17,000	103,522	103,522	-
Materials and supplies	73,096	31,037	31,037	-
Capital outlay	-	27,138	27,138	-
Other	103,225	-	-	-
Total instruction related technology	1,876,678	1,802,347	1,802,347	-
School board				
Salaries	257,785	255,606	255,606	-
Employee benefits	141,340	138,077	138,077	-
Purchased services	257,312	155,174	155,174	-
Materials and supplies	3,179	449	449	-
Capital outlay	137	-	-	-
Other	41,121	26,776	26,776	-
Total school board	700,874	576,082	576,082	-
General administration				
Salaries	578,915	527,911	527,911	-
Employee benefits	198,540	195,112	195,112	-
Purchased services	45,219	52,617	52,617	-
Materials and supplies	4,096	4,987	4,987	-
Capital outlay	160	250	250	-
Other	23,843	16,170	16,170	-
Total general administration	850,773	797,047	797,047	-
School administration				
Salaries	7,077,933	7,578,145	7,578,145	-
Employee benefits	2,259,820	2,269,791	2,269,791	-
Purchased services	12,448	15,085	15,085	-
Materials and supplies	13,788	10,122	10,122	-
Capital outlay	3,973	340	340	-
Other	817	241	241	-
Total school administration	9,368,779	9,873,724	9,873,724	-

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities services				
Salaries	\$ 541,996	\$ 468,803	\$ 468,803	\$ -
Employee benefits	158,559	143,064	143,064	-
Purchased services	14,136	5,421	5,421	-
Materials and supplies	3,346	1,660	1,660	-
Capital outlay	51,796	4,840	4,840	-
Other	1,344	2,100	2,100	-
Total facilities services	<u>771,177</u>	<u>625,888</u>	<u>625,888</u>	<u>-</u>
Fiscal services				
Salaries	583,311	614,046	614,046	-
Employee benefits	201,148	188,781	188,781	-
Purchased services	20,292	17,268	17,268	-
Materials and supplies	9,142	8,576	8,576	-
Capital outlay	755	-	-	-
Other	16,848	13,671	13,671	-
Total fiscal services	<u>831,496</u>	<u>842,342</u>	<u>842,342</u>	<u>-</u>
Central services				
Salaries	1,345,210	1,212,452	1,212,452	-
Employee benefits	3,066,607	4,082,171	4,082,171	-
Purchased services	339,243	518,031	518,031	-
Energy services	1,319	247	247	-
Materials and supplies	31,139	38,456	38,456	-
Capital outlay	3,746	3,024	3,024	-
Other	17,831	12,465	12,465	-
Total central services	<u>4,805,095</u>	<u>5,866,846</u>	<u>5,866,846</u>	<u>-</u>
Student transportation services				
Salaries	3,045,412	2,800,962	2,800,962	-
Employee benefits	1,479,653	1,466,817	1,466,817	-
Purchased services	490,330	528,160	528,160	-
Energy services	874,834	612,385	612,385	-
Materials and supplies	334,140	373,980	373,980	-
Capital outlay	14,843	10,107	10,107	-
Other	77,654	102,831	102,831	-
Total student transportation services	<u>6,316,866</u>	<u>5,895,242</u>	<u>5,895,242</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operation of plant				
Salaries	\$ 4,110,748	\$ 4,181,432	\$ 4,181,432	\$ -
Employee benefits	2,324,798	2,310,806	2,310,806	-
Purchased services	2,123,155	2,358,946	2,358,946	-
Energy services	4,685,229	4,738,457	4,738,457	-
Materials and supplies	255,360	151,401	151,401	-
Other	19,789	13,610	13,610	-
Total operation of plant	<u>13,519,079</u>	<u>13,754,652</u>	<u>13,754,652</u>	<u>-</u>
Maintenance of plant				
Salaries	2,828,911	2,601,177	2,601,177	-
Employee benefits	1,129,199	1,025,320	1,025,320	-
Purchased services	77,615	71,642	71,642	-
Materials and supplies	191,341	170,187	170,187	-
Capital outlay	573	530	530	-
Other	977	330	330	-
Total maintenance of plant	<u>4,228,616</u>	<u>3,869,186</u>	<u>3,869,186</u>	<u>-</u>
Administrative technology services				
Salaries	473,251	474,881	474,881	-
Employee benefits	135,044	135,708	135,708	-
Total administrative technology services	<u>608,295</u>	<u>610,589</u>	<u>610,589</u>	<u>-</u>
Community services				
Salaries	1,648,563	1,660,180	1,660,180	-
Employee benefits	394,953	404,630	404,630	-
Purchased services	110,893	127,987	127,987	-
Materials and supplies	233,910	241,329	241,329	-
Capital outlay	48,725	27,442	27,442	-
Other	258,383	302,111	302,111	-
Total community services	<u>2,695,427</u>	<u>2,763,679</u>	<u>2,763,679</u>	<u>-</u>
Total current operating	<u>149,627,695</u>	<u>147,471,602</u>	<u>147,471,602</u>	<u>-</u>
Capital outlay:				
Other capital outlay	-	76,899	76,899	-
Total expenditures	<u>149,627,695</u>	<u>147,548,501</u>	<u>147,548,501</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(7,038,673)</u>	<u>(3,362,559)</u>	<u>(3,362,559)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	6,259,580	6,065,779	6,065,779	-
Transfers out	(87,911)	(91,871)	(91,871)	-
Total other financing sources (uses)	<u>6,171,669</u>	<u>5,973,908</u>	<u>5,973,908</u>	<u>-</u>
Net change in fund balances	<u>(867,004)</u>	<u>2,611,349</u>	<u>2,611,349</u>	<u>-</u>
Fund balances - beginning	<u>8,239,547</u>	<u>8,239,547</u>	<u>8,239,547</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,372,543</u>	<u>\$ 10,850,896</u>	<u>\$ 10,850,896</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 Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Food Service Fund
For the Fiscal Year Ended June 30, 2015

	Food Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Federal through state and local	\$ 5,307,060	\$ 6,063,754	\$ 6,063,754	\$ -
State	65,000	88,324	88,324	-
Local				
Charges for services - food services	3,118,350	2,125,725	2,125,725	-
Miscellaneous	6,000	5,950	5,950	-
Total revenues	<u>8,496,410</u>	<u>8,283,753</u>	<u>8,283,753</u>	<u>-</u>
Expenditures				
Current:				
Food services				
Salaries	2,202,738	2,308,232	2,308,232	-
Employee benefits	802,906	888,523	888,523	-
Purchased services	157,363	220,701	220,701	-
Energy services	28,918	22,039	22,039	-
Materials and supplies	4,037,599	3,778,678	3,778,678	-
Capital outlay	428,151	114,761	114,761	-
Other	1,046,671	546,541	546,541	-
Total food services	<u>8,704,346</u>	<u>7,879,475</u>	<u>7,879,475</u>	<u>-</u>
Capital outlay				
Other capital outlay	-	452,564	452,564	-
Total capital outlay	<u>-</u>	<u>452,564</u>	<u>452,564</u>	<u>-</u>
Total expenditures	<u>8,704,346</u>	<u>8,332,039</u>	<u>8,332,039</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,936)</u>	<u>(48,286)</u>	<u>(48,286)</u>	<u>-</u>
Other financing sources				
Transfers in	42,129	34,399	34,399	-
Total other financing sources	<u>42,129</u>	<u>34,399</u>	<u>34,399</u>	<u>-</u>
Net change in fund balance	<u>(165,807)</u>	<u>(13,887)</u>	<u>(13,887)</u>	<u>-</u>
Fund balance - beginning	<u>3,884,976</u>	<u>3,634,374</u>	<u>3,634,374</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,719,169</u>	<u>\$ 3,620,487</u>	<u>\$ 3,620,487</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 - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2015

	Other Federal Programs Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal direct	\$ -	\$ 1,747,494	\$ 1,747,494	\$ -
Federal through state and local	9,821,263	9,674,942	9,674,942	-
Total revenues	<u>9,821,263</u>	<u>11,422,436</u>	<u>11,422,436</u>	<u>-</u>
Expenditures				
Current:				
Instructional services				
Salaries	2,358,015	1,911,651	1,911,651	-
Employee benefits	701,600	797,749	797,749	-
Purchased services	305,714	563,390	563,390	-
Materials and supplies	357,796	577,155	577,155	-
Capital outlay	50,522	414,042	414,042	-
Other	33,000	75,242	75,242	-
Total instructional services	<u>3,806,647</u>	<u>4,339,229</u>	<u>4,339,229</u>	<u>-</u>
Student personnel services				
Salaries	1,958,993	2,042,479	2,042,479	-
Employee benefits	557,499	702,389	702,389	-
Purchased services	260,441	108,134	108,134	-
Materials and supplies	6,201	73,937	73,937	-
Capital outlay	604	-	-	-
Other	-	150	150	-
Total student personnel services	<u>2,783,738</u>	<u>2,927,089</u>	<u>2,927,089</u>	<u>-</u>
Instructional media services				
Salaries	10,659	-	-	-
Employee benefits	7,184	-	-	-
Other	-	-	-	-
Total instructional media services	<u>17,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instruction and curriculum development services				
Salaries	494,966	1,125,548	1,125,548	-
Employee benefits	247,313	334,334	334,334	-
Purchased services	89,367	81,799	81,799	-
Materials and supplies	10,500	30,826	30,826	-
Capital outlay	-	3,104	3,104	-
Other	2,583	2,388	2,388	-
Total instruction and curriculum development services	<u>844,729</u>	<u>1,577,999</u>	<u>1,577,999</u>	<u>-</u>
Instructional staff training services				
Salaries	1,171,700	1,288,890	1,288,890	-
Employee benefits	323,784	382,774	382,774	-
Purchased services	89,844	220,418	220,418	-
Materials and supplies	107,800	40,685	40,685	-
Other	13,600	10,475	10,475	-
Total instructional staff training services	<u>1,706,728</u>	<u>1,943,242</u>	<u>1,943,242</u>	<u>-</u>
General Administration				
Other	\$ 639,228	\$ 521,744	\$ 521,744	\$ -
Total general administration	<u>639,228</u>	<u>521,744</u>	<u>521,744</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, 2015

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Facilities acquisition and construction				
Capital outlay	8,000	-	-	-
Total facilities acquisition and construction	8,000	-	-	-
Food services				
Other	-	488	488	-
Total food services	-	488	488	-
Student transportation services				
Purchased services	10,000	21,357	21,357	-
Energy services	2,250	1,224	1,224	-
Materials and supplies	100	-	-	-
Capital outlay	-	4,924	4,924	-
Total student transportation services	12,350	27,505	27,505	-
Operation of plant				
Purchased services	2,000	40,328	40,328	-
Energy services	-	13	13	-
Materials and supplies	-	6,245	6,245	-
Total operation of plant	2,000	46,586	46,586	-
Community services				
Materials and supplies	-	3,263	3,263	-
Total community services	-	3,263	3,263	-
Capital outlay				
Other capital outlay	-	35,291	35,291	-
Total capital outlay	-	35,291	35,291	-
Total expenditures	9,821,263	11,422,436	11,422,436	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust Fund	Private - Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 50,000	\$ 167,954	\$ 1,896,477
Investments			
Mutual funds	5,847,309	-	-
Money market funds	19,362	-	-
Employer contributions receivable	1,200,000	-	2,714
Inventory	-	-	49,507
Total assets	\$ 7,116,671	\$ 167,954	\$ 1,948,698
Liabilities			
Due to student organizations	\$ -	\$ -	\$ 1,921,200
Accounts payable	-	-	27,498
Total liabilities	-	-	\$ 1,948,698
Net position			
Held in trust for pension benefits	7,116,671	-	
Held in trust for scholarships	-	167,954	
Net position	\$ 7,116,671	\$ 167,954	

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, 2015

	Pension Trust Fund	Private - Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 1,200,000	\$ -
Gifts, grants and bequests	-	80,000
Investment Earnings and Losses:		
Interest and dividends	154,125	-
Gain on sale of investments	67,209	-
Net decrease in the fair value of investments	(23,998)	-
Investment expenses	(26,469)	-
Total additions	<u>1,370,867</u>	<u>80,000</u>
DEDUCTIONS		
Benefit payments	628,886	-
Scholarships	-	4,500
Administrative expenses	13,750	-
Total deductions	<u>642,636</u>	<u>4,500</u>
Change in net position	728,231	75,500
Net Position - beginning	<u>6,388,440</u>	<u>92,454</u>
Net Position - ending	<u>\$ 7,116,671</u>	<u>\$ 167,954</u>

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



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District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2015

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

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

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

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

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

1. Government-wide Financial Statements

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

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

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

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

2. Fund Financial Statements

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

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2015

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

The District reports the following major governmental funds:

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

Additionally, the District reports the following fiduciary fund types:

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

Noncurrent Governmental Assets/Liabilities

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

C. Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

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

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

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

2. Governmental Fund Financial Statements

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

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

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

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

3. Fiduciary Fund Financial Statements

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

4. Component Unit

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

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

1. Deposits and Investments

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The District considers cash as those accounts used as demand deposit accounts and considers cash equivalents as those amounts on deposit in money market funds and amounts placed in the State Board of Administration's (SBA) Florida Local Government Surplus Funds Trust Fund ("Florida PRIME"), except that money market funds in the Pension Trust Fund are not classified as cash equivalents. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7 like external investment pool, as of June 30, 2015, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

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

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

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

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

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

companies (money market mutual funds), intergovernmental investment pools, and corporate obligations in the FDIC's Temporary Liquidity Guarantee Program.

Investments made locally for the ERP and the Certificates of Participation, Series 2005A, and 2014A are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

2. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Warehouse inventories are stated at weighted average unit cost. Food service inventories are stated at the last invoice cost, which approximates the first-in, first-out basis, except that United States Department of Agriculture surplus donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when consumed on government-wide financial statements and as expenditures when purchased on fund financial statements. However, inventory and prepaid balances are offset on the balance sheet by nonspendable fund balance accounts to indicate that they do not constitute available expendable resources, even though they are components of current assets.

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

3. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Buildings and fixed equipment totaling \$24,106,121 acquired or constructed prior to the 1979-80 fiscal year are stated at estimated historical cost using FDOE average square foot construction costs for the year of acquisition or construction.

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2015

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

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

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

4. Deferred outflows/inflows of resources

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

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

5. Compensated Absences

The District accrues accumulated unpaid vacation and sick leave when earned by the employee. The District's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service and governed by applicable labor contracts and sick leave with pay per each month of employment. Employees will be paid in one lump sum for accrued annual (vacation) leave as of last day of employment not to exceed the 60 day maximum allowable balance. A maximum of 500 hours of annual leave may be accrued by employees, except those with balances exceeding 500 as of June 30, 1988, which will be the balance accrued as of June 30, 1988. Through June 30, 2015, 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 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 position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

7. Pensions

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

E. Revenue Sources

1. State Revenue Sources

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

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

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for

and receiving an encumbrance authorization from the FDOE. A schedule of revenues from State sources for the current year is presented in a subsequent note.

