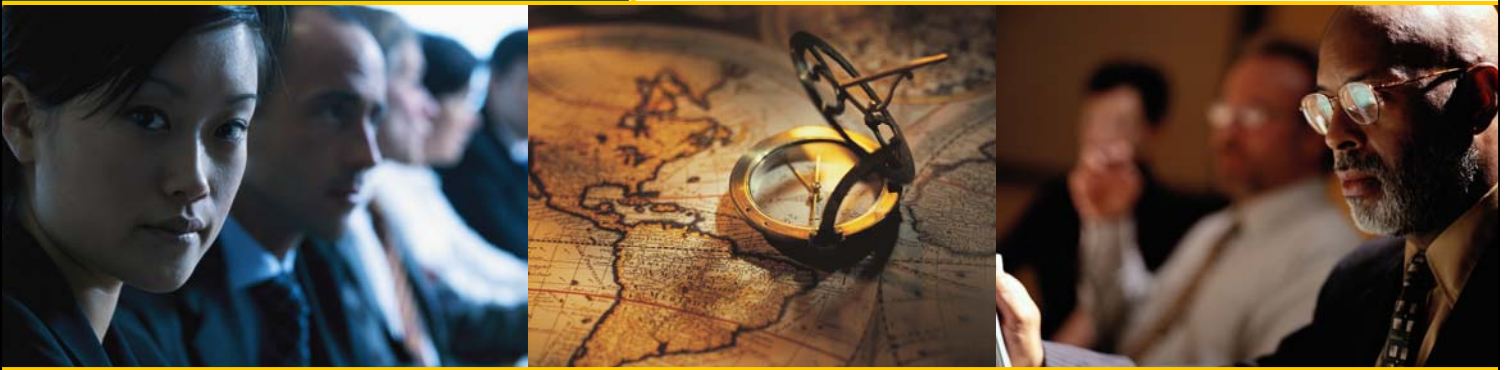


# Performance Audit of Martin County School District

## FINAL REPORT



Evergreen Solutions, LLC

September 5, 2018

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Submitted by:



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September 5, 2018

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## ***EXECUTIVE SUMMARY***

# ***EXECUTIVE SUMMARY***

As outlined in the RFQ for the Performance Audit of the Martin County School District issued by OPPAGA, the performance audit included a review of program areas related to security upgrades and enhancements at all schools, the replacement of Jensen Beach Elementary and Palm City Elementary, and the repair or renovation of district-owned school buildings.

Evergreen Solutions, LLC conducted the performance audit in accordance with the requirements of Ch. 2018-118, *Laws of Florida*, found codified in s. 212.055(10), *Florida Statutes*, passed during the 2018 session of the Florida Legislature.

Findings and observations are organized in the following six chapters:

- Chapter 1 - Program Economy, Efficiency, and Effectiveness
- Chapter 2 - Program Design and Structure
- Chapter 3 - Alternative Delivery Methods
- Chapter 4 - Goals, Objectives and Performance Measures
- Chapter 5 - Reporting Accuracy and Adequacy
- Chapter 6 - Program Compliance

The management response to the Performance Audit is found in **Appendix B**.

## **CHAPTER 1 - PROGRAM ECONOMY, EFFICIENCY, AND EFFECTIVENESS**

**Chapter 1** presents audit findings related to the economy, efficiency, and effectiveness of the program areas under review. As part of field work, Evergreen examined the District's internal monitoring structure including management reporting and the results of internal and external audits and operational performance reviews. In addition, Evergreen evaluated program performance and costs, and thoroughly researched the strengths and weaknesses associated with past projects of similar size and complexity.

**Finding on program economy, efficiency, and effectiveness:** Evergreen found no formal performance metrics nor other management-level evaluations designed to ensure that the programs in the Martin County School District (MCSD) are economical, effective and efficient; however, Evergreen found that the program areas under review are currently being managed appropriately. In addition, Evergreen found District policies and internal control structures to be strong. Moving forward, Evergreen identified opportunities for further improving effectiveness and efficiency.

### **Key Observations**

- In general, other than Financial Reports prepared by the Finance Department, Evergreen found no formally-adopted performance metrics for the program areas under review.



Department heads provided data regarding the internal measures they use to monitor performance, as well as copies of informational and progress reports they periodically provide to the Board. Performance is not, however, linked to the District's Success Plan, nor is there a systematic or formal mechanism for formal evaluation of results.

- Evergreen found that MCSD has an Internal Auditor who reports to the Board and performs a variety of audits each year, but does not audit construction contracts or projects. Expanding the function to encompass audits of construction and other Surtax related projects and contracts would provide assurance that funds are being managed appropriately.
- To assess the District's ability to manage the projects envisioned in the Surtax referendum, Evergreen conducted case studies of three recent construction projects. Overall, the District has used proven contracting and management techniques to bring the projects in at or near the originally estimated costs.
- Purchasing is decentralized, but policies, procedures and systems are operating effectively. Some clarification of policy in the procurement manual could provide additional guidance to those who rely on the manual for guidance.

## **CHAPTER 2 - PROGRAM DESIGN AND STRUCTURE**

**Chapter 2** presents findings related to program design and structure. As part of the performance audit, Evergreen examined the organization and management structure of the District as a whole and the component units within the organization that are now or will be responsible for the program areas identified in the Surtax Resolution. The examination included contracted and other external services that are now or will be used in the implementation of the projects outlined in the Resolution. In addition, Evergreen assessed the procurement and contracting function to determine its capacity for handling the volume and complexity of work anticipated in the Resolution.

**Finding on program design and structure:** During its evaluation, Evergreen found the structure of the Safety and Security function in place for 2017-18 to be decentralized and could not assess the reasonableness of the new organizational structure until the newly hired Director of Safety and Security has had an opportunity to develop a workable structure following State mandates. While operating and communicating effectively, some definition and restructuring of the current Maintenance and Facilities and Planning Departments are needed. Evergreen did find that the districtwide organization structure is appropriate. The direction and focus are dynamically changing due to the recent hiring of a number of qualified individuals in key positions.



### **Key Observations**

- In all, Evergreen found that turnover among MCSD senior administrators in the program areas under review has been extensive in the past few years. This is changing the dynamic of the Leadership Team. The Superintendent provided information on the team building session that was held this year at the end of July, which included all members of the new Leadership Team. Evergreen recommends conducting additional team building exercises to help stabilize the team.
- The creation and hiring of a new Director of Safety and Security is a positive move necessary to bring together a somewhat decentralized system. While Evergreen is unable to assess or give an opinion about this new system, the job description for the new position clearly envisions a more unified and focused approach, with this person at the helm.
- The staffing levels and skills found in the Maintenance and Facilities and Planning Departments appear reasonable, but there is a great deal of cross-functional work being accomplished. While communication and collaboration between the groups is good, some restructuring is needed to ensure that both departments are positioned to handle the workload envisioned as part of the proposed projects envisioned in the Surtax Resolution.

## **CHAPTER 3 - ALTERNATIVE DELIVERY METHODS**

**Chapter 3** presents audit findings related to alternative delivery methods used in the program areas under review. As part of the field work, Evergreen examined the programs and services currently being provided through shared services or outsourced/contract arrangements and also assessed what, if any activities or services might be delivered in an alternative method. Further, Evergreen evaluated the manner in which the District assesses alternative delivery methods.

**Finding on alternative delivery methods:** Although the Martin County School District (MCSD) has no formal process with measurable criteria to evaluate and justify its decisions to use alternative delivery methods, Evergreen found evidence that the District is using alternative delivery methods to fill specific needs. In reviewing the documentation associated with these initiatives, Evergreen found that MCSD administrators are seeking out innovative ways to deal with pressing needs.

### **Key Observations**

- Evergreen found that the Martin County School District has several examples of situations where an alternative delivery system or method assisted the District to meet a pressing need, economically and efficiently. The identified examples of outsourced services came about due to staffing shortages or vacancies that required innovative solutions to ensure that the needs of the District could be met.