2. District Property Taxes

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

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

The Board adopted the 2014 tax levy on September 8, 2014. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

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

3. Federal Revenue Sources

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

4. Educational Impact Fees

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

NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Accounting Changes

Governmental Accounting Standards Board (GASB) Statement No. 68. The District participates in the FRS defined benefit pension plan and the HIS defined benefit plan administered by Florida Division of Retirement. As a participating employer, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers’ proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. In addition, the District has an ERP which also requires the District to report the net pension liability and related amounts of this defined benefit plan. The beginning net position of the District was decreased by \$65.4 million due to the adoption of this Statement and is adjusted as follows:

	<u>Governmental Activities</u>
Net Position, previously reported	\$ 279,698,986
Adjustment for FRS	\$ (36,948,673)
Adjustment for HIS	(27,924,160)
Adjustment for ERP	<u>(568,009)</u>
Total pension related adjustment	(65,440,842)
Net position, restated	<u><u>\$ 214,258,144</u></u>

B. Budgetary Basis of Accounting

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

1. Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and 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, student 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.

District School Board of Martin County, Florida
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NOTE III - PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2014 tax roll for the 2014-15 fiscal year:

<u>TAX ROLL</u>	<u>MILLAGES</u>	<u>TAXES LEVIED</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.890	\$ 92,733,585
Basic Discretionary Local Effort	0.748	14,185,015
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.500	28,445,885
Total	7.138	\$ 135,364,485

NOTE IV – INVESTMENTS

As of June 30, 2015, the District had the following investments and maturities:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration:		
Florida PRIME ⁽¹⁾	34 Day Average	\$ 546,181
Debt Service Accounts	6 Months	201,089
PFM Asset Management LLC		
PFM Funds Prime Series Institutional Class Shares Fund ⁽¹⁾	37 Day Average	10,562,928
PFM Funds Government Series Fund ⁽¹⁾	35 Day Average	10,530,081
Wells Fargo Advantage Government Money Market Fund ⁽¹⁾	21 Day Average	10,503,918
Florida Education Investment Trust Fund	32 Day Average	10,022,924
Wells Fargo Heritage Money Market Fund ⁽¹⁾⁽²⁾	21 Day Average	2,418,549
First American Government Obligation Fund	46 Day Average	19,362
Mutual Funds - Equity	N/A	4,097,708
Mutual Funds - Fixed Income	N/A	1,749,601
Total Investments, Primary Government		\$ 50,652,341

Notes:

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

(2) Includes \$415,035, classified as cash and cash equivalents, held under a trust agreement with the Certificates of Participation, Series 2014A, financing arrangements. See Note VII B.

District School Board of Martin County, Florida
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A reconciliation of cash and investments as shown on the Statement of Net Position and fiduciary funds for the primary government follows:

		<u>Statement of Net Position</u>
Fair Value of Investments		\$ 50,652,341
Cash in Bank		<u>8,567,662</u>
Total		<u>\$ 59,220,003</u>
Cash and Cash Equivalents - Statement of Net Position	\$ 51,037,812	
Cash and Cash Equivalents - Fiduciary Funds	<u>2,114,431</u>	
Total Cash and Cash Equivalents		53,152,243
Investments - Statement of Net Position	201,089	
Investments - Pension Trust Fund	<u>5,866,671</u>	
Total Investments		<u>6,067,760</u>
Total		<u>\$ 59,220,003</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, 2015, the investment portfolio had a weighted average maturity of .09 years.

Credit Risk

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

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

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

- The Florida Local Government Surplus Funds Trust Fund (“Florida PRIME”) shall be rated “AAAM” or “AAAM-G” or better by Standards & Poor’s or the equivalent by another rating agency.
- Commercial paper of any United States company that is rated, at the time of purchase, “Prime-1” by Moody’s Investors Service and “A-1” by Standard & Poor’s (prime commercial paper).

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- 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 or purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's and "A-1" Standard & Poor's.
- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-1" by Moody's and "SP-1" by Standard & Poor's for short-term debt.
- Registered investment companies (money market mutual funds) shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.
- Intergovernmental investment pools shall be rated "AAAm" by Standard & Poor's or the equivalent rating agency.

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

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

As of June 30, 2015, the District's money market funds were individually rated AAAM by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State as defined in 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's investments in obligations of the United States Government agencies and instrumentalities and corporate debt securities are held by the safekeeping agent, in the name of the District. As of June 30, 2015, the District's investment portfolios were held with a third-party custodian as required by the District's investment policy.

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

Concentration of Credit Risk

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

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

NOTE V – DUE FROM OTHER GOVERNMENTAL AGENCIES

At June 30, 2015, the District has a total of \$4,584,420 due from other agencies as follows:

- Special Revenue – Food Service - \$42,501
\$42,501 is due from the State and local agencies for various programs

- Special Revenue – Other Federal Programs - \$4,085,189
\$4,085,189 is due from the Federal government for various grants and programs

- Local Capital Improvement – Capital Project Fund - \$417,978
\$417,978 is due from Federal Emergency Management Agency

- Nonmajor Governmental Funds - \$38,752
\$38,752 is due from the State for capital outlay debt servicing

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NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

Government Activities	Balance 7/1/2014	Adjustments⁽¹⁾	Additions	Deletions	Balance 6/30/2015
Capital Assets Not being Depreciated:					
Land	\$ 10,354,648	\$ -	\$ -	\$ -	\$ 10,354,648
Construction in Progress	235,848	-	1,616,777	67,937	1,784,688
Sub total	10,590,496	-	1,616,777	67,937	12,139,336
Capital Assets being Depreciated:					
Improvements Other than Buildings	23,025,415	-	394,504	-	23,419,919
Buildings and Fixed Equipment	445,753,966	-	2,501,247	-	448,255,213
Furniture, Fixtures, and Equipment	25,829,558	-	1,355,018	797,997	26,386,579
Motor Vehicles	10,753,355	-	2,103,565	430,393	12,426,527
Property Under Capital Lease	1,239,801	-	195,392	315,699	1,119,494
Audio Visual Materials and Software	5,084,106	-	320,678	346,618	5,058,166
Sub total	511,686,201	-	6,870,404	1,890,707	516,665,898
Less Accumulated Depreciation for:					
Improvements Other than Buildings	11,077,781	-	809,268	-	11,887,049
Buildings and Fixed Equipment	109,468,721	-	8,775,439	-	118,244,160
Furniture, Fixtures, and Equipment	19,480,558	(624,433)	3,272,514	601,849	21,526,790
Motor Vehicles	7,547,505	(20,976)	805,995	309,853	8,022,671
Property Under Capital Lease	948,813	-	193,095	245,543	896,365
Audio Visual Materials and Software	4,678,383	(8,394)	25,610	112,310	4,583,289
Total Accumulated Depreciation	153,201,761	(653,803)	13,881,921	1,269,555	165,160,324
Depreciated Capital Assets - Net	358,484,440	653,803	(7,011,517)	621,152	351,505,574
Government Activities Funds Net	\$ 369,074,936	\$ 653,803	\$ (5,394,740)	\$ 689,089	\$ 363,644,910

(1) Accumulated depreciation includes adjustments that result in a net \$653,803 decrease to correct errors in the depreciation schedule.

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	\$ 259,640
Student Personnel	21,209
Facilities Services	12,339,364
Food Services	1,236,126
Community Services	25,582
Total Depreciation Expense	\$ 13,881,921

NOTE VII – LONG-TERM OBLIGATIONS

A. OBLIGATIONS UNDER CAPITAL LEASE

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

	Asset Balance
Copy Machines	<u>\$1,119,494</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
2016	\$ 91,604	\$ 86,015	\$ 5,589
2017	42,655	39,031	3,624
2018	42,654	40,419	2,235
2019	42,654	41,856	798
Total	<u>\$ 219,567</u>	<u>\$ 207,321</u>	<u>\$ 12,246</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. The financing was accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District.

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

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

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

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

Certificates of Participation

Fiscal Year	Principal	Interest	Total
2016	\$ 1,310,000	\$ 1,348,930	\$ 2,658,930
2017	1,255,000	1,297,630	2,552,630
2018	1,305,000	1,239,905	2,544,905
2019	1,375,000	1,172,905	2,547,905
2020	1,440,000	1,102,530	2,542,530
2021-2025	8,355,000	4,328,790	12,683,790
2026-2030	10,495,000	2,192,302	12,687,302
2031-2032	4,795,000	242,624	5,037,624
Total minimum lease payments	30,330,000	12,925,616	43,255,616
Plus: unamortized premium	3,233,419	-	3,233,419
Total Certificates of participation	\$ 33,563,419	\$ 12,925,616	\$ 46,489,035

C. BONDS PAYABLE

Bonds payable at June 30, 2015, are as follows:

Bond Type	Interest Rate	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2006A	4.469% - 4.628%	2026	2,230,000
Series 2008A	4.25% - 5.00%	2028	770,000
Series 2009A	5.00%	2019	110,000
Series 2010A	4.00% - 5.00%	2022	930,000
Series 2011A	3.00% - 5.00%	2023	1,290,000
Series 2014A	2.00% - 5.00%	2024	1,623,000
Series 2014B	2.00% - 5.00%	2020	1,378,000
Total Bonds Payable			\$ 8,331,000

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

State School Bonds

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2015, are as follows:

Fiscal Year	Bonds Payable		
	Principal	Interest	Total
2016	\$ 949,000	\$ 394,029	\$ 1,343,029
2017	1,007,000	344,984	1,351,984
2018	1,056,000	297,081	1,353,081
2019	735,000	245,406	980,406
2020	766,000	210,988	976,988
2021-2025	3,273,000	524,275	3,797,275
2026-2028	545,000	38,062	583,062
Total	\$ 8,331,000	\$ 2,054,825	\$ 10,385,825

D. CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015	Due in One Year
Certificates of Participation	\$ 33,145,000	\$ 29,020,000	\$ 31,835,000	\$ 30,330,000	\$ 1,310,000
Unamortized Premiums	-	3,233,419	-	3,233,419	190,201
Total Certificates of Participation Payable	33,145,000	32,253,419	31,835,000	33,563,419	1,500,201
Obligations Under Capital Lease	266,233	195,392	254,304	207,321	86,015
Bonds Payable	9,414,000	1,378,000	2,461,000	8,331,000	949,000
Compensated Absences Payable	13,485,247	1,331,281	2,455,052	12,361,476	2,455,052
Other Postemployment Benefits Obligation	70,373,528	14,441,051	3,571,692	81,242,887	-
Net Pension Liability ^(A)	72,346,121	2,870,157	27,316,970	47,899,308	1,623,637
Total Governmental Activities	\$ 199,030,129	\$ 52,469,300	\$ 67,894,018	\$ 183,605,411	\$ 6,613,905

(A) The beginning balance resulted from the implementation of GASB Statement No. 68.

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

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E. DEBT REFUNDING

On December 2, 2014, the FDOE issued SBE Capital Outlay Refunding Bonds, Series 2014B, with an average interest rate of 4.8 percent, to refund, in part the State Board of Education Capital Outlay Bonds, Series 2005B, maturing in the years 2016 through 2020.

The District’s portion of Series 2014B bonds, totaling \$1,378,000, were used to refund, on a current basis, the \$1,485,000 principal amount of the District’s Capital Outlay Bonds, 2005B, that mature on or after January 1, 2016. The District’s pro rata share of the net proceeds of the Series 2014B bonds was \$1,506,714 (including a premium at issuance of \$131,078 and after deduction of \$2,365 by the Florida Department of Education for the District’s pro rata share of underwriting fees, insurance, and other issuance cost). The Series 2005B Bonds refunding resulted in a reduction for the District in total debt service of \$150,055 over the next 5 years and an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$149,358.

On October 8, 2014, the District issued Certificate of Participation Refunding, Series 2014A, with an average interest rate of 4.47 percent, to refund, in part the Certificate of Participation, Series 2005A, maturing in the years 2015 through 2031.

The Series 2014A Certificates of Participation, totaling \$29,020,000, were used to advance-refund the \$30,570,000 principal amount of the Series, 2005A, that mature after July 1, 2015. The District’s net proceeds of the Series 2014A was \$31,937,755 (including a premium at issuance of \$3,233,419 and after deduction of \$315,664 of underwriting fees, insurance, and other issuance cost). The Series 2005A refunding resulted in a reduction for the District in total debt service of \$3,064,715 over the next 17 years and an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$2,454,937.

NOTE VIII – CHANGES IN SHORT-TERM DEBT

The following is a schedule of changes in short-term debt:

GOVERNMENTAL ACTIVITIES	Beginning Balance 7/1/2014	Additions	Deletions	Ending Balance 6/30/2015
Tax Anticipation Note	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -

On August 21, 2014, the District issued Tax Anticipation Note (TAN), Series 2014 for \$8 million. Note proceeds were used to pay fiscal year 2015 District operating expenditures prior to the receipt of ad valorem taxes. The note was repaid in January 2015.

NOTE IX - INTERFUND TRANSFERS AND ACTIVITIES

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 6,065,779	\$ 91,871
Special Revenue:		
Food Service	34,399	-
Capital Projects:		
Local Capital Improvement Tax	-	8,574,990
Nonmajor Governmental Funds	2,566,683	-
Total	\$ 8,666,861	\$ 8,666,861

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

Due to/from other funds consisted of the following balances at June 30, 2015:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Special Revenue:		
Other Federal Programs	\$ -	\$ 3,502,962
Capital Projects:		
Local Capital Improvement Tax	3,539,408	-
Nonmajor Governmental Funds	-	36,446
Total Interfund	\$ 3,539,408	\$ 3,539,408

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

NOTE X – EMPLOYEE BENEFITS

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

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

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

The District's pension expense totaled \$3.4 million for the fiscal year ended June 30, 2015.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 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 the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

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Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00	7.37
FRS, Elected County Officers	3.00	43.24
FRS, Senior Management Service	3.00	21.14
DROP – applicable to all members of the above classes	-	12.28
FRS, Reemployed Retiree	(2)	(2)

Notes:

(1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

The District’s contributions to the Plan totaled \$5,815,067 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the District reported a liability of \$15,026,044 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District’s proportionate share of the net pension liability was based on the District’s 2013-14 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District’s proportionate share was 0.246269244 percent, which was a decrease of 0.000295579 from its proportionate share measured as of June 30, 2013.

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For the fiscal year ended June 30, 2015, the District recognized pension expense of \$1,428,100 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 929,857
Change of assumptions	2,602,261	
Net difference between projected and actual earnings on FRS pension plan investments	-	25,065,939
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	42,806	-
District FRS contributions subsequent to the measurement date	5,815,067	-
Total	<u>\$ 8,460,134</u>	<u>\$ 25,995,796</u>

The deferred outflows of resources related to pensions, totaling \$5,815,067, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ (5,942,860)
2017	(5,942,860)
2018	(5,942,860)
2019	(5,942,860)
2020	323,625
Thereafter	97,086
Total	<u>\$ (23,350,729)</u>

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

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

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.60%		2.00%

Note:

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

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

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

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 64,268,392	\$ 15,026,044	\$ (25,934,191)

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

Payables to the Pension Plan. At June 30, 2015, the District reported a payable of \$1.4 million for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2015.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its

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statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$1,199,840 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the District reported a net pension liability of \$30,322,698 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was 0.324298459 percent, which was a decrease of 0.009196224 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$1,994,430, related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 1,079,002	\$ -
Net difference between projected and actual earnings on FRS pension plan investments	14,556	-
Changes in proportion and differences between District FRS contributions and proportionate share of contributions		689,450
District FRS contributions subsequent to the measurement date	1,199,840	-
Total	\$ 2,293,398	\$ 689,450

The deferred outflows of resources related to pensions, totaling \$1,199,840, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

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

Fiscal Year Ending June 30	Amount
2016	\$ 66,470
2017	66,470
2018	66,470
2019	66,470
2020	62,831
Thereafter	75,397
Total	\$ 404,108

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	4.29 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 4.29 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.29 percent) or 1-percentage-point higher (5.29 percent) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
District's proportionate share of the net pension liability	\$ 34,489,613	\$ 30,322,698	\$ 26,844,515

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

Payables to the Pension Plan. At June 30, 2015, the District reported a payable of \$0.2 million for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2015.

B. FRS – Defined Contribution Pension Plan

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

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

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Allocations to the investment member's accounts during the 2014-15 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

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

Payables to the Pension Plan. At June 30, 2015, the District reported a payable of \$0.2 million for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2015.

C. EARLY RETIREMENT PLAN

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

Benefits Provided.

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

Employees Covered by Benefit Terms.

As of June 30, 2015, employee membership data related to the Plan were as follows:

Summary of Population Statistics

Inactive ERP Members or Beneficiaries Currently Receiving Benefits	76
Inactive ERP Members Entitled to But Not Yet Received Benefits	-
Active ERP Members	-
	-
Total ERP Members	76

The ERP is closed to new entrants.

Contributions.

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

Contributions to the ERP in the 2014-15 fiscal year totaled \$1,200,000, all of which were paid by the Board, and were in excess of the actuarially determined contribution requirements based on an actuarial evaluation performed at July 1, 2014.

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

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

Investments.

Investment Policy

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

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.04 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability.

The District’s net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the ERP at June 30, 2015, were as follows:

Total Pension Liability	\$	8,939,006
Plan Fiduciary Net Position*		(6,388,440)
Net Pension Liability	\$	<u>2,550,566</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

*ERP net position of \$6,388,440 was used based on an actuarial estimate at the date of the valuation of July 1, 2014. The actual ERP net position at June 30, 2015, is \$7,116,671.

Actuarial Assumptions.

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

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

Mortality rates were based on RP2000 Mortality Tables - Sex Distinct, 100% White Collar Annuitant rates are used for female participants; a blend of 50% White Collar Annuitant rates with 50% Blue Collar Annuitant rates are used for male participants. Mortality improvements for all members are generationally projected using Scale BB.

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

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

The long-term real expected rate of return of the Plan is 5.5 percent. The geometric real rates of return for each major asset class included in the ERP target allocation as of June 30, 2015 are summarized in the following table:

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

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	5.20%
International Equity	5.20%
Emerging Markets Equity	5.70%
Core Fixed Income	3.00%
Investment Grade Corporate	3.80%
High Yield	4.30%
Bank Loans	2.70%
Emerging Markets Debt	4.80%

Discount Rate.

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

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Changes in the Net Pension Liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2014	\$ 6,802,673	\$ 5,834,664	\$ 968,009
Changes for the year:			
Interest	519,582	-	519,582
Differences between expected and actual experience	26,355	-	26,355
Assumption changes	2,206,198	-	2,206,198
Contributions - employer	-	400,000	(400,000)
Net investment income	-	776,328	(776,328)
Benefit payments, including refunds of employee contributions	(615,802)	(615,802)	-
Administrative expense	-	(6,750)	6,750
Net changes	<u>2,136,333</u>	<u>553,776</u>	<u>1,582,557</u>
Balances at June 30, 2015	<u>\$ 8,939,006</u>	<u>\$ 6,388,440</u>	<u>\$ 2,550,566</u>

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

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

	1% Decrease 4.5%	Current Discount Rate 5.5 %	1% Increase 6.5%
Net Pension Liability	<u>\$ 3,484,601</u>	<u>\$ 2,550,566</u>	<u>\$ 1,756,284</u>

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

For the year ended June 30, 2015, the District recognized pension expense of \$2,237,324. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to the ERP from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 1,200,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	254,764
Total	\$ 1,200,000	\$ 254,764

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ (63,691)
2017	(63,691)
2018	(63,691)
2019	(63,691)
Total	\$ (254,764)

Payables to the Pension Plan.

At June 30, 2015, the District reported a payable of \$1,200,000 for the outstanding amounts of contributions to the pension plan required for the fiscal year ended June 30, 2015.

D. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, the District must offer similar health care benefits for retired employees as it does to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees for health, dental, vision, and life insurance benefits. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance

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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.

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 2014-15 fiscal year, 844 retirees received postemployment benefits. The District provided required contributions of \$3,571,692 toward the annual OPEB cost, comprised of premium payments made on behalf of retirees net of retiree contributions totaling \$1,917,206, which represents 2.2 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.

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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)	\$ 6,560,600
Amortization of Unfunded Actuarial Accrued Liability	<u>8,166,636</u>
Annual Required Contribution	14,727,236
Interest on Net OPEB Obligation	2,646,045
Adjustment to Annual Required Contribution	<u>(2,932,230)</u>
Annual OPEB Cost (Expense)	14,441,051
Contribution Toward the OPEB Cost	<u>(3,571,692)</u>
Increase in Net OPEB Obligation	10,869,359
Net OPEB Obligation, Beginning of Year	<u>70,373,528</u>
Net OPEB Obligation, End of Year	<u><u>\$81,242,887</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, 2015, and the two preceding fiscal years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012-13	\$ 14,469,519	22.10%	\$ 60,056,114
2013-14	13,806,600	25.30%	70,373,528
2014-15	14,441,051	24.73%	81,242,887

Funded Status and Funding Progress. As of January 1, 2014, the most recent valuation, the actuarial accrued liability for benefits was \$182,051,596, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$182,051,596 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$88,607,685, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 205.46 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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2015

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, 2014, used the entry age normal cost actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2014, and to estimate the 2014-15 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.76 percent rate of return on invested assets, which is the District’s expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, an annual healthcare cost trend rate of 0 percent initially for the 2013-14 fiscal year, 8 percent for costs and premiums for the year beginning July 1, 2015 and decreasing by 0.05 percent per year, to an ultimate rate of 5.0 percent in 2021, 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 over a 30-year period. The remaining amortization period at June 30, 2015, was 23 years.

NOTE XI – OTHER INFORMATION

A. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue sources for the 2014-15 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Program (Class Size Reduction)	\$ 20,764,231
Florida Education Finance Program	9,420,263
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,634,232
Workforce Development Program	1,287,120
School Recognition	1,088,750
Voluntary Prekindergarten	741,099
Gross Receipts Tax (Public Education Capital Outlay)	480,018
Adults with Disabilities	196,942
Discretionary Lottery	68,306
Miscellaneous	474,594
Total	<u>\$ 36,155,555</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 deductible for all other wind events is \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000 time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. SCERMP's purchased excess property loss limit during the 2014-15 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2014-15 fiscal year was \$1 million. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insured retention. Employers' liability is included subject to \$2,000,000 per occurrence.

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

As a result of recording a liability for specific reserves for claims incurred, but not reported, the property and casualty group has ending retained earnings of \$8,599,718. The District's portion of the retained earnings is calculated at 14.53 percent of the total or \$1,249,564.

During the 2014-15 fiscal year, the Board provided health and prescription insurance through purchased commercial insurance. Dental and vision coverage were also provided through purchased commercial insurance under a separate agreement.

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

C. SIGNIFICANT COMMITMENTS

Encumbrances

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

The following is a schedule of encumbrances at June 30, 2015:

Major Funds					
General	Special Revenue - Food Service	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 214,301	\$ 335,947	\$ 139,567	\$ 7,969,162	\$ -	\$ 8,658,977

D. FUND BALANCE REPORTING

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

Nonspendable

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

Restricted

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

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2015

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, 2015.

Assigned

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

Unassigned

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

The following is a schedule of fund balances by category at June 30, 2015:

	Major Funds					Total Governmental Funds
	General	Special Revenue - Food Service	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement Tax	Nonmajor Governmental Funds	
Fund Balances						
Nonspendable:						
Inventories	\$ 410,955	\$ 207,199	\$ -	\$ -	\$ -	\$ 618,154
Prepaid Items	51,174	-	-	-	-	51,174
Spendable:						
Restricted:						
State Req. Carryover	4,288,488	-	-	-	-	4,288,488
Food Service	-	3,413,288	-	-	-	3,413,288
Debt Service	-	-	-	-	383,298	383,298
Capital Projects	-	-	-	24,997,558	4,692,054	29,689,612
Tourism Awareness Trust	-	-	-	-	63,042	63,042
Assigned for purchase obligations	214,301	-	-	-	-	214,301
Unassigned	5,885,978	-	-	-	-	5,885,978
Total Fund Balances	<u>\$ 10,850,896</u>	<u>\$ 3,620,487</u>	<u>\$ -</u>	<u>\$ 24,997,558</u>	<u>\$ 5,138,394</u>	<u>\$ 44,607,335</u>

Minimum Fund Balance Policy

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



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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
January 1, 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%
January 1, 2014	-	182,051,596	182,051,596	0%	88,607,685	205.46%

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

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 637,322	\$ 393,798	\$ 169,813	\$ 157,234	\$ 35,505
Contributions in relation to the actuarially determined contribution ⁽¹⁾	<u>1,200,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (562,678)</u>	<u>\$ (6,202)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule of Contributions:

Valuation Date: July 1, 2014

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

Methods and Assumptions Used to Determine Contribution Rates:

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

2010	2009	2008	2007	2006
\$ 75,652	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>				
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Other Information:

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

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

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



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

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

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30, 2014, the first year of reporting net pension liability (GASB 68).
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

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

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

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30, 2014, the first year of reporting net pension liability (GASB 68).
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

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

	<u>2014</u>	<u>2013</u>
District's portion of the HIS net pension liability	0.324298459%	0.333494683%
District's proportionate share of the HIS net pension liability	\$ 30,322,698	\$ 29,035,097
District's covered-employee payroll ⁽²⁾	\$ 96,352,260	\$ 96,886,990
District's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.99%	1.78%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30, 2014, the first year of reporting net pension liability (GASB 68).
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

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

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

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30, 2014, the first year of reporting net pension liability (GASB 68).
- (2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.



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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:

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

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

Debt Service Funds

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

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

Debt Service - Loan Fund - To account for and report on loans negotiated under authority of Sections 1011.14 and 1011.15, Florida Statutes.

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 2014A, 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, 2015

	Special Revenue			Debt Service			Total Nonmajor Debt Service Funds
	Federal Economic Stimulus Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	Debt Service - Loan Fund	Debt Service - Other Fund	
Assets							
Cash and cash equivalents	\$ 865	\$ 63,042	\$ 63,907	\$ -	\$ -	\$ 182,209	\$ 182,209
Investments	-	-	-	201,089	-	-	201,089
Accounts receivable	-	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-	-	-
Total assets	\$ 865	\$ 63,042	\$ 63,907	\$ 201,089	\$ -	\$ 182,209	\$ 383,298
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental agencies	865	-	865	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	865	-	865	-	-	-	-
Fund balances:							
Restricted	-	63,042	63,042	201,089	-	182,209	383,298
Total fund balances	-	63,042	63,042	201,089	-	182,209	383,298
Total liabilities and fund balances	\$ 865	\$ 63,042	\$ 63,907	\$ 201,089	\$ -	\$ 182,209	\$ 383,298

Capital Projects				
Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ 328,285	\$ 3,713,508	\$ 4,041,793	\$ 4,287,909
-	-	-	-	201,089
49,894	245,417	404,844	700,155	700,155
-	38,752	-	38,752	38,752
<u>\$ 49,894</u>	<u>\$ 612,454</u>	<u>\$ 4,118,352</u>	<u>\$ 4,780,700</u>	<u>\$ 5,227,905</u>
\$ 13,448	\$ -	\$ -	\$ 13,448	\$ 13,448
-	-	-	-	865
36,446	-	-	36,446	36,446
-	38,752	-	38,752	38,752
<u>49,894</u>	<u>38,752</u>	<u>-</u>	<u>88,646</u>	<u>89,511</u>
-	573,702	4,118,352	4,692,054	5,138,394
-	573,702	4,118,352	4,692,054	5,138,394
<u>\$ 49,894</u>	<u>\$ 612,454</u>	<u>\$ 4,118,352</u>	<u>\$ 4,780,700</u>	<u>\$ 5,227,905</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, 2015

				Debt Service			
	Federal Economic Stimulus Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	State Board of Education Bonds Fund	Debt Service - Loan Fund	Debt Service - Other Fund	Total Nonmajor Debt Service Funds
Revenues							
Federal through state and local	\$ 146,795	\$ -	\$ 146,795	\$ -	\$ -	\$ -	\$ -
State	-	-	-	1,363,486	-	-	1,363,486
Local:							
Impact fees	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	716	716
Total revenues	<u>146,795</u>	<u>-</u>	<u>146,795</u>	<u>1,363,486</u>	<u>-</u>	<u>716</u>	<u>1,364,202</u>
Expenditures							
Current:							
Instruction	-	8,605	8,605	-	-	-	-
Instruction and curriculum development services	123,246	-	123,246	-	-	-	-
Instructional staff training services	21,549	-	21,549	-	-	-	-
Instructional related technology	2,000	-	2,000	-	-	-	-
Facility services	-	-	-	-	-	-	-
Capital outlay:							
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	976,000	-	1,265,000	2,241,000
Interest and fees	-	-	-	370,317	26,334	1,071,600	1,468,251
Paying agent fees	-	-	-	3,024	31,136	310,557	344,717
Total expenditures	<u>146,795</u>	<u>8,605</u>	<u>155,400</u>	<u>1,349,341</u>	<u>57,470</u>	<u>2,647,157</u>	<u>4,053,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(8,605)</u>	<u>(8,605)</u>	<u>14,145</u>	<u>(57,470)</u>	<u>(2,646,441)</u>	<u>(2,689,766)</u>
Other financing sources (uses)							
Refunding bonds issued	-	-	-	1,378,000	-	-	1,378,000
Premium on Refunding Bonds	-	-	-	131,078	-	-	131,078
Refunding Certificates of Participation	-	-	-	-	-	29,020,000	29,020,000
Premium on Certificates of Participation	-	-	-	-	-	3,233,419	3,233,419
Payments to Refunded Escrow Agent	-	-	-	(1,537,651)	-	(31,937,755)	(33,475,406)
Transfers in	-	-	-	-	57,470	2,509,212	2,566,682
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,573)</u>	<u>57,470</u>	<u>2,824,876</u>	<u>2,853,773</u>
Net change in fund balances	<u>-</u>	<u>(8,605)</u>	<u>(8,605)</u>	<u>(14,428)</u>	<u>-</u>	<u>178,435</u>	<u>164,007</u>
Fund balances - beginning	<u>-</u>	<u>71,647</u>	<u>71,647</u>	<u>215,517</u>	<u>-</u>	<u>3,774</u>	<u>219,291</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 63,042</u>	<u>\$ 63,042</u>	<u>\$ 201,089</u>	<u>\$ -</u>	<u>\$ 182,209</u>	<u>\$ 383,298</u>