- In addition, the District is making use of an interlocal agreement with the City of Stuart and Martin County, and is actively working with these entities to ensure that growth is managed and costs to the District for required land acquisition and construction are kept to a minimum.
- There is, however, no formal process in place for justifying both contract services and the creation of new positions which examines the full cost and benefits for both options. Creating a more formal evaluation process could assist in the decision-making process and benefit the District.

## **CHAPTER 4 - GOALS, OBJECTIVES AND PERFORMANCE MEASURES**

**Chapter 4** presents findings related to goals, objectives and performance measures. As part of the field work, Evergreen examined major districtwide planning efforts and the manner in which management measures day-to-day performance and budgets, and the system of internal controls that is used to ensure that the program areas under review are meeting their goals and objectives.

**Finding on goals, objectives and performance measures:** Evergreen found that the Martin County School District's major planning efforts do not identify or directly address the program areas under review, and Evergreen found no evidence of formal metrics to evaluate the performance of the program areas under review. Some of the current planning, control and monitoring structures are evolving as a number of key positions have been recently filled or are being filled at this time. Evergreen found that the District has a strong internal control structure which is enhanced by its documented policies and procedures.

While in compliance with State mandates for tracking and reporting purposes for facilities, Evergreen identified opportunities for enhancing the planning and monitoring functions.

### **Key Observations**

- The Martin County School District's Success Plan, which was originally developed in 2015-16, has a strong academic planning structure, but the program areas under review are not directly mentioned in the plan nor was Evergreen able to identify formal performance metrics to measure success in those areas. Modifying the Success Plan to strategically focused goals and objectives five years into the future for both academics and the operational divisions is recommended.
- Some of the current planning, control, and monitoring structures are evolving as a number of key positions have been recently filled or are being filled at this time. Evergreen found that the District has a strong internal control structure which is enhanced by its documented policies and procedures. Individual departments have varying levels of internal control and performance monitoring activities. Some culminate in reports to the Board or Superintendent, while statistical and other measures are maintained internally for performance evaluation and delivery modification purposes.





- Budgeting policies are good, but there is little documentation of the processes used and the current budget documents provide no narrative to assist the public to fully understand the numbers.
- Managers are held accountable for their budgets and when budget amendments are required; justifications are assessed and approved according to documented need. Some school and departmental budget monitoring activities have been hampered by ERP system constraints; however, implementation of a new system is underway.

## **CHAPTER 5 - REPORTING ACCURACY AND ADEQUACY**

**Chapter 5** presents findings related to reporting accuracy and adequacy. During the performance audit, Evergreen examined districtwide information systems as well as any ancillary systems used in each of the functional areas under review to determine if the systems are meeting the business needs of the organization and are capable of delivering timely, accurate and useful information for management and stakeholders. Evergreen also examined the District's website and other tools used to keep the general public informed about ongoing projects and business activities and assessed the Open Records processes for responsiveness and accuracy.

**Finding on reporting accuracy and adequacy:** In its evaluation, Evergreen found that, although a new districtwide information system is being implemented, the current and future systems used in the Martin County School District are capable of producing accurate and comprehensive public documents, reports, and requests. A significant amount of financial, procurement, and performance information is available to the public on the MCSD website; however, additional and more current facility and safety information is needed. The process for responding to requests for information that is not readily available on the website is well-defined and MCSD responses are handled in a timely and appropriate manner.

### **Key Observations**

- For the most part, MCSD's current and future information systems are capable of tracking and controlling budgets, producing reports, and processing checks for the payment of invoices—some with more or less manual intervention than others. Migration is underway to the new system that promises to better meet the business needs of the District, particularly in the area of payroll, which until July was run through a legacy that is currently being replaced. Report retrieval, for the most part is possible, but problems with the old system have created barriers that the District is working to overcome.
- MCSD's current website is robust, with a great deal of financial data available to the public; however, some additional planning for the sharing project information relating to the Surtax is desirable.



- Evergreen found the Open Records process for the District is timely and internal controls appear to be in place to validate data before they are released to the requestor.

## **CHAPTER 6 - PROGRAM COMPLIANCE**

**Chapter 6** presents findings related to program compliance. As part of the performance audit, Evergreen assessed the District's compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen further assessed the adequacy of processes and internal controls used to ensure compliance with and remediate instances of non-compliance with federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures applicable to the program areas under review.

**Finding on program compliance:** In its evaluation, Evergreen found that the Martin County School District (MCSD) is in compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen further identified the groups and individuals responsible for ensuring compliance with a wide variety of laws rules, regulations, policies, and the like. In general, the internal control processes were found to be rigorous, and were supplemented by attorneys, external experts, and contract construction managers to assume some of the risk and responsibilities for compliance. Evergreen also found opportunities for strengthening management practices in specific areas.

### **Key Observations**

- Evergreen assessed the District's planned use of the Surtax and found that MCSD was in compliance with applicable state laws, rules and regulations. Providing more detailed information and assurances to taxpayers regarding the use of the Surtax proceeds would be beneficial. The District plans to provide direct marketing after August 28, 2018, once the vote on the millage referendum has been taken so as to not confuse voters.
- Evergreen and MCSD program administrators identified the key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures policies that would need to be complied with when addressing the projects outlined in the regulation. Once identified, Evergreen assessed the current organizational control and found that the District has internal control mechanisms and plans for contract provisions to ensure compliance and has remedies in place should a contractor be found to be non-compliant.
- Evergreen found that providing additional training for staff on the proper monitoring and documentation of vendor performance, as well as the legal remedies for dealing with poor performance, could strengthen the overall program compliance function.



## ***BACKGROUND AND INTRODUCTION***

## **BACKGROUND AND INTRODUCTION**

In May 2018, Evergreen Solutions responded to a Request for Quote (RFQ) issued from the Florida Office of Program Policy Analysis and Governmental Accountability (OPPAGA) for a performance audit of the Martin County School District. Evergreen was awarded the contract and immediately began work on the project by drafting a work plan which was first approved by OPPAGA. The work plan was then provided to the District's leadership.

As stated in the RFQ, the work plan addressed the requirements of Ch. 2018-118, *Laws of Florida*, found codified in s. 212.055(10), *Florida Statutes*, passed during the 2018 session of The Florida Legislature. The relevant portion states as follows:

*212.055(1) Discretionary sales surtaxes; legislative intent; authorization and use of proceeds.—It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.*

*(10) PERFORMANCE AUDIT.—(a) For any referendum held on or after the effective date of this act to adopt a discretionary sales surtax under this section, an independent certified public accountant licensed pursuant to chapter 473 shall conduct a performance audit of the program associated with the surtax adoption proposed by the county or school district. The Office of Program Policy Analysis and Government Accountability shall procure the certified public accountant and may use carryforward funds to pay for the services of the certified public accountant. (b) At least 60 days before the referendum is held, the performance audit shall be completed and the audit report, including any findings, recommendations, or other accompanying documents shall be made available on the official website of the county or school district. The county or school district shall keep the information on its website for 2 years from the date it was posted. (c) For purposes of this subsection, the term “performance audit” means an examination of the program conducted according to applicable government auditing standards or auditing and evaluation standards of other appropriate authoritative bodies. At a minimum, a performance audit must include an examination of issues related to the following: 1. The economy, efficiency, or effectiveness of the program. 2. The structure or design of the program to accomplish its goals and objectives. 3. Alternative methods of providing program services or products. 4. Goals, objectives, and performance measures used by the program to monitor and report program accomplishments. 5. The accuracy or adequacy of public documents, reports, and requests prepared by the county or school district which relate to the program. 6. Compliance of the program with appropriate policies, rules, and laws. (d) This subsection does not apply to a referendum held to adopt the same discretionary surtax that was in place during the month of December immediately before the date of the referendum.*



**Statutory Charge.** *In accordance with s. 212.055(10), Florida Statutes, and Government Auditing Standards (2011 Revision) issued by the Comptroller General of the United States, the certified public accountant must conduct a performance audit of the Martin County School District program areas within the administrative unit(s) which will receive funds through the referendum approved by Resolution adopted by the Martin County School Board on April 17, 2018, attached hereto and incorporated herein as Appendix 2. The performance audit must include a review of program areas related to the construction of new schools, reconstruction and renovation of existing schools, acquisition of equipment, including safety and security equipment, and technology. At a minimum, audit fieldwork must include interviews with program administrators, review of relevant documentation, and other applicable methods as needed to soundly document and clearly and credibly communicate related findings and recommendations related to each of the issues described in 2.2.1.1 through 2.2.1.6.*

As outlined in the RFQ for the Performance Audit of the Martin County School District issued by OPPAGA, “The performance audit must include a review of program areas related to the areas related to security upgrades and enhancements at all schools, the replacement of Jensen Beach Elementary and Palm City Elementary, and the repair or renovation of district-owned school buildings.”