Capital Projects				
Capital Outlay Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 146,795
480,018	246,317	40,519	766,854	2,130,340
-	-	2,130,501	2,130,501	2,130,501
-	-	(19,522)	(19,522)	(18,806)
<u>480,018</u>	<u>246,317</u>	<u>2,151,498</u>	<u>2,877,833</u>	<u>4,388,830</u>
-	-	-	-	8,605
-	-	-	-	123,246
-	-	-	-	21,549
-	-	-	-	2,000
115,832	-	-	115,832	115,832
364,187	-	145,568	509,755	509,755
-	-	-	-	2,241,000
-	-	-	-	1,468,251
-	900	-	900	345,617
<u>480,019</u>	<u>900</u>	<u>145,568</u>	<u>626,487</u>	<u>4,835,855</u>
(1)	245,417	2,005,930	2,251,346	(447,025)
-	-	-	-	1,378,000
-	-	-	-	131,078
-	-	-	-	29,020,000
-	-	-	-	3,233,419
-	-	-	-	(33,475,406)
1	-	-	1	2,566,683
<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2,853,774</u>
-	245,417	2,005,930	2,251,347	2,406,749
-	328,285	2,112,422	2,440,707	2,731,645
<u>\$ -</u>	<u>\$ 573,702</u>	<u>\$ 4,118,352</u>	<u>\$ 4,692,054</u>	<u>\$ 5,138,394</u>



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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
Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Federal Economic Stimulus Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal through state and local	\$ -	\$ 146,795	\$ 146,795	\$ -
Total revenues	-	146,795	146,795	-
Expenditures				
Current:				
Instruction and curriculum development services				
Salaries	-	31,763	31,763	-
Employee benefits	-	5,172	5,172	-
Purchased services	-	86,125	86,125	-
Materials and supplies	-	186	186	-
Total instruction & curriculum development serv.	-	123,246	123,246	-
Instructional staff training services				
Salaries	-	-	-	-
Employee benefits	-	-	-	-
Purchased services	-	19,680	19,680	-
Materials and supplies	-	1,869	1,869	-
Total instructional staff training services	-	21,549	21,549	-
Instruction Related Technology				
Purchased services	-	2,000	2,000	-
Total instruction related technology	-	2,000	2,000	-
Total expenditures	-	146,795	146,795	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Special Revenue - 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				
Materials and supplies	4,908	8,605	8,605	-
Capital outlay:				
Other capital outlay	4,362	-	-	-
Total expenditures	<u>9,270</u>	<u>8,605</u>	<u>8,605</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,270)</u>	<u>(8,605)</u>	<u>(8,605)</u>	<u>-</u>
Net change in fund balances	(9,270)	(8,605)	(8,605)	-
Fund balance - beginning	<u>71,647</u>	<u>71,647</u>	<u>71,647</u>	<u>-</u>
Fund balance - ending	<u>\$ 62,377</u>	<u>\$ 63,042</u>	<u>\$ 63,042</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, 2015

	Debt Service - State Board of Education Bonds Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 1,424,348	\$ 1,363,486	\$ 1,363,486	\$ -
Total revenues	<u>1,424,348</u>	<u>1,363,486</u>	<u>1,363,486</u>	<u>-</u>
Expenditures				
Debt service:				
Principal	935,000	976,000	976,000	-
Interest and fees	488,540	370,317	370,317	-
Paying agent fees	-	3,024	3,024	-
Total expenditures	<u>1,423,540</u>	<u>1,349,341</u>	<u>1,349,341</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>808</u>	<u>14,145</u>	<u>14,145</u>	<u>-</u>
Other financing sources (uses)				
Refunding bonds issued	-	1,378,000	1,378,000	-
Premium on refunding bonds	-	131,078	131,078	-
Payments to refunded bond escrow agent	-	(1,537,651)	(1,537,651)	-
Total other financing sources (uses)	<u>-</u>	<u>(28,573)</u>	<u>(28,573)</u>	<u>-</u>
Net change in fund balance	<u>808</u>	<u>(14,428)</u>	<u>(14,428)</u>	<u>-</u>
Fund balance - beginning	<u>215,517</u>	<u>215,517</u>	<u>215,517</u>	<u>-</u>
Fund balance - ending	<u>\$ 216,325</u>	<u>\$ 201,089</u>	<u>\$ 201,089</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, 2015

	Debt Service - Loan 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				
Debt service:				
Principal	-	-	-	-
Interest and fees	15,221	26,334	26,334	-
Paying agent fees	30,561	31,136	31,136	-
Total expenditures	<u>45,782</u>	<u>57,470</u>	<u>57,470</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,782)</u>	<u>(57,470)</u>	<u>(57,470)</u>	<u>-</u>
Other financing sources				
Transfers in	45,782	57,470	57,470	-
Total other financing sources	<u>45,782</u>	<u>57,470</u>	<u>57,470</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
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, 2015

	Debt Service - Other Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Local	\$ -	\$ 716	\$ 716	\$ -
Total revenues	<u>-</u>	<u>716</u>	<u>716</u>	<u>-</u>
Expenditures				
Debt service:				
Principal	1,265,000	1,265,000	1,265,000	-
Interest and fees	1,456,223	1,071,600	1,071,600	-
Paying agent fees	-	310,557	310,557	-
Total expenditures	<u>2,721,223</u>	<u>2,647,157</u>	<u>2,647,157</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,721,223)</u>	<u>(2,646,441)</u>	<u>(2,646,441)</u>	<u>-</u>
Other financing sources (uses)				
Refunding Certificates of Participation issued	-	29,020,000	29,020,000	-
Premium on refunding Certificates of Participation	-	3,233,419	3,233,419	-
Payments to refunded escrow agent	-	(31,937,755)	(31,937,755)	-
Transfers in	<u>2,721,223</u>	<u>2,509,212</u>	<u>2,509,212</u>	<u>-</u>
Total other financing sources (uses)	<u>2,721,223</u>	<u>2,824,876</u>	<u>2,824,876</u>	<u>-</u>
Net change in fund balance	-	178,435	178,435	-
Fund balance - beginning	<u>3,774</u>	<u>3,774</u>	<u>3,774</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,774</u>	<u>\$ 182,209</u>	<u>\$ 182,209</u>	<u>\$ -</u>



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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, 2015

Capital Projects - Public Education Capital Outlay Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 529,186	\$ 480,018	\$ 480,018	\$ -
Total revenues	529,186	480,018	480,018	-
Expenditures				
Current:				
Facilities services	115,832	115,832	115,832	-
Capital outlay:				
Facilities acquisition and construction	413,354	364,187	364,187	-
Total expenditures	529,186	480,019	480,019	-
Excess (deficiency) of revenues over (under) expenditures	-	(1)	(1)	-
Net change in fund balance	-	(1)	(1)	-
Other financing sources				
Transfers in	-	1	1	-
Total other financing sources	-	1	1	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Major and Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

Capital Projects - Capital Outlay and Debt Service Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 157,163	\$ 246,317	\$ 246,317	\$ -
Local	25	-		-
Total revenues	<u>157,188</u>	<u>246,317</u>	<u>246,317</u>	<u>-</u>
Expenditures				
Debt service:				
Paying agent fees	-	900	900	-
Total expenditures	<u>-</u>	<u>900</u>	<u>900</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>157,188</u>	<u>245,417</u>	<u>245,417</u>	<u>-</u>
Net change in fund balance	157,188	245,417	245,417	-
Fund balance - beginning	<u>328,285</u>	<u>328,285</u>	<u>328,285</u>	<u>-</u>
Fund balance - ending	<u>\$ 485,473</u>	<u>\$ 573,702</u>	<u>\$ 573,702</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, 2015

Capital Projects - Local Capital Improvement Tax Fund (Major Fund)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local				
Taxes	\$ 27,248,104	\$ 27,406,923	\$ 27,406,923	\$ -
Miscellaneous	4,950	410,423	410,423	-
Total revenues	<u>27,253,054</u>	<u>27,817,346</u>	<u>27,817,346</u>	<u>-</u>
Expenditures				
Current:				
Facilities services	-	8,275,884	8,275,884	-
Capital outlay:				
Facilities acquisition and construction	11,158,000	3,934,836	3,934,836	-
Other capital outlay	-	3,409,899	3,409,899	-
Debt service:				
Principal	-	254,304	254,304	-
Interest and fees	-	12,854	12,854	-
Total expenditures	<u>11,158,000</u>	<u>15,887,777</u>	<u>15,887,777</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,095,054</u>	<u>11,929,569</u>	<u>11,929,569</u>	<u>-</u>
Other financing sources (uses)				
Insurance loss recoveries	-	24,235	24,235	-
Inception of capital lease	-	195,392	195,392	-
Transfers out	(8,980,803)	(8,574,990)	(8,574,990)	-
Total other financing sources (uses)	<u>(8,980,803)</u>	<u>(8,355,363)</u>	<u>(8,355,363)</u>	<u>-</u>
Net change in fund balance	7,114,251	3,574,206	3,574,206	-
Fund balance - beginning	<u>21,423,352</u>	<u>21,423,352</u>	<u>21,423,352</u>	<u>-</u>
Fund balance - ending	<u>\$ 28,537,603</u>	<u>\$ 24,997,558</u>	<u>\$ 24,997,558</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, 2015

Capital Projects - Other Capital Projects Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State	\$ 40,000	\$ 40,519	\$ 40,519	\$ -
Local				
Impact fees	1,500,000	2,130,501	2,130,501	-
Miscellaneous	25	(19,522)	(19,522)	-
Total revenues	<u>1,540,025</u>	<u>2,151,498</u>	<u>2,151,498</u>	<u>-</u>
Expenditures				
Capital outlay:				
Facilities acquisition and construction	150,000	145,568	145,568	-
Total expenditures	<u>150,000</u>	<u>145,568</u>	<u>145,568</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,390,025</u>	<u>2,005,930</u>	<u>2,005,930</u>	<u>-</u>
Net change in fund balance	1,390,025	2,005,930	2,005,930	-
Fund balance - beginning	<u>2,112,422</u>	<u>2,112,422</u>	<u>2,112,422</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,502,447</u>	<u>\$ 4,118,352</u>	<u>\$ 4,118,352</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, 2015

	<u>M.H. Correll Research Trust Fund</u>	<u>T.L. Showalter Scholarship Trust Fund</u>	<u>Nonendowment Scholarship Trust Fund</u>	<u>Dr. Tom Goodman Scholarship Trust Fund</u>	<u>Clara Neuman Scholarship Trust Fund</u>	<u>Cecele S. Gryl Scholarship Trust Fund</u>	<u>J.M. Phillips, Jr. Memorial Trust Fund</u>	<u>Total Private-Purpose Trust Funds</u>
ASSETS								
Cash and Cash Equivalents	\$ 2,249	\$ 1,906	\$ 425	\$ 5,294	\$ 68,622	\$ 80,000	\$ 9,458	\$ 167,954
NET POSITION								
Net Position Held in Trust for Scholarships and Other Purposes	\$ 2,249	\$ 1,906	\$ 425	\$ 5,294	\$ 68,622	\$ 80,000	\$ 9,458	\$ 167,954

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, 2015

	<u>M.H. Correll Research Trust Fund</u>	<u>T.L. Showalter Scholarship Trust Fund</u>	<u>Nonendowment Scholarship Trust Fund</u>	<u>Dr. Tom Goodman Scholarship Trust Fund</u>	<u>Clara Neuman Scholarship Trust Fund</u>	<u>Cecele S. Gryl Scholarship Trust Fund</u>	<u>J.M. Phillips, Jr. Memorial Trust Fund</u>	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS								
Contributions:								
Gifts, Grants and Bequests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ 80,000
Total Additions	-	-	-	-	-	80,000	-	80,000
DEDUCTIONS								
Scholarships	-	-	-	500	4,000	-	-	4,500
Change in Net Position	-	-	-	(500)	(4,000)	80,000	-	75,500
Net Position - Beginning	2,249	1,906	425	5,794	72,622	-	9,458	92,454
Net Position - Ending	\$ 2,249	\$ 1,906	\$ 425	\$ 5,294	\$ 68,622	\$ 80,000	\$ 9,458	\$ 167,954

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Balance at July 1, 2014	Additions	Deductions	Balance at June 30, 2015
<u>Internal School Funds</u>				
Assets				
Cash and cash equivalents	\$ 1,969,318	\$ 4,657,153	\$ 4,729,994	\$ 1,896,477
Accounts receivable	2,076	2,714	2,076	2,714
Inventory	53,200	105,452	109,145	49,507
Total assets	<u>\$ 2,024,594</u>	<u>\$ 4,765,319</u>	<u>\$ 4,841,215</u>	<u>\$ 1,948,698</u>
Liabilities				
Due to student organizations	\$ 1,900,733	\$ 4,737,821	\$ 4,717,354	\$ 1,921,200
Accounts payable	123,861	27,498	123,861	27,498
Total liabilities	<u>\$ 2,024,594</u>	<u>\$ 4,765,319</u>	<u>\$ 4,841,215</u>	<u>\$ 1,948,698</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 Trends126-135

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

Revenue Capacity136-138

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

Debt Capacity139-142

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 Information143-145

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

Operating Information146-161

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, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Primary Government:					
Net investment in capital assets	\$ 210,538,436	\$ 224,729,723	\$ 269,985,466	\$ 281,062,894	\$ 300,336,151
Restricted	74,856,275	94,150,769	79,028,507	75,730,138	63,951,404
Unrestricted	<u>(432,723)</u>	<u>(2,022,548)</u>	<u>(12,173,357)</u>	<u>(21,623,079)</u>	<u>(32,814,040)</u>
Total primary government net position	<u>\$ 284,961,988</u>	<u>\$ 316,857,944</u>	<u>\$ 336,840,616</u>	<u>\$ 335,169,953</u>	<u>\$ 331,473,515</u>

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

Source: District Records

Table 1

<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
\$ 319,932,319	\$ 328,366,440	\$ 327,870,571	\$ 326,249,703	\$ 322,910,925
42,529,840	30,311,138	25,931,065	29,868,235	37,837,728
<u>(40,388,280)</u>	<u>(57,672,174)</u>	<u>(68,567,035)</u>	<u>(76,418,952)</u>	<u>(148,470,981)</u>
<u>\$ 322,073,879</u>	<u>\$ 301,005,404</u>	<u>\$ 285,234,601</u>	<u>\$ 279,698,986</u>	<u>\$ 212,277,672</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Changes in Net Position - Government-wide (1)

Last 10 Fiscal Years

(Unaudited)

Primary Government	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Expenses					
Governmental activities:					
Instruction	\$ 84,298,588	\$ 92,186,209	\$ 100,088,071	\$ 96,028,710	\$ 99,394,082
Student personnel services	7,823,268	8,588,915	9,416,081	8,990,622	10,769,701
Instructional media services	2,321,712	2,512,530	2,718,646	2,755,296	2,393,206
Instruction and curriculum development services	3,248,984	3,417,083	3,654,795	3,454,527	3,333,307
Instructional staff training services	1,003,658	1,302,224	2,094,178	1,982,599	3,001,115
Instruction related technology (3)	1,174,206	1,182,214	1,301,506	832,089	1,641,862
School board	699,356	951,845	743,919	826,006	866,172
General administration	1,105,237	896,706	961,588	753,206	739,511
School administration	8,134,751	8,940,370	10,127,670	9,990,153	10,209,565
Facilities services	13,718,422	23,766,287	25,904,672	25,881,704	19,629,027
Fiscal services	815,701	818,099	857,860	829,305	1,162,258
Food services	6,464,961	7,090,471	7,400,658	7,332,469	6,854,384
Central services (3)	2,795,938	3,075,766	3,623,885	3,630,236	3,669,788
Student transportation services	5,532,049	6,688,004	7,213,168	6,595,659	6,451,503
Operation of plant	12,578,662	14,182,308	15,511,085	15,083,575	14,207,089
Maintenance of plant	2,733,502	3,122,998	3,344,687	3,241,597	4,392,925
Administrative technology services (3)	558,610	540,097	600,242	408,321	656,490
Community services	2,410,540	2,682,319	3,190,881	3,164,681	2,880,821
Unallocated Interest on long-term debt	1,468,301	2,463,642	2,414,359	2,366,566	2,291,704
Unallocated depreciation expense (4)	5,230,503	-	-	-	-
Total expenses	<u>164,116,949</u>	<u>184,408,087</u>	<u>201,167,951</u>	<u>194,147,321</u>	<u>194,544,510</u>
Governmental activities:					
Charges for services					
Instruction	2,640,392	2,845,113	2,836,003	2,865,145	2,731,917
Food services	3,286,653	3,452,163	3,324,172	3,156,448	2,923,061
Student transportation	-	-	-	-	-
Community services	-	-	-	-	-
Operating grants and contributions	6,874,323	7,228,223	7,457,767	7,590,006	4,046,600
Capital grants and contributions	3,596,577	11,643,707	12,047,688	3,496,132	3,503,253
Total program revenues	<u>16,397,945</u>	<u>25,169,206</u>	<u>25,665,630</u>	<u>17,107,731</u>	<u>13,204,831</u>
Primary government net expense	<u>\$ (147,719,004)</u>	<u>\$ (159,238,881)</u>	<u>\$ (175,502,321)</u>	<u>\$ (177,039,590)</u>	<u>\$ (181,339,679)</u>
Governmental activities:					
Property taxes:					
Levied for operational purposes	\$ 89,995,924	\$ 97,894,199	\$ 101,005,604	\$ 93,508,345	\$ 99,281,016
Levied for capital projects	33,929,970	41,261,608	43,886,882	36,356,391	28,656,156
Grants and contributions not restricted to specific programs	38,482,136	42,392,038	43,765,216	43,493,062	46,726,435
Insurance loss recoveries	4,121,131	233,152	56,190	116,796	-
Miscellaneous	5,692,955	3,883,932	2,914,896	1,896,946	2,072,294
Unrestricted investment earnings	3,716,156	5,469,908	3,856,205	(2,613)	907,340
Total primary government	<u>\$ 175,938,272</u>	<u>\$ 191,134,837</u>	<u>\$ 195,484,993</u>	<u>\$ 175,368,927</u>	<u>\$ 177,643,241</u>
Change in Net Position					
Total primary government (2)	<u>\$ 28,219,268</u>	<u>\$ 31,895,956</u>	<u>\$ 19,982,672</u>	<u>\$ (1,670,663)</u>	<u>\$ (3,696,438)</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.

(4) Prior to 2007, the District did not allocate all depreciation to the various functions.

Source: District Records

<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
\$ 101,154,165	\$ 96,030,312	\$ 94,230,526	\$ 96,807,293	\$ 97,511,574
9,928,751	9,903,132	9,835,181	10,244,916	9,560,480
2,263,085	2,213,015	2,209,088	2,172,342	2,082,654
3,418,956	3,711,583	3,615,999	3,601,545	3,778,735
3,155,887	2,895,164	2,365,365	2,785,963	2,962,444
1,699,938	1,741,333	1,655,201	1,720,419	1,874,605
731,165	729,644	902,968	566,506	597,054
750,550	729,721	659,120	503,988	496,860
9,925,657	10,316,230	9,598,008	10,222,149	10,164,576
26,211,680	26,041,389	29,581,334	22,916,304	21,355,569
1,159,594	1,066,902	908,486	859,453	862,146
6,591,543	7,170,203	7,678,953	8,011,020	9,251,136
4,216,113	4,822,277	5,086,568	5,293,707	7,162,409
6,143,955	6,468,443	6,593,395	6,370,280	6,144,052
15,184,217	13,838,429	14,098,913	13,942,964	14,125,494
4,595,135	4,373,070	4,438,963	4,596,677	4,031,091
563,005	563,865	614,590	639,763	636,857
2,729,930	2,740,540	2,931,948	2,840,225	2,901,806
2,239,480	2,203,833	2,095,227	1,854,429	1,748,295
-	-	-	-	-
<u>202,662,806</u>	<u>197,559,085</u>	<u>199,099,833</u>	<u>195,949,943</u>	<u>197,247,837</u>
371,096	429,597	434,820	330,051	348,719
2,954,156	2,808,455	2,573,283	2,542,053	2,125,725
-	-	-	-	18,407
2,559,255	2,765,234	2,847,631	3,088,660	3,188,209
4,520,960	4,830,648	5,385,431	5,693,100	6,152,078
3,075,398	1,994,232	1,650,204	1,795,600	2,114,250
<u>13,480,865</u>	<u>12,828,166</u>	<u>12,891,369</u>	<u>13,449,464</u>	<u>13,947,388</u>
<u>\$ (189,181,941)</u>	<u>\$ (184,730,919)</u>	<u>\$ (186,208,464)</u>	<u>\$ (182,500,479)</u>	<u>\$ (183,300,449)</u>
\$ 97,202,185	\$ 89,175,396	\$ 93,749,587	\$ 101,934,042	\$ 103,006,102
26,738,877	26,224,667	26,034,115	26,489,776	27,406,923
52,672,114	45,362,980	45,816,980	44,246,019	46,504,240
-	-	1,234,903	122,775	-
2,701,383	2,719,167	3,214,781	4,090,952	4,377,436
467,746	180,234	387,295	81,300	25,276
<u>\$ 179,782,305</u>	<u>\$ 163,662,444</u>	<u>\$ 170,437,661</u>	<u>\$ 176,964,864</u>	<u>\$ 181,319,977</u>
<u>\$ (9,399,636)</u>	<u>\$ (21,068,475)</u>	<u>\$ (15,770,803)</u>	<u>\$ (5,535,615)</u>	<u>\$ (1,980,472)</u>



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

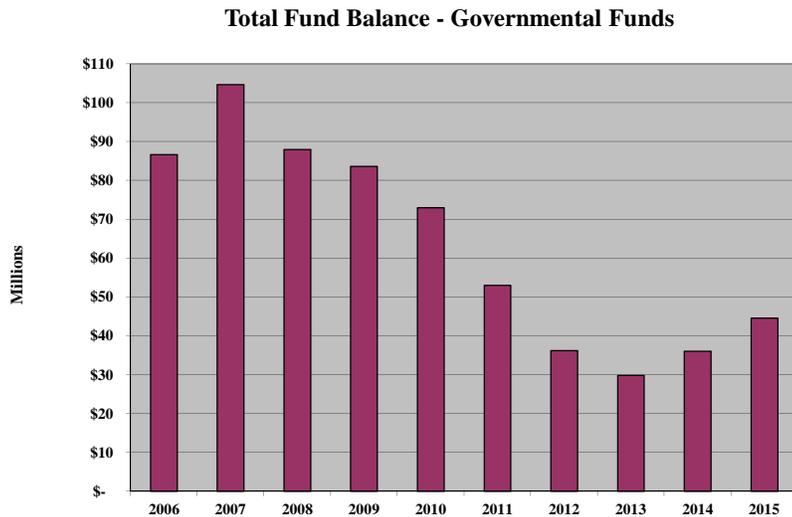
	Post-GASB 54				
	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 488,370	\$ 534,622	\$ 593,201	\$ 433,231	\$ 462,129
Restricted	2,227,392	1,201,292	1,077,255	2,414,503	4,288,488
Assigned	611,930	6,545	97,986	100,738	214,301
Unassigned	9,389,240	5,372,118	3,177,357	5,291,075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

	Pre-GASB 54				
	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 2,125,669	\$ 2,463,228	\$ 2,044,033	\$ 956,033	\$ 2,744,719
Unreserved	9,226,624	8,076,751	7,533,302	7,006,402	8,156,558
Total General Fund	<u>\$ 11,352,293</u>	<u>\$ 10,539,979</u>	<u>\$ 9,577,335</u>	<u>\$ 7,962,435</u>	<u>\$ 10,901,277</u>
All Other Governmental Funds					
Reserved	\$ 17,532,385	\$ 26,117,711	\$ 19,585,661	\$ 18,539,720	\$ 23,840,637
Unreserved, reported in:					
Capital projects funds	56,291,724	67,413,737	58,508,274	56,861,866	37,558,622
Special revenue funds	1,469,550	650,426	324,357	254,141	671,564
Total All Other Governmental Funds	<u>\$ 75,293,659</u>	<u>\$ 94,181,874</u>	<u>\$ 78,418,292</u>	<u>\$ 75,655,727</u>	<u>\$ 62,070,823</u>

Note: (1) Includes all governmental fund types

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

Source: District records



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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Federal sources:				
Federal grants	\$ 12,159,646	\$ 11,660,006	\$ 10,007,447	\$ 10,598,248
Food services	3,002,897	2,874,851	3,115,573	3,592,138
Total federal sources	<u>15,162,543</u>	<u>14,534,857</u>	<u>13,123,020</u>	<u>14,190,386</u>
State sources:				
Florida education finance program	6,459,587	7,958,571	5,964,391	6,996,147
Public education capital outlay	1,594,564	2,921,933	4,442,279	1,491,672
Food services	88,518	86,732	84,008	83,029
State grants and other	25,438,866	35,761,875	39,656,973	31,817,966
Total state sources	<u>33,581,535</u>	<u>46,729,111</u>	<u>50,147,651</u>	<u>40,388,814</u>
Local sources:				
Ad valorem taxes	123,861,840	139,155,807	144,892,486	129,864,736
Food service sales	3,286,653	3,549,624	3,403,489	3,156,448
Interest and other income	3,716,156	5,469,908	3,856,205	(2,613)
Other revenues	8,461,358	6,962,523	5,902,759	5,149,261
Total local sources	<u>139,326,007</u>	<u>155,137,862</u>	<u>158,054,939</u>	<u>138,167,832</u>
Total revenues	<u>188,070,085</u>	<u>216,401,830</u>	<u>221,325,610</u>	<u>192,747,032</u>
Expenditures				
Instruction	84,058,619	91,820,583	94,605,958	90,758,627
Student personnel services	7,801,929	8,600,273	8,960,642	8,515,685
Instructional media services	2,313,271	2,512,236	2,571,184	2,599,008
Instruction and curriculum development services	3,188,203	3,383,843	3,425,227	3,290,025
Instructional staff training services	1,005,353	1,295,385	1,998,475	1,885,811
Instructional related technology(2)	1,164,873	1,179,755	1,230,586	753,182
School board	689,525	908,266	705,570	781,836
General administration	1,107,102	1,095,254	1,180,544	1,100,042
School administration	8,096,343	9,003,542	9,509,932	9,477,912
Facilities services	11,678,947	12,836,647	9,874,902	10,778,771
Fiscal services	808,644	805,616	818,681	774,884
Food services	6,439,565	7,033,624	7,170,356	7,102,339
Central services(2)	2,778,151	3,079,037	3,444,513	3,435,115
Student transportation services	5,536,631	6,682,415	6,972,314	6,317,510
Operation of plant	12,573,720	14,260,919	15,136,879	14,630,408
Maintenance of plant	2,719,203	3,100,833	3,164,044	3,040,362
Administrative technology services(2)	547,887	541,725	566,930	370,795
Community services	2,414,611	2,697,668	3,050,637	3,009,962
Capital Outlay:				
Facilities acquisition and construction	45,856,668	20,626,860	56,881,422	20,826,632
Other capital outlay	3,107,210	3,920,957	3,663,269	3,620,821
Debt Service:				
Principal	715,034	710,000	1,720,000	1,805,000
Interest and fiscal charges	1,175,315	2,463,643	2,414,358	2,366,566
Total expenditures	<u>\$ 205,776,804</u>	<u>\$ 198,559,081</u>	<u>\$ 239,066,423</u>	<u>\$ 197,241,293</u>

Table 4

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 20,657,783	\$ 24,325,420	\$ 13,059,853	\$ 12,336,627	\$ 11,820,371	\$ 12,551,259	
3,878,793	4,404,315	4,755,475	5,223,047	5,606,130	6,063,754	
24,536,576	28,729,735	17,815,328	17,559,674	17,426,501	18,615,013	
2,403,077	3,740,327	8,056,777	8,354,799	7,852,296	9,420,263	
493,045	1,080,309	122,073	94,689	159,095	480,018	
83,508	76,029	106,461	81,804	86,971	88,324	
25,740,509	26,642,072	26,087,224	26,682,036	26,209,856	26,166,950	
28,720,139	31,538,737	34,372,535	35,213,328	34,308,218	36,155,555	
127,937,172	123,941,062	115,400,063	119,783,702	128,423,818	130,413,025	
2,923,061	2,954,156	2,808,455	2,573,283	2,542,053	2,125,725	
907,340	467,786	180,234	387,295	81,300	25,276	
6,030,595	6,131,098	6,415,634	6,883,720	8,144,202	8,763,713	
137,798,168	133,494,102	124,804,386	129,628,000	139,191,373	141,327,739	
191,054,883	193,762,574	176,992,249	182,401,002	190,926,092	196,098,307	
91,793,659	95,516,711	88,504,026	88,693,698	90,710,910	93,507,850	
9,985,276	9,519,092	9,126,374	9,386,355	9,529,655	9,156,836	
2,141,954	2,220,756	2,026,156	2,111,462	2,038,894	1,988,513	
3,031,846	3,469,525	3,283,924	3,480,554	3,343,325	3,636,791	
2,830,290	3,086,300	2,687,875	2,275,235	2,631,378	2,844,947	
1,532,256	1,590,478	1,607,734	1,537,181	1,608,656	1,804,347	
825,496	681,689	680,731	869,548	537,791	576,082	
1,214,885	1,294,507	1,072,389	1,116,367	1,091,861	1,318,791	
9,265,796	9,403,915	9,287,670	8,972,904	9,545,719	9,873,724	
8,106,544	12,545,299	12,711,138	9,753,739	9,796,767	9,017,604	
1,047,597	1,077,272	974,087	844,077	801,605	842,342	
6,527,545	6,635,390	6,858,976	7,306,448	7,613,617	7,879,963	
3,322,138	3,916,853	4,304,803	4,695,849	4,778,260	5,866,846	
6,103,839	5,758,515	6,086,852	6,364,056	6,055,266	5,922,747	
13,755,521	14,121,493	13,220,275	13,570,654	13,468,400	13,801,238	
4,083,006	4,350,845	3,985,346	4,290,026	4,295,586	3,869,186	
601,882	524,156	518,326	589,731	596,753	610,589	
2,646,810	2,543,416	2,544,048	2,762,234	2,645,798	2,766,942	
26,332,897	28,348,362	18,359,013	13,748,336	4,816,723	4,444,591	
2,675,971	4,276,078	2,638,689	3,298,743	4,482,500	3,974,653	
1,870,000	1,935,000	2,201,182	2,270,196	2,344,665	2,495,304	
2,316,365	2,234,938	2,203,832	2,123,326	2,084,375	1,826,722	
\$ 202,011,573	\$ 215,050,590	\$ 194,883,446	\$ 190,060,719	\$ 184,818,504	\$ 188,026,608	

(continued)