Consequently, for purposes of this audit of the Martin County School District, the program areas under review included Facilities Maintenance and Construction, and the acquisition of Safety and Security equipment.

As outlined in statute, this performance audit is organized in the following six chapters:

- Chapter 1 - Program Economy, Efficiency, and Effectiveness
- Chapter 2 - Program Design and Structure
- Chapter 3 - Alternative Delivery Methods
- Chapter 4 - Goals, Objectives, and Performance Measures
- Chapter 5 - Reporting Accuracy and Adequacy
- Chapter 6 - Program Compliance

## METHODOLOGY

Evergreen began the audit by developing a detailed work plan which was approved by OPPAGA and then shared with MCSD administrators and the School Board during an onsite diagnostic visit on June 20, 2018. During this visit, the District named the Facilities Director as Project Manager for the audit and he and his staff began the process of gathering data on the preliminary data request list created by Evergreen.

During this same period, Evergreen began gathering additional data from the Florida Department of Education and directly from the following peer school districts:

- Charlotte County School District
- Citrus County School District
- Hernando County School District
- Indian River County School District



While comparison data were not used to evaluate MCSD, the information when analyzed along with the data gathered by the District provided valuable insights into the challenges and opportunities that may exist.

During the weeks of July 2 and July 9, 2018, the Evergreen Team conducted onsite interviews, observations and tours and reviewed a wide array of policy and program documents. Additional telephone interviews occurred on an as needed basis to ensure that all relevant data were collected and recorded.

While onsite, Evergreen Team members visited five district sites accompanied by the Director of Facilities. Those sites included:

- J. D. Parker Elementary School
- Jensen Beach High School
- Jensen Beach Elementary School
- Citrus Grove Elementary School
- Palm City Elementary School

In addition, Evergreen conducted case studies of three major capital outlay projects. The case studies examine the projects from start to finish, and identify lessons learned, if any, and how MCSD responded.

## PEER DISTRICT COMPARISON DATA

The Martin County School District's growth rate has fluctuated over the last five years. As shown in **Exhibit 1**, among its peers, only Charlotte and Indian River County School Districts experienced declines over the last five years, while the Citrus and Hernando County School Districts growth rates were slightly higher than Martin County.

**Exhibit 1**  
**Growth Rates in Florida Public Schools**  
**2013-14 to 2017-18 School Years**

District	# of Students 2013-14	# of Students 2014-15	# of Students 2015-16	# of Students 2016-17	# of Students 2017-18	% Change
Martin County School District	18,792	19,101	18,994	19,014	18,971	1.00%
Charlotte County School District	16,263	16,135	16,061	15,925	15,901	-2.20%
Citrus County School District	15,069	15,126	15,250	15,338	15,542	3.10%
Hernando County School District	22,068	22,090	22,172	22,298	22,445	1.70%
Indian River County School District	18,078	18,077	17,984	17,879	17,792	-1.60%

Source: Florida Department of Education, 2018.

Of its peers, the Martin County School District receives a higher percentage of its revenues from local sources (**Exhibit 2**); the percentage of revenues from the State is the lowest among its peers.



**Exhibit 2**  
**Revenues - All Governmental Funds**  
**2016-17 School Year\***

District	Total Federal Revenues	% of Total Revenues	Total State Revenues	% of Total Revenues	Total Local Revenues	% of Total Revenues	Total Revenues
Martin County School District	\$20,505,854	9.86%	\$36,740,060	17.66%	\$150,813,698	72.49%	\$208,059,611
Charlotte County School District	\$22,872,854	13.35%	\$36,215,885	21.14%	\$112,186,722	65.50%	\$171,275,462
Citrus County School District	\$18,741,160	12.59%	\$64,146,511	43.09%	\$65,984,947	44.32%	\$148,872,618
Hernando County School District	\$23,203,001	10.90%	\$115,526,371	54.29%	\$74,058,351	34.80%	\$212,787,723
Indian River County School District	\$17,760,590	9.34%	\$47,090,606	24.75%	\$125,383,046	65.91%	\$190,234,242

Source: School District Annual Financial Report, Florida Department of Education, June 2018.

\*latest data

**Exhibits 3** presents expenditures by category. As can be seen, the Martin County School District was highest in total expenditures with the Hernando County School District coming in second in the 2016-17 fiscal year. **Exhibit 4** examines categorical program revenues where Martin ranked second in Class Size Reduction – Operating and Florida Digital Classrooms, and third in Safe Schools and Student Transportation.

**Exhibit 3**  
**Expenditures - All Governmental Funds**  
**2016-17 School Year\***

District	# of Students 2016–17	Total Current Expenditures	Total Capital Outlay	Total Debt Service	Total Expenditures
<b>Martin County School District</b>	<b>19,014</b>	<b>\$170,254,820</b>	<b>\$36,786,395</b>	<b>\$6,038,640</b>	<b>\$213,079,855</b>
Charlotte County School District	15,925	\$144,878,987	\$7,022,874	\$4,063,964	\$155,965,824
Citrus County School District	15,338	\$139,008,599	\$5,623,261	\$942,498	\$145,574,358
Hernando County School District	22,298	\$179,826,022	\$15,005,812	\$9,545,441	\$204,377,275
Indian River County School District	17,879	\$161,987,992	\$26,858,429	\$13,727,978	\$202,574,398

Source: School District Annual Financial Report, Florida Department of Education, June 2018.

\*latest data

**Exhibit 4**  
**Categorical Program Revenues**  
**2016-17 School Year\***

District	# of Students 2016–17	Class Size Reduction – Operating	Florida Digital Classrooms	Safe Schools	Student Transportation
<b>Martin County School District</b>	<b>19,014</b>	<b>\$21,087,829</b>	<b>\$794,094</b>	<b>\$376,558</b>	<b>\$2,864,597</b>
Charlotte County School District	15,925	\$16,798,234	\$742,814	\$364,170	\$3,234,258
Citrus County School District	15,338	\$15,407,285	\$735,335	\$340,507	\$3,663,730
Hernando County School District	22,298	\$23,665,654	\$848,409	\$486,524	\$4,943,838
Indian River County School District	17,879	\$19,359,781	\$775,076	\$400,938	\$3,714,572

Source: School District Annual Financial Report, Florida Department of Education, June 2018.

\*latest data





**Exhibits 5, 6, and 7** examine facilities and technology. MCSD is highest in total facilities appropriations (**Exhibit 5**) in 2017-18; second highest in instruction-related technology appropriations (**Exhibit 6**); and lowest in administrative technology services appropriations (**Exhibit 7**).

**Exhibits 8 through 10** examine the Safety and Security related allocations and appropriations.

**Exhibits 16 through 19** examine the staffing levels and categories for each of the peer school districts. As can be seen, MCSD has fewer total support staff than all but Indian River (**Exhibit 16**), and the second highest number of instructional staff behind Hernando (**Exhibit 18**).