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

	Fiscal Year			
	2006	2007	2008	2009
Excess of revenues over (under) expenditures	\$ (17,706,719)	\$ 17,842,749	\$ (17,740,813)	\$ (4,494,261)
Other Financing Sources (Uses)				
Long-term debt issued	44,095,000	-	925,000	-
Refunding COPS issued	-	-	-	-
Premium on refunding COPS	-	-	-	-
Refunding bonds issue	4,040,000	-	-	-
Payment to refunded debt escrow agent	(4,418,053)	-	-	-
Premium of sale/refunding of bonds/COP	608,202	-	33,397	-
Discount on sale of bonds/COP	(523,135)	-	-	-
Capital leases	-	-	-	-
FEMA and insurance loss recoveries	4,121,131	233,152	56,190	116,796
Transfers in	2,992,935	2,250,387	5,446,766	8,178,799
Transfers out	(2,992,935)	(2,250,387)	(5,446,766)	(8,178,799)
Total other financing sources (uses)	<u>47,923,145</u>	<u>233,152</u>	<u>1,014,587</u>	<u>116,796</u>
Net change in fund balances	<u>\$ 30,216,426</u>	<u>\$ 18,075,901</u>	<u>\$ (16,726,226)</u>	<u>\$ (4,377,465)</u>
Debt service as a percentage of noncapital expenditures	1.15%	1.71%	2.13%	2.46%

Notes: (1) Includes all governmental fund types

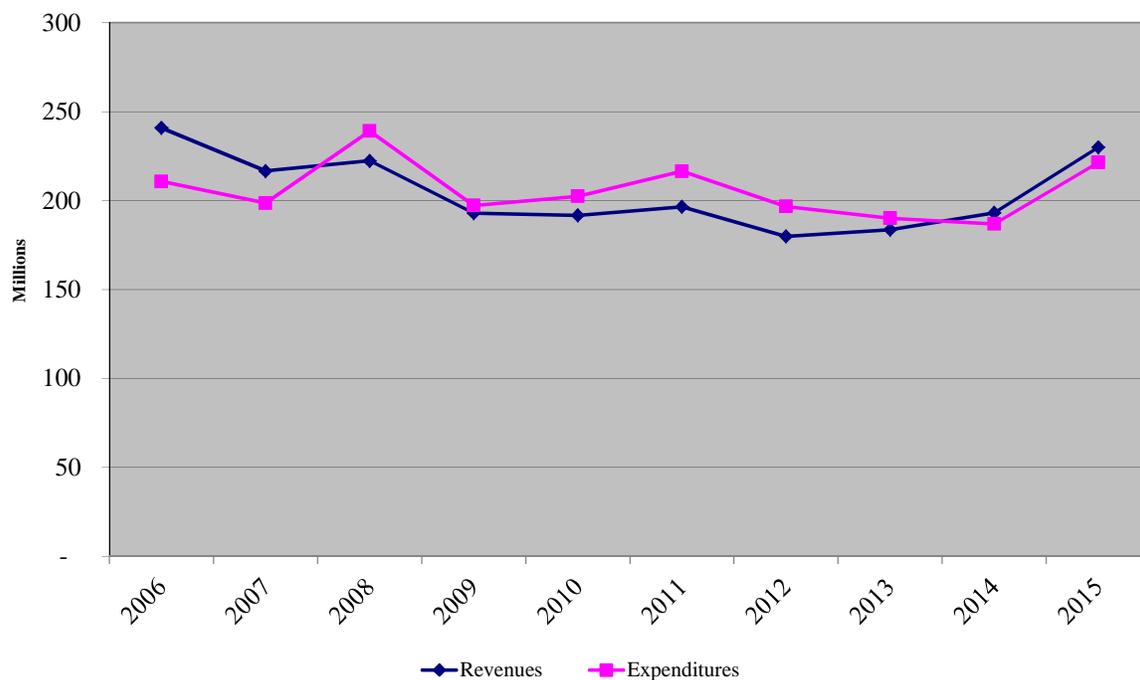
(2) Technology expenses were included in central services until the 2005-06 fiscal year.

Source: District records

Table 4

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ (10,956,690)	\$ (21,288,016)	\$ (17,891,197)	\$ (7,659,717)	\$ 6,107,588	\$ 8,071,699	
-	-	-	-	-	-	-
-	-	-	-	-	-	29,020,000
-	-	-	-	-	-	3,233,419
350,000	1,205,000	1,505,000	-	1,769,000	1,378,000	
(377,799)	(1,404,877)	(1,730,010)	-	(2,056,194)	(33,475,406)	
30,978	195,334	229,483	-	286,140	131,078	
-	-	-	-	-	-	195,392
-	1,239,801	-	-	-	-	-
307,449	100,038	1,091,767	1,234,903	122,775	24,235	
8,804,532	8,426,038	8,852,137	9,299,893	9,071,683	8,666,861	
(8,804,532)	(8,426,038)	(8,852,137)	(9,299,893)	(9,071,683)	(8,666,861)	
310,628	1,335,296	1,096,240	1,234,903	121,721	506,718	
<u>\$ (10,646,062)</u>	<u>\$ (19,952,720)</u>	<u>\$ (16,794,957)</u>	<u>\$ (6,424,814)</u>	<u>\$ 6,229,309</u>	<u>\$ 8,578,417</u>	
2.41%	2.26%	2.53%	2.61%	2.52%	2.47%	

Revenues vs. Expenditures

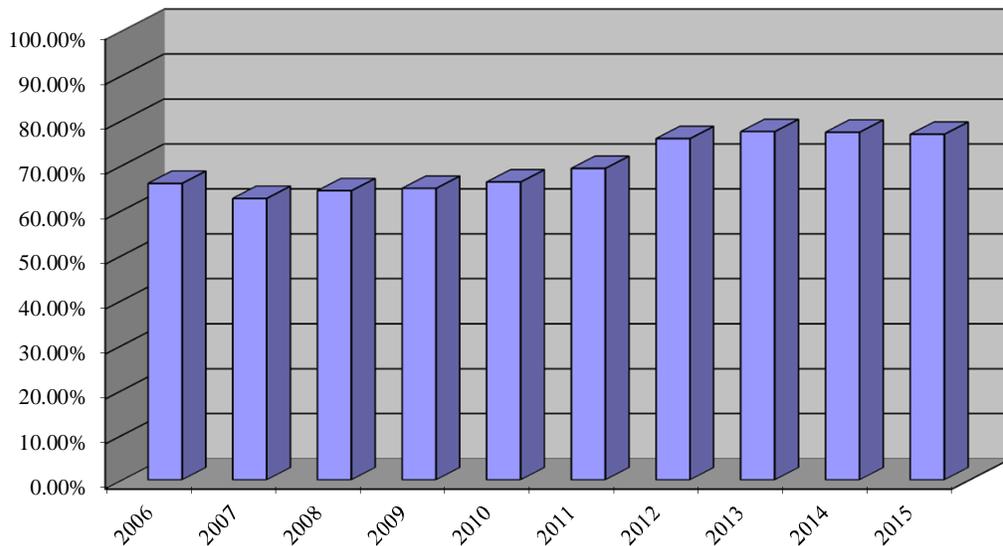


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Assessed and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years
 (Amounts expressed in thousands)
 (Unaudited)

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 Estimated Actual Value	Total Direct Rate
2006	\$ 25,063,423	\$ 1,711,694	\$ 36,530	\$26,811,647	\$ 9,126,414	\$17,685,233	65.96%	7.300
2007	31,967,821	2,121,882	40,120	34,129,823	12,757,499	21,372,324	62.62%	6.744
2008	33,089,406	2,159,406	45,924	35,294,736	12,594,110	22,700,626	64.32%	6.602
2009	29,582,296	2,166,888	60,595	31,809,779	11,183,140	20,626,639	64.84%	6.252
2010	26,216,447	2,094,540	47,272	28,358,258	9,567,827	18,790,431	66.26%	6.703
2011	23,131,078	2,069,709	45,744	25,246,531	7,753,621	17,492,910	69.29%	6.956
2012	21,379,718	2,378,906	47,993	23,806,617	5,735,774	18,070,843	75.91%	6.604
2013	20,400,691	2,691,034	43,327	23,135,052	5,212,197	17,922,855	77.47%	6.904
2014	20,772,257	2,751,732	46,969	23,570,958	5,342,376	18,228,582	77.33%	7.278
2015	21,852,301	2,694,830	56,763	24,603,894	5,689,530	18,914,364	76.88%	7.138

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

Ratio of Taxable Value to Estimated Actual Value

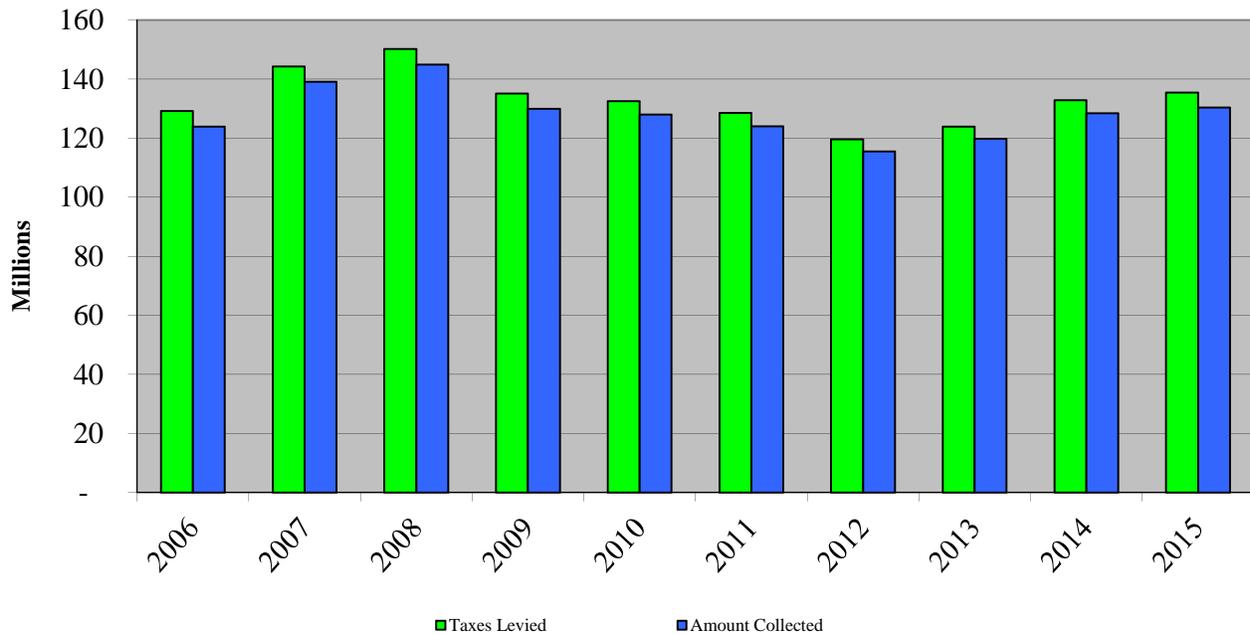


DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Property Tax Levies and Collections
Last 10 Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	93,579	119,787,642	96.72%
2014	132,828,984	128,330,239	96.61%	35,322	128,365,561	96.64%
2015	135,364,485	130,377,703	96.32%	-	130,377,703	96.32%

Source: Martin County Tax Collector and District records.

Property Tax Levies and Collections



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

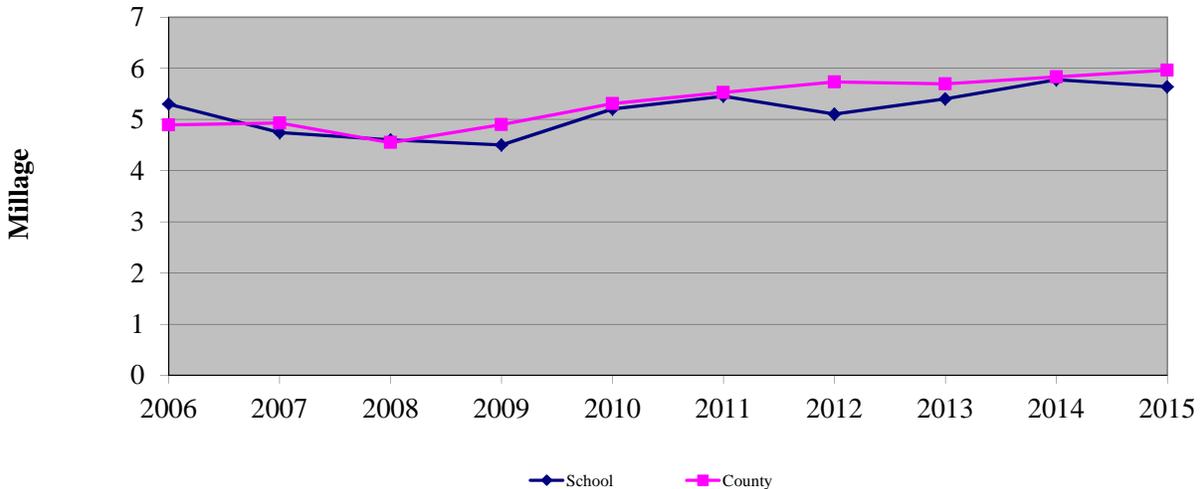
Fiscal Year	Direct Rates ⁽¹⁾			Overlapping Rates ⁽²⁾								
	District School Board of Martin County			Martin County				MSTU	City of Stuart	Jupiter Island	Sewall's Point	Ocean Breeze Park
	Operating	Capital	Total	Operating	Debt Service	Other						
2006	5.300	2.000	7.300	4.895	0.3250	1.0690	0.8287	5.4615	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	
2014	5.778	1.500	7.278	5.830	0.0368	0.8148	1.0240	5.1601	4.2769	2.3500	5.0619	
2015	5.638	1.500	7.138	5.965	0.0000	0.7805	1.0487	4.8540	4.1653	2.6000	4.9472	

Notes:

- (1) Direct rates are the District's rate for capital outlay, discretionary, and required local effort.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the incorporated areas.

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

County and School District Operating Millages



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

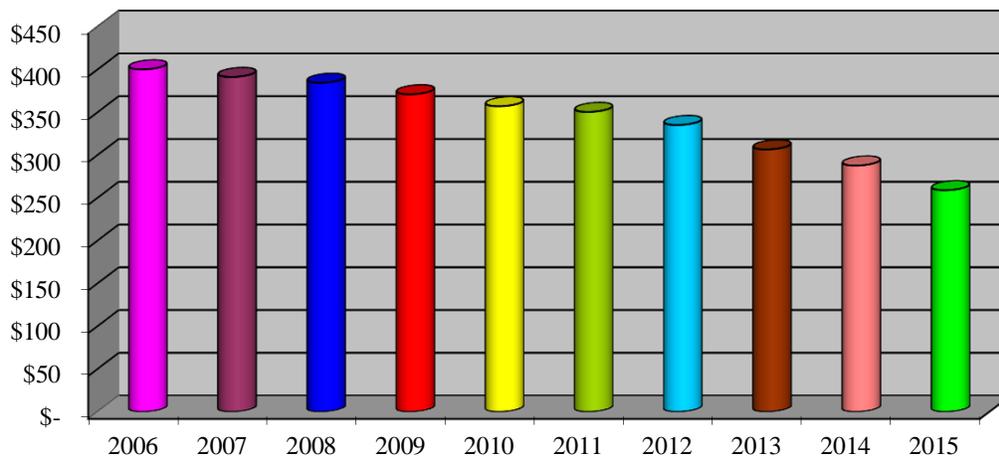
Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2006	\$ 15,700	\$ 40,790	\$ 597	\$ 57,087	0.71%	\$ 400.20
2007	14,990	40,790	472	56,252	0.66%	391.35
2008	15,175	39,810	341	55,326	0.66%	384.56
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	0.62%	335.19
2013	10,580	34,360	461	45,401	0.47%	306.60
2014	9,414	33,145	266	42,825	N/A	287.77
2015	8,331	30,330	207	38,868	N/A	259.01

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 2014 and 2015.