**Exhibit 20** shows the list of referenda in peer school districts. As can be seen, the Hernando and Indian River County School Districts are the only two peer school districts that have successfully passed a referendum.





**Exhibit 5**  
**Facilities Acquisition and Construction Appropriations**  
**2017-18 School Year\***

District	# of Students 2016-17	Salaries	Employee Benefits	Purchased Services	Energy Services	Materials and Other Supplies	Capital Outlay	Other	Total
<b>Martin County School District</b>	<b>19,014</b>	<b>\$639,344</b>	<b>\$176,659</b>	<b>\$16,700</b>	<b>\$0</b>	<b>\$898</b>	<b>\$0</b>	<b>\$1,546</b>	<b>\$835,147</b>
Charlotte County School District	15,925	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Citrus County School District	15,338	\$230,335	\$68,063	\$30,500	\$0	\$3,000	\$254,945	\$0	\$586,842
Hernando County School District	22,298	\$196,212	\$60,599	\$200,340	\$0	\$3,600	\$0	\$0	\$460,751
Indian River County School District	17,879	\$414,081	\$102,038	\$21,165	\$4,305	\$7,710	\$116,219	\$0	\$665,518

Source: School District Summary Budget, Florida Department of Education, June 2018.

\*The appropriations are from General Fund only, and do not consider Capital expenditures.

**Exhibit 6**  
**Instruction-Related Technology Appropriations**  
**2017-18 School Year\***

District	# of Students 2016-17	Salaries	Employee Benefits	Purchased Services	Materials and Other Supplies	Capital Outlay	Other	Total
<b>Martin County School District</b>	<b>19,014</b>	<b>\$1,928,111</b>	<b>\$580,423</b>	<b>\$154,405</b>	<b>\$21,500</b>	<b>\$204,963</b>	<b>\$500</b>	<b>\$2,889,902</b>
Charlotte County School District	15,925	\$176,520	\$70,645	\$526,400	\$500	\$181,100	\$1,000	\$956,165
Citrus County School District	15,338	\$1,386,998	\$404,772	\$3,350	\$75,854	\$91,640	\$0	\$1,962,614
Hernando County School District	22,298	\$135,197	\$83,215	\$0	\$0	\$0	\$0	\$218,412
Indian River County School District	17,879	\$645,525	\$181,880	\$776,326	\$5,214	\$8,463,317	\$0	\$10,072,262

Source: School District Summary Budget, Florida Department of Education, June 2018.

\*The appropriations are from General Fund only, and do not consider Capital expenditures.



**Exhibit 7**  
**Administrative Technology Services Appropriations**  
**2017-18 School Year\***

District	# of Students 2016-17	Salaries	Employee Benefits	Purchased Services	Energy Services	Materials and Other Supplies	Capital Outlay	Other	Total
<b>Martin County School District</b>	<b>19,014</b>	<b>\$476,015</b>	<b>\$134,352</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$610,367</b>
Charlotte County School District	15,925	\$792,828	\$223,503	\$492,490	\$0	\$6,356	\$2,000	\$1,970	\$1,519,146
Citrus County School District	15,338	\$812,958	\$812,958	\$192,046	\$0	\$62,896	\$587	\$0	\$2,177,128
Hernando County School District	22,298	\$1,150,093	\$337,213	\$320,910	\$0	\$34,701	\$803,626	\$698	\$2,647,241
Indian River County School District	17,879	\$1,985,187	\$505,870	\$884,588	\$2,914	\$2,448	\$140,114	\$200	\$3,521,321

Source: School District Summary Budget, Florida Department of Education, June 2018.

\*The appropriations are from General Fund only, and do not consider Capital expenditures.

**Exhibit 8**  
**Safe Schools Allocation**  
**2017-18 School Year**

District	Allocation Minimum	2014 Crime Index	Allocation Based On Crime Index	Unweighted FTE*	Allocation Based On Unweighted	K-8 FTE	Total Safe Schools Allocation
<b>Martin County School District</b>	<b>\$62,660</b>	<b>2,879</b>	<b>\$174,385</b>	<b>18,915</b>	<b>\$133,648</b>	<b>12,867</b>	<b>\$370,693</b>
Charlotte County School District	\$62,660	2,937	\$177,898	15,427	\$109,008	10,150	\$349,566
Citrus County School District	\$62,660	2,331	\$141,192	15,058	\$106,394	10,387	\$310,246
Hernando County School District	\$62,660	4,443	\$269,119	22,313	\$157,656	15,371	\$489,435
Indian River County School District	\$62,660	3,940	\$238,651	17,541	\$123,941	12,142	\$425,252

Source: Funding Allocations, Florida Department of Education, June 2018.

\*April 14, 2017 FTE count



**Exhibit 9**  
**Safe Schools Appropriation District Expenditures**

<b>District</b>	<b>School Resources Officers</b>	<b>Middle and High School Programs for Correction of Specific Discipline Problems</b>	<b>Total Safe Schools Appropriation Expenditure (Not Including Flexibility Option)</b>
<b>Martin County School District</b>	<b>\$376,558</b>		<b>\$376,558</b>
Charlotte County School District	\$364,170		\$364,170
Citrus County School District	\$340,507		\$340,507
Hernando County School District	\$388,226	\$98,298	\$486,524
Indian River County School District	\$400,938		\$400,938

Source: Safe Schools Appropriation Report, Florida Department of Education, June 2018.

**Exhibit 10**  
**Mental Health Assistance Allocation**  
**2018-19 School Year**

<b>District</b>	<b>Unweighted FTE*</b>	<b>Allocation Based On Unweighted FTE</b>	<b>Minimum Funding \$100,000 Per District</b>	<b>Total Mental Health Allocation</b>
<b>Martin County School District</b>	<b>18,759.08</b>	<b>\$413,022</b>	<b>\$100,000</b>	<b>\$513,022</b>
Charlotte County School District	15,422.21	\$339,553	\$100,000	\$439,553
Citrus County School District	15,196.12	\$334,575	\$100,000	\$434,575
Hernando County School District	22,298.87	\$490,958	\$100,000	\$590,958
Indian River County School District	17,318.95	\$381,314	\$100,000	\$481,314

Source: Florida Education Finance Program, Florida Department of Education, June 2018.

\*February 6, 2018 count



**Exhibit 11**  
**Annual Energy Cost Information**  
**2016-17 School Year**

District	Natural Gas	Bottled Gas	Electricity	All Energy	F.I.S.H. GSF	COFTE	Square Foot Cost		Cost Per COFTE	
							All Energy	Elec Only	All Energy	Elec Only
<b>Martin County School District</b>	<b>\$12,038</b>	<b>\$21,675</b>	<b>\$4,203,851</b>	<b>\$4,237,564</b>	<b>\$3,959,706</b>	<b>17,869</b>	<b>\$1.07</b>	<b>\$1.06</b>	<b>\$237.15</b>	<b>\$235.26</b>
Charlotte County School District	\$22,222	\$8,292	\$3,817,762	\$3,848,276	\$3,399,639	15,096	\$1.13	\$1.12	\$254.92	\$252.90
Citrus County School District	\$59,853	\$12,889	\$3,183,160	\$3,255,902	\$2,966,986	14,976	\$1.10	\$1.07	\$217.41	\$212.55
Hernando County School District	\$14,058	\$28,091	\$5,189,157	\$5,231,306	\$4,406,282	21,120	\$1.19	\$1.18	\$247.69	\$245.70
Indian River County School District	\$7,150	\$34,194	\$4,083,269	\$4,124,613	\$3,152,738	15,132	\$1.31	\$1.30	\$272.57	\$269.84

Source: District Financial Report, Florida Department of Education, June 2018.

**Exhibit 12**  
**Number of Total Classrooms**  
**2016-17 School Year\***

District	K-3 Core Classrooms	4-8 Core Classrooms	9-12 Core Classrooms	ESE Core Classrooms	Total Core Classrooms	Total Non-Core Classrooms	Total Classrooms
<b>Martin County School District</b>	<b>344</b>	<b>332</b>	<b>178</b>	<b>106</b>	<b>960</b>	<b>124</b>	<b>1,084</b>
Charlotte County School District	297	268	164	102	831	115	946
Citrus County School District	269	279	149	80	777	141	918
Hernando County School District	396	534	296	93	1,319	139	1,458
Indian River County School District	304	312	159	75	850	90	940

Source: Florida Inventory of School Houses, Florida Department of Education, June 2018.

\*latest data



**Exhibit 13**  
**Number of Facility Types**  
**2016-17 School Year**

Facility Type	Martin County School District	Charlotte County School District	Citrus County School District	Hernando County School District	Indian River County School District
Vacant	6	0	0	2	1
PreKSE	1	1	0	0	0
Kindergarten	0	0	0	0	0
Elementary	12	10	11	10	13
Middle	4	4	4	4	4
Junior High	0	0	0	0	0
Senior High	3	3	3	4	2
Exceptional Student	1	1	1	0	1
Combination	1	1	0	4	0
Alternative Education	1	0	1	0	1
Adult Education	1	0	0	0	0
County Administration	1	0	3	2	3
Warehouse	0	0	0	1	1
Maintenance	0	0	2	1	0
Transportation	0	2	1	1	1
Food Service	0	0	0	0	0
Community Service	0	0	0	0	0
Joint Use	1	0	0	0	0
Multiple Use Support	2	2	1	1	1
VoTech	0	1	1	0	0
State School	0	0	0	0	0
Other	0	0	0	0	0
Leased to another entity	0	0	0	2	0
Agriculture Farm	0	0	0	0	0
Total	34	25	28	32	28

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.

**Exhibit 14**  
**Age of Permanent Facilities**  
**2016-17 School Year**

District	Total NSF	SQFT 1-10 Yrs Old	SQFT 11-20 Yrs Old	SQFT 21-30 Yrs Old	SQFT 31-40 Yrs Old	SFT 41-50 Yrs Old	SQFT >50 Yrs Old	Avg Age
Martin County School District	3,666,712	13.90%	30.90%	25.00%	15.80%	6.00%	8.50%	26
Charlotte County School District	3,167,639	23.70%	31.40%	23.70%	16.90%	2.70%	1.50%	21
Citrus County School District	2,758,727	6.30%	14.90%	27.00%	25.90%	13.90%	12.00%	32
Hernando County School District	3,828,753	12.20%	25.80%	34.70%	13.90%	12.00%	1.30%	25
Indian River County School District	2,877,674	26.30%	13.70%	25.20%	17.80%	6.30%	10.70%	26

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.



**Exhibit 15**  
**Age of Relocatable Facilities**  
**2016-17 School Year**

District	Total NSF	SQFT 1-10 Yrs Old	SQFT 11-20 Yrs Old	SQFT >20 Yrs Old	Avg Age
<b>Martin County School District</b>	<b>67,665</b>	<b>19.40%</b>	<b>65.70%</b>	<b>14.80%</b>	<b>17</b>
Charlotte County School District	39,503	4.90%	81.00%	14.10%	13
Citrus County School District	40,190	6.30%	82.00%	11.70%	14
Hernando County School District	321,894	42.80%	23.30%	33.90%	14
Indian River County School District	89,215	8.50%	86.70%	4.90%	13

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.

**Exhibit 16**  
**Support Staff in Florida's Public Schools**  
**2017-18 School Year**

District	Other Professional Staff Non-instructional	Para-professional	Technicians	Administrative Support Workers	Service Workers	Skilled Crafts Workers	Unskilled Laborers	Total Support Staff
<b>Martin County School District</b>	<b>83</b>	<b>299</b>	<b>29</b>	<b>168</b>	<b>269</b>	<b>31</b>	<b>9</b>	<b>888</b>
Charlotte County School District	60	321	38	160	357	26	12	974
Citrus County School District	69	308	16	157	353	22	20	945
Hernando County School District	81	330	19	183	499	39	17	1,168
Indian River County School District	88	215	16	93	279	29	19	739

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.



**Exhibit 17**  
**Administrative Staff in Florida's Public Schools**  
**2017-18 School Year**

District	Officials, Administrators and Managers- Instructional	Officials, Administrators and Managers- Non- Instructional	Officials, Administrators, Managers Total	Consultants/ Supervisors of Instruction	Principals	Assistant Principals	Deans/ Curriculum Coordinators	Total Administrative Staff
<b>Martin County School District</b>	<b>11</b>	<b>11</b>	<b>22</b>	<b>3</b>	<b>23</b>	<b>37</b>		<b>85</b>
Charlotte County School District	12	11	23	2	20	30		75
Citrus County School District	11	14	25	2	25	32		84
Hernando County School District	15	13	28	8	26	38		100
Indian River County School District	11	12	23	2	26	35	1	87

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.

**Exhibit 18**  
**Instructional Staff in Florida's Public Schools**  
**2017-18 School Year**

District	Elementary Teachers (PK-6)	Secondary Teachers (7-12)	Exceptional Education Teachers	Other Teachers	Total Teachers	Guidance	Visiting Teachers/ Social Workers	School Psychologists	Librarians/ Audio Visual Workers	Other Professional Instructional Staff	Total Instructional Staff
<b>Martin County School District</b>	<b>470</b>	<b>464</b>	<b>216</b>	<b>25</b>	<b>1,175</b>	<b>37</b>		<b>7</b>	<b>20</b>	<b>116</b>	<b>1,355</b>
Charlotte County School District	347	392	170	12	921	37	9	10	17	65	1,059
Citrus County School District	461	342	138	30	971	36	7	10	19	72	1,115
Hernando County School District	569	569	249	65	1,452	52	14	9	11	91	1,629
Indian River County School District	510	470	148	13	1,141	26	8	13	21	145	1,354

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.



**Exhibit 19**  
**Total Staff by Category in Florida's Public Schools**  
**2017-18 School Year**

<b>District</b>	<b>Martin County School District</b>	<b>Charlotte County School District</b>	<b>Citrus County School District</b>	<b>Hernando County School District</b>	<b>Indian River County School District</b>
Officials, Administrators, Managers	22	23	25	28	23
Consultants/ Supervisors of Instruction	3	2	2	8	2
Principals	23	20	25	26	26
Assistant Principals	37	30	32	38	35
Curriculum Coordinators					1
Elementary Teachers (PK-6)	470	347	461	569	510
Secondary Teachers (7-12)	464	392	342	569	470
Exceptional Student Education Teachers	216	170	138	249	148
Other Teachers	25	12	30	65	13
Guidance Counselors	37	37	36	52	26
Social Workers		9	7	14	8
School Psychologists	7	10	10	9	13
Librarians/Audio Visual Workers	20	17	19	11	21
Other Professional Instructional Staff	116	65	72	91	145
Other Professional Non-Instructional Staff	83	60	69	81	88
Paraprofessionals	299	321	308	330	215
Technicians	29	38	16	19	16
Clerical/ Secretarial	168	160	157	183	93
Service Workers	269	357	353	499	279
Skilled Crafts Workers	31	26	22	39	29
Laborers, Unskilled	9	12	20	17	19
<b>Total Full-Time Staff</b>	<b>2,328</b>	<b>2,108</b>	<b>2,144</b>	<b>2,897</b>	<b>2,180</b>

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.