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

Source: District records

Debt per Capita



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Direct and Overlapping Governmental Activities Debt
June 30, 2015
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Martin County Board of County Commissioners ⁽¹⁾			
Revenue Bonds/Notes	\$ 47,933,888	100%	\$ 47,933,888
Capital Leases	9,518,295	100%	9,518,295
State Revolving Fund Loans	2,800,247	100%	2,800,247
General Obligation Bonds	1,160,000	100%	1,160,000
Notes Payable	765,278	100%	765,278
City of Stuart ⁽¹⁾			
Revenue Bond Loans and Notes	3,217,928	100%	3,217,928
General Obligation Bonds	6,900,000	100%	6,900,000
Bank Loan	200,000	100%	200,000
Town of Jupiter Island ⁽¹⁾			
General Obligation Notes Payable	8,799,261	100%	8,799,261
South Florida Water Management District ⁽¹⁾			
Land Acquisition Bonds	13,105,000	2.47%	323,694
Certificate of Participation	491,656,233	2.47%	12,143,909
Subtotal, overlapping debt			93,762,500
District School Board of Martin County Direct Debt ⁽²⁾			<u>42,101,740</u>
Total direct and overlapping debt			<u>\$ 135,864,240</u>

Notes:

(1) Source: Martin County, Florida Comprehensive Annual Financial Report dated September 30, 2014.

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

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

Source: District Records

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

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

Fiscal Year	Tax Year	Taxable Assessed Valuation⁽¹⁾	Principal Payments⁽²⁾	Interest Payments	Total Annual Lease Payments	Millage Levy to Provide 1.00 x Coverage⁽³⁾
2006	2005	\$ 17,685,233	\$ -	\$ 291,479	\$ 291,479	0.017 mills
2007	2006	21,372,324	-	1,841,464	1,841,464	0.091 mills
2008	2007	22,700,626	980,000	1,745,954	2,725,954	0.126 mills
2009	2008	20,626,639	1,015,000	1,711,041	2,726,041	0.139 mills
2010	2009	18,790,431	1,050,000	1,674,904	2,724,904	0.153 mills
2011	2010	17,492,910	1,085,000	1,636,185	2,721,185	0.162 mills
2012	2011	18,070,843	1,130,000	1,596,066	2,726,066	0.157 mills
2013	2012	17,922,855	1,170,000	1,552,891	2,722,891	0.158 mills
2014	2013	18,228,582	1,215,000	1,505,191	2,720,191	0.155 mills
2015	2014	18,914,364	1,265,000	1,071,600	2,336,600	0.129 mills

Notes:

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

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

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

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

Source: District records

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

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

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

Fiscal Year	Estimated Population⁽¹⁾	Personal Income⁽²⁾ (thousands of dollars)	Per Capita Personal Income⁽²⁾	Student Membership⁽³⁾	Unemployment Rate⁽⁴⁾
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	7,897,895	53,071	17,964	9.8
2013	148,077	9,611,306	63,450	18,267	7.8
2014	148,817	N/A	N/A	18,296	6.3
2015	150,062	N/A	N/A	18,583	5.5

N/A = Data not currently available

Sources:

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



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Principal Property Taxpayers

January 1, 2015 and 9 years ago

(Amounts expressed in thousands)

(Unaudited)

Taxpayer	2015			2006		
	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value	Rank	Taxable Assessed Valuation	Percentage of Total Assessed Value
Florida Power & Light Co.	1	\$ 1,966,113	7.99%	1	\$ 915,367	3.41%
Indiantown Cogeneration LP	2	118,840	0.48%	2	295,635	1.10%
Treasure Coast - JCP Associates Ltd.	3	74,270	0.30%	3	77,145	0.29%
Hubman, Christopher J	4	45,455	0.18%	-	-----	-----
Florida Gas Transmission	5	45,365	0.18%	-	-----	-----
Gulfstream Natural Gas	6	39,162	0.16%	-	-----	-----
Hamm, Edward H	7	29,259	0.12%	-	-----	-----
Sandhill Cove Properties, Inc.	8	29,154	0.12%	-	-----	-----
Louis Drefus Citrus Inc.	9	25,884	0.11%	-	-----	-----
Bre Throne Martin Downs	10	25,528	0.10%	-	-----	-----
Bellsouth Telecom	-	-----	-----	4	48,809	0.18%
Montecito St. Andrews LLC	-	-----	-----	5	41,370	0.15%
Estate of Stuart LLC	-	-----	-----	6	31,696	0.12%
Jeffrey H. Sands	-	-----	-----	7	35,524	0.13%
Columbia Properties Stuart	-	-----	-----	8	31,616	0.12%
Lowe's Home Centers, Inc.	-	-----	-----	9	26,165	0.10%
Pineapple Cove LLC	-	-----	-----	10	24,104	0.09%
Total		<u>\$ 2,399,030</u>	<u>9.75%</u>		<u>\$ 1,527,431</u>	<u>5.70%</u>

Source: Martin County Tax Collector's Office

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

	2006	2007	2008	2009
Instructional administrators	14	9	9	8
Non-instructional administrators	6	6	6	4
Consultants/supervisors of instruction	2	2	2	3
Principals	20	20	21	23
Assistant principals	30	30	30	32
Elementary classroom teachers	395	407	414	414
Secondary classroom teachers	455	449	468	460
ESE teachers	212	213	214	218
Other teachers (adult)	42	39	38	100
Guidance counselors	38	41	43	39
Visiting teachers/Social workers	1	1	1	1
Psychologists	6	7	7	7
Librarians	24	24	24	24
Other professionals (instructional)	76	86	74	85
Other professionals (non-instructional)	75	87	89	89
Aides	265	277	270	268
Technicians	14	13	14	15
Clerical/secretarial	163	170	171	164
Service workers	255	289	295	297
Skilled crafts	32	30	33	34
Unskilled laborers	15	17	18	18
Total employees	<u>2,140</u>	<u>2,217</u>	<u>2,241</u>	<u>2,303</u>

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

Notes:

Employee data includes only full-time staff.

The number of personnel is total employees.

Table 14

2010	2011	2012	2013	2014	2015
8	9	11	12	15	11
6	8	7	7	8	9
3	4	3	4	4	2
23	23	23	23	23	23
31	32	32	31	31	35
415	461	455	460	463	464
461	464	453	451	450	449
230	238	231	233	233	250
99	72	58	54	41	27
37	37	35	38	35	36
1	0	0	0	0	0
7	7	7	7	6	8
20	20	20	20	20	19
99	94	101	109	111	97
93	89	85	84	76	79
282	279	290	287	288	294
14	10	11	10	12	25
169	163	168	168	164	160
290	292	297	299	288	299
34	36	32	32	33	27
18	11	12	12	11	10
2,340	2,349	2,331	2,341	2,312	2,324



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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>
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
2014	37,300	60,076	44,522	47,780
2015	37,500	60,076	45,786	47,950

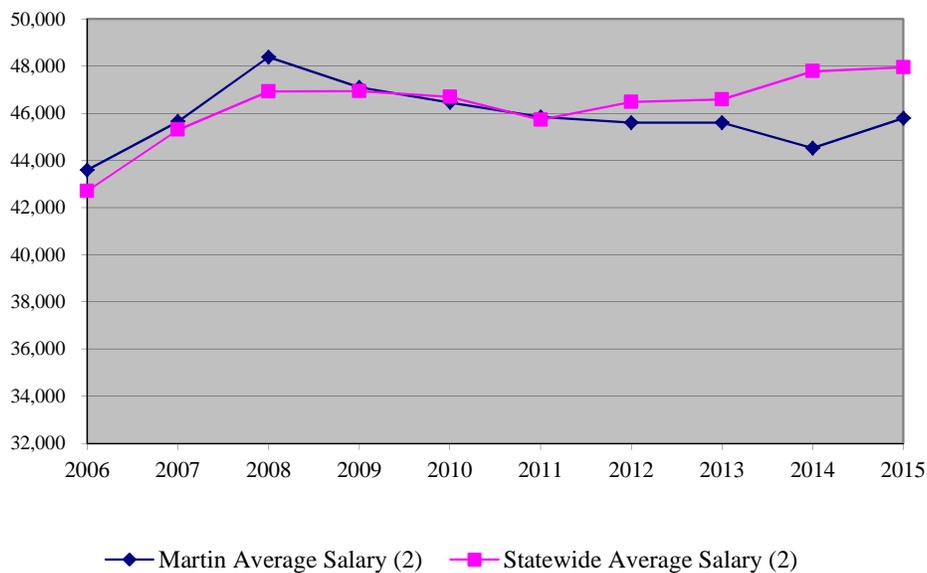
N/A = Data not currently available

Sources:

(1) District records

(2) Florida Department of Education

Teacher Average Salary



DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

School Building Information (1)

Last 10 Fiscal Years

(Unaudited)

School	Fiscal Year				
	2006	2007	2008	2009	2010
Elementary					
Seawind Elementary (1993)					
Square feet	119,804	119,804	137,803	136,075	127,350
Capacity	589	589	837	797	783
Enrollment	651	667	673	689	735
JD Parker Elementary (2004/re-built) ⁽²⁾					
Square feet	125,940	125,940	125,940	125,940	125,691
Capacity	804	804	757	757	754
Enrollment	585	598	607	610	612
Palm City Elementary (1958)					
Square feet	106,954	106,954	118,524	114,074	107,872
Capacity	713	713	929	953	808
Enrollment	899	875	881	794	740
Port Salerno Elementary (2002/re-built) ⁽²⁾					
Square feet	108,962	108,962	108,962	108,962	109,944
Capacity	757	757	757	757	757
Enrollment	659	660	660	646	653
Hobe Sound Elementary (2004/re-built) ⁽²⁾					
Square feet	112,190	112,190	110,804	110,804	115,632
Capacity	816	816	797	797	793
Enrollment	588	703	711	712	689
Warfield Elementary (1959)					
Square feet	123,584	139,520	142,024	114,653	147,410
Capacity	875	875	911	845	1,084
Enrollment	617	614	618	638	643
Jensen Beach Elementary (1970)					
Square feet	95,159	95,159	97,829	96,760	100,201
Capacity	721	721	775	721	721
Enrollment	622	625	626	603	571
Pinewood Elementary (1988)					
Square feet	103,756	104,570	132,001	129,603	128,796
Capacity	622	644	982	996	888
Enrollment	879	764	761	730	710
Crystal Lake Elementary (1989)					
Square feet	101,628	101,628	106,147	106,027	104,574
Capacity	620	620	720	720	720
Enrollment	700	736	733	505	504

Table 16

Fiscal Year				
2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾
127,350	127,350	127,350	127,350	128,282
783	764	764	764	764
738	721	687	711	743
125,691	125,691	125,691	125,691	125,691
754	695	695	695	695
626	614	682	808	761
102,532	102,532	103,422	103,422	103,422
698	670	696	696	696
700	649	639	671	714
109,944	115,120	126,076	126,076	126,076
757	805	877	931	877
722	761	789	839	838
115,632	115,632	115,632	115,632	115,632
793	776	776	776	776
696	665	647	701	654
145,941	145,941	133,961	133,961	133,961
1,048	1,048	886	886	886
671	704	730	785	789
100,201	100,468	102,196	102,196	102,960
721	668	704	740	704
555	576	583	652	688
120,994	122,256	126,576	126,576	126,576
718	756	784	784	784
710	754	742	833	851
100,176	103,681	108,079	108,079	108,079
630	621	688	688	688
492	528	557	598	623

(continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

School Building Information (1)

Last 10 Fiscal Years

(Unaudited)

School	Fiscal Year				
	2006	2007	2008	2009	2010
Bessey Creek Elementary (1995)					
Square feet	111,296	111,296	118,312	111,296	122,445
Capacity	589	589	745	589	599
Enrollment	800	747	752	572	556
Felix A. Williams Elementary (1993)					
Square feet	137,605	137,605	140,197	138,469	111,844
Capacity	705	705	759	723	653
Enrollment	718	650	653	633	684
Citrus Grove Elementary (2009)					
Square feet					124,838
Capacity				767	767
Enrollment				457	521

Notes:

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

Sources:

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

Table 16

Fiscal Year				
2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾
122,445	122,445	112,445	112,445	122,445
599	599	599	599	599
534	525	544	579	591
111,059	111,059	112,709	112,709	112,709
635	635	671	671	671
647	631	662	694	708
124,838	124,838	124,838	124,838	124,838
767	767	767	767	767
565	603	590	604	648

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

School	Fiscal Year				
	2006	2007	2008	2009	2010
<u>Middle</u>					
Dr. David L. Anderson Middle School (2005)					
Square feet	-	210,194	210,194	210,194	219,253
Capacity	-	1,255	1,255	1,395	1,316
Enrollment	-	897	901	904	889
Hidden Oaks Middle School (1991)					
Square feet	166,779	166,779	177,323	172,041	178,828
Capacity	1,241	1,241	1,458	1,445	1,455
Enrollment	1,075	1,125	1,119	1,113	1,147
Indiantown Middle School (1969)					
Square feet	99,053	99,053	102,183	98,053	155,404
Capacity	770	693	706	770	1,348
Enrollment	441	403	408	400	399
Murray Middle School(1961)					
Square feet	131,551	142,157	188,198	185,670	213,597
Capacity	1,033	828	1,509	1,641	1,643
Enrollment	805	748	750	767	757
Stuart Middle School(1971)					
Square feet	164,307	164,307	166,760	148,006	198,350
Capacity	1,318	1,278	11,337	1,130	1,852
Enrollment	980	912	919	877	854
<u>High</u>					
Martin County High School (1963)					
Square feet	365,764	365,764	371,536	426,584	431,008
Capacity	2,432	2,432	2,489	2,589	2,517
Enrollment	1,937	1,958	1,951	1,993	1,966
South Fork High School(1982)					
Square feet	295,394	295,394	337,462	311,353	298,302
Capacity	1,906	1,906	2,603	2,369	2,114
Enrollment	2,059	1,979	1,964	1,917	1,863
Jensen Beach High School (2002)					
Square feet	323,747	323,747	323,747	323,747	323,999
Capacity	1,676	1,676	1,590	1,674	1,636
Enrollment	1,510	1,520	1,523	1,527	1,542

(continued)

Table 16

Fiscal Year				
2011 ⁽³⁾	2012 ⁽⁴⁾	2013 ⁽⁵⁾	2014 ⁽⁶⁾	2015 ⁽⁶⁾
219,253	219,253	219,253	219,253	219,253
1,184	1,184	1,184	1,184	1,184
984	956	941	989	988
173,566	173,566	178,828	178,828	178,828
1,210	1,210	1,329	1,329	1,329
1,090	1,086	1,048	1,094	1,064
155,404	155,404	155,404	155,404	158,860
1,213	1,213	1,213	1,213	1,173
401	421	463	491	534
211,889	211,889	215,345	215,345	134,447
1,439	1,177	1,256	1,256	1,312
760	747	815	851	795
174,517	174,517	174,517	174,517	177,004
1,156	1,156	1,179	1,179	1,179
881	927	967	1,032	1,054
431,008	396,341	417,947	417,947	421,184
2,391	1,651	2,214	2,214	2,214
1,945	1,998	2,119	2,209	2,245
313,984	313,984	317,078	317,078	319,898
1,672	1,634	1,685	1,685	1,685
1,829	1,840	1,933	2,007	2,037
323,857	323,857	323,999	323,999	323,999
1,554	1,554	1,554	1,554	1,554
1,573	1,634	1,771	1,805	1,878