**Exhibit 20**  
**Referenda in Last 10 Years**  
**in Comparison School Districts**

District	Referendum (Yes/No)	# of Referenda	Issues	Years	Amount
Martin County School District	August 2018 (0.5 millage); November 2018 (Surtax). One rejected in 2014	PENDING	Security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate district-owned school buildings	Surtax 2019-26	Surtax Estimated \$112 million
Charlotte County School District	No; one rejected in 2007. Another one in November 2018.	PENDING	School security, teacher pay raises and recruitment, and music/art/career programs.	Vote in November 2018 for 2019-23.	Estimated \$17 million
Citrus County School District	No; one rejected in 2016				
Hernando County School District	Yes - 2003 and 2015 (Half-cent Sales Tax)	2	Additional schools; school maintenance improvements.	Voted in March 2004 for 2004-14.  Voted in September 2015 for 2016-26.	Estimated \$65 million; Estimated \$85 million
Indian River County School District	Yes (0.6 in 2012) and 0.5 in 2013	2	Retain teachers, upgrade technology and infrastructure, implement/ maintain technical programs.	Voted in August 2012 for 2013-17.  Voted in September 2016 for 2017-21.	The 0.60 Millage generated \$7.9 million in 2013-14 fiscal year and \$8.3 million 2014-15 fiscal year. The 0.50 millage is expected to generate approximately \$8 million annually.

Source: Phone calls to Comparison Districts, June 2018.



***CHAPTER 1:  
PROGRAM ECONOMY, EFFICIENCY,  
AND EFFECTIVENESS***

## ***1.0 PROGRAM ECONOMY, EFFICIENCY, AND EFFECTIVENESS***

**Chapter 1** presents audit findings related to the economy, efficiency, and effectiveness of the program areas under review. As part of field work, Evergreen examined the District's internal monitoring structure including management reporting and the results of internal and external audits and operational performance reviews. In addition, Evergreen evaluated program performance and costs, and thoroughly researched the strengths and weaknesses associated with past projects of similar size and complexity.

The specific audit evaluation tasks are provided below.

- 1. Reviewed any management reports/data that program administrators use on a regular basis and determined whether this information is adequate to monitor program performance and cost.*
- 2. Determined whether the program is periodically evaluated using performance information and other reasonable criteria to assess program performance and cost.*
- 3. Reviewed findings and recommendations included in any relevant internal or external reports on program performance and cost.*
- 4. Determined whether program administrators have taken reasonable and timely actions to address any deficiencies in program performance and/or cost identified in management reports/data, periodic program evaluations, audits, etc.*
- 5. Evaluated program performance and cost based on reasonable measures, including best practices.*
- 6. Evaluated the cost, timing, and quality of current program efforts based on a reasonably sized sample of projects to determine whether they were of reasonable cost and completed well, on time, and within budget.*
- 7. Determined whether the county or school district has established written policies and procedures to take maximum advantage of competitive procurement, volume discounts, and special pricing agreements.*

**Finding on program economy, efficiency, and effectiveness:** Evergreen found no formal performance metrics nor other management-level evaluations designed to ensure that the programs in the Martin County School District (MCSD) are economical, effective and efficient; however, Evergreen found that the program areas under review are currently being managed appropriately. In addition, Evergreen found District policies and internal control structures to be strong. Moving forward, Evergreen identified opportunities for further improving effectiveness and efficiency.



## **CHAPTER HIGHLIGHTS**

In general, other than Financial Reports prepared by the Finance Department, Evergreen found no formally-adopted performance metrics for the program areas under review. Department heads provided data regarding the internal measures they use to monitor performance, as well as copies of informational and progress reports they periodically provide to the Board. Performance is not, however, linked to the District's Success Plan, nor is there a systematic or formal mechanism for evaluation of results.

Evergreen found that MCSD has an Internal Auditor who reports to the Board and performs a variety of audits each year, but does not audit construction contracts or projects. Expanding the function to encompass audits of construction and other Surtax-related projects and contracts would provide assurance that funds are being managed appropriately.

To assess the District's ability to manage the projects envisioned in the Surtax referendum, Evergreen conducted case studies of three recent construction projects. Overall, the District has used proven contracting and management techniques to bring the projects in at or near the originally estimated costs.

Purchasing is decentralized, but policies, procedures and systems are operating effectively. Some clarification of policy in the Procurement Manual could provide additional support to staff who rely on the Manual for guidance.

This chapter contains the following five sections:

- 1.1 Management Reports and Evaluation Processes
- 1.2 Internal and External Audits, Studies and Reviews
- 1.3 Program Performance and Costs
- 1.4 Cost, Timing and Quality of Past and Ongoing Capital Projects
- 1.5 Procurement Policies and Practices

### **1.1 MANAGEMENT REPORTS AND EVALUATION PROCESSES**

#### **OBSERVATION**

In general, other than Financial Reports prepared by the Finance Department, Evergreen found no formally-adopted performance metrics for the program areas under review.

The Success Plan (the District's equivalent of a Strategic Plan) primarily addresses academics. Consequently, there are few district-level performance measures in place for the operations divisions.

Maintenance provided a list of work orders received and processed as one performance measure they monitored on a regular basis. The number and type of pending work orders are periodically evaluated to determine whether delays are justified, and to determine alternative ways to better serve their clients.



Facilities and Planning also tracks Project Requests, which are received and approved or denied. Tracking is done to ensure that project requests are prioritized and budgeted appropriately, and are not in conflict with other requests.

Safety and Security is in the process of reorganization. There is evidence that the Board has given additional attention to this area, and information on the programs and program effectiveness have been the topic of Board discussions. With the hiring of a new Director of Safety and Security, there is an opportunity for the administration to establish a more robust reporting and monitoring structure.

Performance is not, however, linked to the District's Success Plan, nor is there a systematic or formal mechanism for formal evaluation of results.

## **RECOMMENDATION**

### **Recommendation 1-1:**

**Establish a series of operational performance measures relevant to the program areas under review, and periodically provide the Board progress updates on those measures.**

## **1.2 INTERNAL AND EXTERNAL AUDITS, STUDIES, AND REVIEWS**

As shown in **Exhibit 1-1**, MCSD has received unmodified opinions on its annual audits conducted by the Florida Auditor General. In each of the years reviewed, the District also received prestigious reporting awards from the Association of Schools Business Officials and the Government Finance Officers Association.

### **1.2.1 Financial Reporting**

## **OBSERVATION**

In the FY 2014-15 Comprehensive Annual Financial Report (CAFR), the Auditor General gave the following explanation regarding the audit finding relating to Federal Reporting:

### **Federal Reporting**

*Federal regulations [1 Title 34, Section 200.78, Code of Federal Regulations] 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 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 Code 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.



**Exhibit 1-1**  
**Martin County School District**  
**Four-Year Summary of Audit Results**

	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016 -17</b>
Certificate of Excellence in Financial Reporting – Association of School Business Officials	Yes	Yes	Yes	Yes	
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	Yes	Yes	Yes	Yes	
Auditor General Report/ Independent Auditor		Auditor General	Auditor General	Auditor General	Auditor General
Type of Auditor’s Report Issued – Financial Statements		Unmodified	Unmodified	Unmodified	Unmodified
Material Weaknesses –Financial Reporting		No	No	No	No
Significant Deficiency – Financial Reporting		None Reported	Yes	None Reported	None Reported
Material Non-Compliance – Financial Statements		No	No	No	No
Material Weaknesses – Federal Awards		No	Yes	No	No
Significant Deficiency – Federal Awards		None Reported	None Reported	None Reported	None Reported
Type of auditor’s report issued on compliance for major programs		Unmodified for all major programs	Unmodified, for all major programs except Title I Grants to Local Educational Agencies program, which was qualified.	Unmodified	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?		No	Yes	No	No
Prior Year Audit Findings Corrected				Financial Reporting – Yes Title I - Partially	Title I - Partially

Source: Compiled by Evergreen from Martin County School District Comprehensive Annual Financial Reports, FY 2013 through FY 2017.



*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.*

MCSD provided the following comments regarding the finding on two subsequent reports:

*The deficiencies have been corrected, however, resolution of the questioned costs is pending from the grantor.*

Since resolution of this finding remains pending from the grantor, this finding remained open at the time of Evergreen's review.

## **OBSERVATION**

MCSD underwent an Operational Audit by the Florida Auditor General for the Fiscal Year ending June 30, 2017. In March 2018, the findings and recommendations included a finding relating to the relocatable (portable) buildings:

***Finding 1:*** *Required annual inspections were not performed for any of the District relocatable facilities during the 2015-16 and 2016-17 fiscal years. During those fiscal years, the District had 71 and 63 relocatable facilities, respectively.*

The report stated that:

*District management indicated that, in June 2014, the District terminated the employment of the individual responsible for performing the inspections and the position duties were outsourced to a private inspector. However, the relocatable facility inspection requirement was overlooked and excluded from the private inspector's contract.*

In response, the Superintendent concurred and provided assurance that the problem would be remedied. During interviews, Evergreen learned that the issue has been resolved.

The Facilities and Planning Director said that an oversight occurred when contracting with a company to perform the Building Official's duties. To resolve the issue, the District's contract with the company that is performing the building official duties was modified to include these inspections.

Although the required inspections were not performed during this period, the Safety Manager indicated that, while he is not credentialed by the State as a Building Official; he was conducting routine fire and safety inspections of the portables and regularly reports his findings to Facilities—depending on the concern. The Certified Building Official is a contracted position who performs all other inspections, including portables.



## **OBSERVATION**

**Exhibit 1-2** provides an inventory of school facilities with an indication of the number of portable buildings at each campus. According to the most recent report obtained from the District, there are 58 portable buildings.

In some instances the relocatable facilities are being used for program purposes, rather than expanding classroom space. For example, Hidden Oaks Middle School has one Emotional and Behavioral Disorder (EBD) Exceptional Student Education (ESE) unit and an Agricultural Program in the portables. Spectrum Jr/Sr High utilizes one of the portables as its Media Center and one for Intense Reading. Additionally, this school was occupied by the Behavioral staff from ESE that have just been relocated. Other classrooms are used for Credit Recovery classes. Murray Middle School utilizes its portables for 6<sup>th</sup> grade classes (school within a school).

During the tour of select MCSD facilities, Evergreen observed a number of aging portables that were in the process of renovation, leveling, and the like. Meeting State guidelines is important as is ensuring the quality and appropriate use of portable/relocatable buildings for educational purposes.

## **RECOMMENDATION**

### **Recommendation 1-2:**

**In conjunction with the Long-Range Facility Master Planning process discussed in Chapter 4, adopt a policy for relocatable facilities.**

### **1.2.3 Internal Audit**

For more than ten years, MCSD has employed an Internal Auditor who reports directly to the Board. His contract serves as the equivalent of an audit charter—clearly outlining the roles and responsibilities and reporting arrangements of the position. Each year, the Internal Auditor prepares a risk assessment that is presented to the Audit Committee of the Board. The Audit Committee reviews, modifies and approves the Audit Plan for the year.

The auditor's primary responsibility is to review and monitor school activity funds, but each year he conducts a given number of internal audits of operational programs and presents the Audit Committee with the resulting reports containing findings and recommendations.





**Exhibit 1-2**  
**Martin County School District**  
**School Facility Inventory with Portables**

Schools	Total Permanent Capacity	Enrollment 10/13/17	Permanent Seats Over/ (Under) Capacity	Utilization Factor 2017-18	Projected Enrollment SY 18/19	Permanent Seats Over/ (Under) Capacity	Utilization Factor 2018-19	# Of Existing Portables	Total Relocatable S. Stations
Bessey Creek Elem	599	566	33	94%	582	17	97%	0	0
Citrus Grove Elem	767	675	92	88%	695	72	91%	0	0
Crystal Lake Elem	611	575	36	94%	585	26	96%	5	77
Felix Williams Elem	635	636	(1)	100%	622	13	98%	2	36
Hobe Sound Elem	776	572	204	74%	574	202	74%	0	0
JD Parker Elem	695	658	37	95%	677	18	97%	0	0
Jensen Beach Elem	668	604	64	90%	615	53	92%	3	54
Palm City Elem	678	657	21	97%	655	23	97%	2	36
Pinewood Elem	756	834	(78)	110%	848	(92)	112%	6	108
Port Salerno Elem	877	803	74	92%	825	52	94%	3	54
Sea Wind Elem	764	648	116	85%	654	110	86%	0	0
Warfield Elem	886	750	136	85%	737	149	83%	0	0
<b>TOTAL</b>	<b>8,712</b>	<b>7,978</b>	<b>734</b>	<b>92%</b>	<b>8,069</b>	<b>643</b>	<b>93%</b>	<b>22</b>	<b>365</b>
Anderson Middle	1,316	1,022	294	78%	1,025	291	78%	0	0
Hidden Oaks Middle	1,345	1,080	265	80%	1,057	288	79%	6	132
Indiantown* Middle	949	618	331	65%	643	306	68%	0	0
Murray Middle	935	760	175	81%	761	174	81%	8	176
Stuart Middle	1,330	937	393	70%	968	362	73%	0	0
<b>TOTAL</b>	<b>5,875</b>	<b>4,417</b>	<b>1,458</b>	<b>75%</b>	<b>4,454</b>	<b>1,421</b>	<b>76%</b>	<b>14</b>	<b>308</b>

\*Note: 90% factor applied in Total Fish Capacity for Middle School per DOE Requirements

Jensen Beach High	1,636	1,600	36	98%	1,580	56	97%	0	0
Martin County	1,838	2,249	(411)	122%	2,259	(421)	123%	15	307
South Fork High	1,699	1,935	(236)	114%	1,988	(289)	117%	3	75
<b>TOTAL</b>	<b>5,173</b>	<b>5,784</b>	<b>(611)</b>	<b>112%</b>	<b>5,827</b>	<b>(654)</b>	<b>113%</b>	<b>18</b>	<b>382</b>

\*Note: 95% factor applied in Total Fish Capacity for High School per DOE Requirements

Willoughby Learning Ctr.	171	70	101	41%	74	97	43%	0	0
Spectrum Jr./Sr. High	130	44	86	34%	58	72	45%	4	88
<b>TOTAL</b>	<b>301</b>	<b>114</b>	<b>187</b>	<b>38%</b>	<b>132</b>	<b>169</b>	<b>44%</b>	<b>4</b>	<b>88</b>
<b>School Totals</b>	<b>20,061</b>	<b>18,293</b>	<b>1,768</b>	<b>91%</b>	<b>18,482</b>	<b>1,579</b>	<b>92%</b>	<b>58</b>	<b>1,143</b>

Source: MCSD's Capital Projects Planner, July 2018.



**OBSERVATION**

A recent Internal Audit addressed poor inventory control in the Maintenance warehouse. The recommendation was to implement an inventory software and to reconfigure the warehouse itself to improve control at an estimated cost of \$100K. Maintenance currently uses School Dude, but not the inventory module. Staff indicated that some physical and procedural changes have been implemented, but the cost for the majority of the recommended changes are currently not within the budget.

**RECOMMENDATION****Recommendation 1-3:**

**Work with the Internal Auditor, and possibly external experts and vendors, to determine an affordable and implementable solution for the identified inventory control issue.**

**OBSERVATION**

The Internal Auditor performs no construction-related audits and indicated that he has no training or expertise in construction/construction contract requirements. Staff in the Facilities and Planning Department stated that, for one past project, an outside firm was brought in to reassess processes and costs; however, that is not the norm. Instead, staff completes the Close Out Checklist shown in **Exhibit 1-3**. Before the final payment is made to the vendor, the Finance Office reviews the checklist and the paperwork, and authorizes release of the final payment.

In light of the Surtax referendum and the potential for a number of very large projects, pre- and post-project construction audits are a best practice in the industry. For example, in the Lee County School District, the Internal Auditor examines all project documents and prepares a report to the Board recommending that the final payment to the contractor be authorized. If the audit finds issues, the final payment to the contractor, which is typically the amount of retainage, is withheld until all requirements are met. As noted above, the Finance Office currently performs an internal review prior to payment of the final invoice.