(continued)

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

School	Fiscal Year				
	2006	2007	2008	2009	2010
Other					
Spectrum JR/SR High School (1932)					
Square feet	16,794	16,794	23,234	20,298	20,024
Capacity	179	142	317	218	231
Enrollment	92	104	111	155	77
Challenger School (1988)					
Square feet	46,458	46,458	46,573	51,577	44,205
Capacity	156	171	171	171	171
Enrollment	70	79	80	75	71

Notes:

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

Sources:

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

Fiscal Year				
2011⁽³⁾	2012⁽⁴⁾	2013⁽⁵⁾	2014⁽⁶⁾	2015⁽⁶⁾
15,655	15,655	19,159	19,159	19,159
130	130	218	218	218
90	85	61	143	154
44,105	44,105	44,155	44,155	44,155
171	171	171	171	171
58	38	31	44	46

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

Current year (2014):			Percentage of Total County Employment	
Employer	Rank	Employees		Product/Service
Martin Health Systems	1	3,120	4.71%	Health Care
Martin County School District	2	2,528	3.81%	Government
Martin County Government	3	1,634	2.47%	Government
State of Florida	4	506	0.76%	Government
Paradigm Precision	5	369	0.56%	Aerospace Products
Triumph Group - Vought Aerostructures	6	324	0.49%	Aerospace Products
Liberator Medical Supply	7	316	0.48%	Medical Supplies
Florida Power & Light	8	302	0.46%	Utility
Seacoast National Bank	9	302	0.46%	Banking
City of Stuart	10	254	0.38%	Government
Total		9,655	14.58%	
 Nine years ago (2005):				
Martin Health Systems	1	2,587	4.03%	Health Care
Martin County School District	2	2,556	3.99%	Government
Martin County Government	3	1,670	2.60%	Government
Publix Super Markets	4	1,251	1.95%	Grocery Chain
State of Florida	5	672	1.05%	Government
Armellini Express Lines	6	603	0.94%	Trucking
Wal-Mart	7	400	0.62%	Retail Department Store
Winn-Dixie Stores	8	354	0.55%	Grocery Chain
Home Depot	9	379	0.59%	Retail Department Store
Lowe's Home Improvement Center	10	330	0.51%	Retail Department Store
Total		10,802	16.83%	

Note:

(1) Information for 2015 is not available, so this schedule was prepared with the data of 2014 and 2005.

The labor force figures for 2014 and 2005 are 66,267 and 64,123, respectively. These numbers were used to calculate the percentage of total county employment.

Sources:

Martin County Clerk's Office provided the 2005 and 2014 data.

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

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

Fiscal Year	Operating Expenditures ⁽¹⁾	Student Memberships ⁽¹⁾	Cost per Student	Percentage Change	Teaching Staff ⁽²⁾	Student/Teacher Ratio
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
2014	159,360,627	18,296	8,710	1.29%	1,349	13.6
2015	163,500,791	18,583	8,798	1.01%	1,324	14.0

Notes:

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

Sources:

(1) District records

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

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

	Fiscal Year			
	2006	2007	2008	2009
Days meals were served	177	180	180	180
Average number of free and reduced lunches served daily	4,574	4,421	4,536	4,930
Total number of free and reduced lunches served	809,664	795,803	816,466	887,337
Average daily subsidy received	\$ 17,268	\$ 16,453	\$ 17,775	\$ 20,418
Total subsidy received	\$ 3,056,415	\$ 2,961,584	\$ 3,199,581	\$ 3,675,167
Average number of lunches served daily	8,479	8,618	8,998	8,806
Total number of lunches served	1,500,753	1,551,266	1,619,721	1,585,167
Percentage of free and reduced lunches served to total meals	53.95%	51.30%	50.41%	55.98%
Average daily revenues	\$ 36,755	\$ 36,173	\$ 36,684	\$ 38,050
Total revenues	\$ 6,505,702	\$ 6,511,207	\$ 6,603,070	\$ 6,849,010
Average daily costs	\$ 36,816	\$ 39,867	\$ 40,252	\$ 39,502
Total costs	\$ 6,516,430	\$ 7,176,124	\$ 7,245,316	\$ 7,110,363

Source: District Records

Table 19

Fiscal Year					
2010	2011	2012	2013	2014	2015
180	180	180	180	180	180
5,336	5,916	6,201	6,260	6,138	6,939
960,559	1,064,941	1,116,133	1,126,823	1,104,795	1,249,031
\$ 22,013	\$ 24,891	\$ 27,011	\$ 29,471	\$ 31,628	\$ 34,178
\$ 3,962,301	\$ 4,480,344	\$ 4,861,936	\$ 5,304,851	\$ 5,693,100	\$ 6,152,078
8,712	9,425	9,630	9,405	9,453	9,612
1,568,250	1,696,459	1,733,429	1,692,924	1,701,459	1,730,235
61.25%	62.77%	64.39%	66.56%	64.93%	72.19%
\$ 38,257	\$ 41,333	\$ 42,686	\$ 43,771	\$ 45,797	\$ 46,021
\$ 6,886,294	\$ 7,439,956	\$ 7,683,416	\$ 7,878,796	\$ 8,243,385	\$ 8,283,753
\$ 36,279	\$ 36,890	\$ 38,313	\$ 40,992	\$ 42,718	\$ 46,289
\$ 6,530,245	\$ 6,640,240	\$ 6,896,268	\$ 7,378,585	\$ 7,689,160	\$ 8,332,039



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SINGLE AUDIT SECTION





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

Federal Reports and Schedules

Schedule of Expenditures of Federal Awards

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

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings—Federal Awards

Management's Response



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**DISTRICT SCHOOL BOARD OF MARTIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015**

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	14002	\$ 1,085,457.44	\$ -
National School Lunch Program	10.555 (2)	14001, 14003	4,707,391.78	
Summer Food Service Program for Children	10.559	14006	196,854.76	
Total Child Nutrition Cluster			5,989,703.98	-
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	330	74,050.01	
Total United States Department of Agriculture			6,063,753.99	-
United States Department of Education:				
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027 (4)	263	4,045,753.21	15,342.45
Special Education - Preschool Grants	84.173	267	161,245.80	
St. Lucie County District School Board:				
Special Education - Grants to States	84.027 (4)	None	28,957.50	
Total Special Education Cluster			4,235,956.51	15,342.45
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	132,020.04	
Title I Grants to Local Educational Agencies	84.010	212, 223	4,320,431.87	
Migrant Education - State Grant Program	84.011	217	59,396.79	
Career and Technical Education - Basic Grants to States	84.048	161	181,019.65	
English Language Acquisition State Grants	84.365	102	253,464.37	
Improving Teacher Quality State Grants	84.367	224	521,610.88	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111, RG311, RA111	146,794.96	
Total United States Department of Education			9,850,695.07	15,342.45
United States Department of Health and Human Services:				
Direct:				
Head Start	93.600 (3)	N/A	1,747,493.75	-
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	73,564.50	
Air Force Junior Reserve Officers Training Corps	None	N/A	118,595.09	
Total United States Department of Defense			192,159.59	-
Total Expenditures of Federal Awards			\$ 17,854,102.40	\$ 15,342.45

Notes:

- 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.
- Noncash Assistance for National School Lunch Program. Includes \$591,091.44 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- Head Start. Expenditures include \$858,132.38 for grant number/program year 4CH0466/22 and \$889,361.37 for grant number/program year 04CH4785/01.
- Special Education - Grants to the States. Expenditures total \$4,074,710.71 for CFDA No. 84.027.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 28, 2016, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Financial Statement Finding 1, that we consider to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to District management in our operational audit report No. 2016-065.

Management's Response to Findings

Management's response to the finding described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as management's response. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 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,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 28, 2016
Audit Report No. 2016-082



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited the Martin County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2015. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

Management is responsible for compliance with 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.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report, the District did not comply with requirements regarding CFDA No. 84.010 Title I Grants to Local Educational Agencies as described in Federal Awards Finding 2015-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Title I Grants to Local Educational Agencies program for the fiscal year ended June 30, 2015.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major Federal program for the fiscal year ended June 30, 2015.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 control 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. We consider the deficiency in internal control over compliance described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding 2015-001 to be a material weakness.

Management's Response to Finding

Management's response to the finding identified in our audit is included as management's response. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 28, 2016
Audit Report No. 2016-082

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified, for all major programs except for the Title I Grants to Local Educational Agencies program, which was qualified.

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

Identification of major Federal programs:

CFDA Numbers:	Name of Federal Program or Cluster:
84.010	Title I Grants to Local Educational Agencies
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$535,623

Auditee qualified as low-risk auditee? Yes

FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

Finding 1: Financial Reporting

Our review of the District's 2014-15 fiscal year annual financial report (AFR), as submitted to the Florida Department of Education and presented for audit, disclosed that District financial reporting procedures could be improved. For example, we noted that:

- District personnel erroneously excluded the pension-related deferred outflows and inflows of \$12 million and \$30 million, respectively, from the Government-wide Financial Statements (GWFS).
- District personnel erroneously excluded the required supplementary information schedules related to pension liability and contributions from the AFR.
- The District used proceeds from the Series 2014A Certificates of Participation (COPS) Series debt issue to pay off the Series 2005A COPS issue. However, the District erroneously reported the premium (\$3.2 million) and deferred outflow (\$1.4 million) amounts from the Series 2014A issue as interest expense on the GWFS, instead of appropriately reporting the \$4.6 million as a liability and expensing the amount over future years.

Reporting errors such as these may cause financial statement users to misunderstand the District's financial activities and incorrectly assess the District's financial position. We extended our audit procedures to determine the adjustments necessary to ensure the District's financial statement amounts were properly classified, 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 financial reporting procedures to ensure that financial statement account balances and transactions are properly reported.

FEDERAL AWARDS FINDING AND QUESTIONED COSTS

Federal Awards Finding No. 2015-001:

Federal Agency:	United States Department of Education
Pass-Through Entity:	Florida Department of Education (FDOE)
CFDA Number:	84.010
Program Title:	Title I Grants to Local Educational Agencies
Award Number and Year:	430-2125A-5CB01; 2014-15 Fiscal Year
Compliance Requirement:	Eligibility
Finding Type:	Material Noncompliance and Material Weakness
Questioned Costs:	\$276,925.71

Federal regulations¹ require the District to allocate Title I schoolwide program funds to schools identified as eligible and selected to participate, in rank order, on the basis of the total number of children from low-income families in each school. The District is not required to allocate the same per-pupil amount to

¹ Title 34, Section 200.78, Code of Federal Regulations.

each participating school attendance area or school provided that it allocates higher per-pupil amounts to areas or schools with higher concentrations of poverty than to areas or schools with lower concentrations of poverty. Additionally, the United States Code² requires the District to serve those schools above the 75 percent poverty level without regard to grade span before it serves any with a poverty percentage below 75 percent.

As part of our procedures, we requested the District to provide documentation evidencing that the District properly allocated budget amounts to the respective schools. The District provided copies of the final budget allocations recorded in the District’s accounting records; however, the District made budget amendments during the 2014-15 fiscal year without regard to the schools’ rank order based on the number of children from low-income families. As a result, amounts were not allocated to the District’s schools in rank order based upon the number of children from low-income families. Following guidance provided by the FDOE, Table 1 shows the resulting questioned costs.

**Table 1
Title I Program Fund Allocations
2014-15 Fiscal Year**

School	Final Budget Allocation	Number of Low-Income Students (A)	Percent of Low-Income Students	Ranking Based on Percent of Low-Income Students	Title I Per Pupil Allocation Per Final Budget	Ranking Based on Per Pupil Allocation	Per Pupil Allocation Below Highest Allocated School (B)	Questioned Costs (A) X (B)
Indiantown Middle	\$ 300,419.42	466	100.00	1	\$644.68	5	\$ 136.99	\$ 63,837.34
Warfield Elementary	501,654.63	711	100.00	1	705.56	4	76.11	54,114.21
Port Salerno Elementary (1)	428,711.57	742	93.92	3	577.78	9	203.89	151,286.38
Challenger School	15,450.68	20	83.33	4	772.53	2	9.14	182.80
J.D. Parker Elementary	384,110.53	501	73.68	5	766.69	3	14.98	7,504.98
Pinewood Elementary	398,649.68	510	67.11	6	781.67	1	-	-
Total	\$2,028,996.51	2,950						\$ 276,925.71

Note: (1) Since the Port Salerno Elementary is a community eligible provision school pursuant to United States Department of Education guidance, the number of documented low income students has been multiplied by a factor of 1.6 for Title I Program fund allocation purposes.

Professional auditing standards require that when an auditee does not comply, in all material respects, with a compliance requirement that could have a direct and material effect on one of its major Federal programs, appropriate disclosures (modifications) should be made in the auditor’s report. As the District did not comply with the requirement regarding Eligibility – Title I Allocation that is applicable to the Title I program, our report on the District’s compliance with that requirement includes a modification to that effect.

Recommendation: The District should enhance procedures to ensure that Title I schoolwide program resources are properly allocated to schools. In addition, the District should provide documentation to the grantor (FDOE) supporting the allowability of the questioned costs, totaling \$276,925.71, or restore this amount to the Title I Program.

District Contact Person: Dr. Shela Khanal, Director of Title I

² Title 20, Section 6313(a), United States Code.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

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
2015-072		There were no prior Federal audit findings.		

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

January 27, 2016

Sherrill F. Norman
Office of the Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

The purpose of this letter is to respond to the preliminary and tentative audit findings for the School Board of Martin County as a result of the financial and federal single audit for the fiscal year ending June 30, 2015. The following response has been submitted by District staff:

Finding No. 1: Financial Reporting

The District concurs with the auditor's position and will ensure that financial statement account balances and transactions are properly reported.

Finding No. 2015-001: Title I program

The District's Title I department working in conjunction with the District's Food and Nutrition Service department, determines the eligibility of low-income families. In order to allocate Title I funds to the eligible schools, the Title I department uses a formula that identifies eligibility in a ranking order based on the population of low-income families. During fiscal year 2014-15, Port Salerno Elementary School converted to the Community Eligibility Provision (CEP) for determining Title I eligibility and ranking. This change was made between the reporting periods of February and April, 2014 and directly affected the remaining Title I school sites' ranking and per pupil allocation.

In addition to the above change, Port Salerno Elementary School also launched two new family involvement projects, called Port Salerno Talks & Martin Family Language Involvement Program (Martin FLIP). The programs, focused on family engagement in early language and literacy, are funded through the Title I program and startup funding from the District's Title I department budget of \$54,727.

Under advisement of the Florida Department of Education (FDOE), the District will ensure that schools will be served based on the FDOE approved Public School Eligibility Survey (PSES). Furthermore, the District will ensure that all schools with high poverty will be ranked and served

Laurie J. Gaylord, Superintendent

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by poverty percentage, including the CEP calculation, to ensure schools are served in proper ranking order. Additionally, the finance department and the Title I department will run quarterly expenditure reports to compare and make certain ranking order is maintained. The District will also be conferring with the FDOE on the Auditor General's calculated questionable costs, totaling \$276,925.71 and anticipate a completion date by June 30, 2016.

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

Sincerely,

Laurie J. Gaylord

Laurie J. Gaylord
Superintendent

CC: School Board Members