To implement construction-related audits for all Surtax projects, as well as other projects of amounts greater than \$100,000, either the District would need to send the current Internal Auditor for professional education on construction management audits or contract for the services of a firm with construction auditing expertise.

**RECOMMENDATION****Recommendation 1-4:**

**Arrange for construction-related, internal audits to provide the Board and the public assurances that the projects and the project management activities are being accomplished effectively and efficiently, and within all legal guidelines.**



**Exhibit 1-3**  
**Martin County School District**  
**Close-Out Form**

Date: \_ \_ \_

**MCSD Close-Out Form**  
 Project School  
 Project Title  
 Architect's Project No. -

Item #	Status	Close-Out Item
1		3 Copies: AIA Application For Payment, Signed and Sealed, Noted as Final Payment.
2		Consent of Surety to make final payment.
3		Release of Lien from all Sub-Contractors or Laborers who have filled an Intent to Lien.
4		Warranty/Guarantee from Construction Manager for one-year from the date of Substantial Completion.
5		Warranty/Guarantee from each Sub-Contractor for one-year from the date of Substantial Completion.
6		Copy of the approval by the Architect-Engineer and the transmittal to the end user of manuals, shop drawings, as-builds, brochures, warranties, list of sub-contractors with phone numbers, addresses and contact persons.
7		Verification that all applicable district personnel have been trained in the operation of their new equipment (per system: HVAC, controls, etc.)
8		Executed Roof Warranty in the name of the Martin County School District.
9		OEF Form 209, Certificate of Final Inspection.
10		Completed Punch-list.
11		SREF 4.2(3)(e) Architect's Certificate of Specification of Asbestos Containing Materials.
12		SREF 4.2(3)(e) Construction Manager's Certificate of Asbestos Use.
13		SREF 4.2(3)(d) Threshold inspector's statement that building complies with Threshold Plan.
14		OEF Form 110B, Certificate of Occupancy.
15		OEF Form 564 for new construction or additions to existing schools only
16		Inspection Log Book

Source: Facilities and Planning Department, July 2018.

### **1.3 PROGRAM PERFORMANCE AND COSTS**

**Section 1.3** examines the District's management of its financial resources through a series of exhibits that provide a budget to actual comparison of the District's general fund and capital fund revenues and expenditures for the last three years. Year-to-Date (YTD) numbers for the current year include revenues and expenditures through the end of June 2018.



**Exhibit 1-4** provides the General Fund Revenues for Fiscal Year (FY) 2016 through year-to-date (YTD) FY 2018. As shown, budgeted revenues before other adjustments have increased by 3.3 percent whereas actual revenues increased by 4.2 percent.

**Exhibit 1-5** provides General Fund Expenditures, by function and object for the same time period for the program areas under review. A complete set of general fund budget to actual expenditure reports for all departments is included in **Appendix A** of this report; only general expenditure information for the program areas under review are included in the following exhibits, with districtwide totals presented at the end for comparison purposes. As shown, budgeted expenditures and actual expenditures have increased by 5.1 percent and 5.2 percent, respectively, over the three-year period.

**Exhibit 1-6** provides the Five-Year Capital Plan for FY 2017-18 through FY 2021-22, which includes projected revenues and expenditure. The Plan is updated each year during the budget process, and **Exhibit 1-7** provides the plan for FY 2018-19 through FY 2022-23.

**Exhibit 1-8** provides the Capital Fund and Debt Service Revenues and Expenditures for FY 2016 through year-to-date (YTD) FY 2018. In this chart, revenues and expenditures are combined by Fund.

## **OBSERVATION**

Managing operating budget increases in the program areas under review is an ongoing issue which the District is well-aware of and has plans to address which may require some investments to remedy the underlying problems.

As shown in **Exhibit 1-5**, all three of the accounts for the program areas under review which include Facilities Acquisition and Construction and Operation of Plant and Maintenance of Plant have experienced budgetary increases; however, as of June 30, 2018, all three have ended the year under budget primarily due to position vacancies that went unfilled. Salary and benefit increases in all three areas are due to increases authorized at the Board level in an attempt to become more competitive in the market place. A salary study is currently underway, as some positions such as the HVAC technicians could not be filled at the current salary levels. The District's efforts to address the salary issue will likely require some additional salary adjustments in some areas to ensure that they are able to attract and retain the most qualified candidates.

Major increases of approximately \$950,000 in the Operation of Plant category are due to an increase in insurance costs of \$588,000 between FY 2016 and FY 2018 and an overall increase in the cost of utilities of \$372,000 during that same time period. While the cost of insurance is outside of the control of the program areas under review, energy costs at the aging schools scheduled for demolition and replacement identified in the School Board Resolution are a major concern. Further, the approved, but currently on hold, renovation project at the Stuart Middle School and the Administration Building includes the creation of a thermal energy storage plant that would serve both facilities and would result in energy cost savings for the District.

Understanding the underlying budget-drivers and critically assessing the best way to address those issues is a positive way to control and manager future budgets.



**Exhibit 1-4**  
**General Fund Revenues**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>REVENUES FROM FEDERAL SOURCES</b>								
<b>FEDERAL DIRECT</b>								
RESERVE OFFICERS TRAINING CORP	\$186,812	\$191,341	\$266,958	\$204,360	\$264,139	\$219,136	41.4%	14.5%
MISCELLANEOUS FEDERAL DIRECT	\$180,000	\$167,893	\$165,000	\$155,891	\$155,000	\$182,421	-13.9%	8.7%
<b>SUBTOTAL - FEDERAL DIRECT</b>	<b>\$366,812</b>	<b>\$359,234</b>	<b>\$431,958</b>	<b>\$360,251</b>	<b>\$419,139</b>	<b>\$401,557</b>	<b>14.3%</b>	<b>11.8%</b>
<b>FEDERAL THROUGH STATE</b>								
MEDICAID	\$795,000	\$312,238	\$570,000	\$673,034	\$420,000	\$303,921	-47.2%	-2.7%
EDUCATION FOR HANDICAPPED ACT	\$23,166	\$23,166	\$18,000	\$23,166	\$23,166	\$23,166	0.0%	0.0%
FEDERAL THROUGH LOCAL	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%
OTHER FEDERAL THROUGH STATE	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%
<b>SUBTOTAL - FEDERAL THRU STATE</b>	<b>\$818,166</b>	<b>\$335,404</b>	<b>\$588,000</b>	<b>\$696,200</b>	<b>\$443,166</b>	<b>\$327,087</b>	<b>-45.8%</b>	<b>-2.5%</b>
<b>REVENUES FROM STATE SOURCES</b>								
FLORIDA EDUCATION FINANCE PROGRAM	\$10,384,377	\$8,361,358	\$12,150,161	\$9,704,266	\$15,135,911	\$13,594,744	45.8%	62.6%
WORK FORCE DEVELOPMENT	\$1,259,865	\$1,259,865	\$1,255,757	\$1,255,757	\$1,238,849	\$1,238,849	-1.7%	-1.7%
CO & DS WITHHELD FOR ADMINISTRATIVE EXPENSE	\$29,415	\$24,430	\$29,415	\$24,430	\$29,415	\$0	0.0%	-100.0%
DIAGNOSTIC AND LEARNING RESOURCES	\$1,500	\$1,500	\$1,500	\$1,500	\$0	\$750	-100.0%	-50.0%
OTHER STATE REVENUE	\$0	\$492,824	\$0	\$433,554	\$0	\$1,969,000	0.0%	299.5%
RACING COMMISSION FUNDS	\$223,250	\$223,250	\$223,250	\$223,250	\$223,250	\$223,250	0.0%	0.0%
STATE LICENSE TAX	\$73,057	\$72,045	\$71,000	\$70,600	\$71,000	\$81,768	-2.8%	13.5%
DISTRICT DISCRETIONARY LOTTERY FUNDS	\$68,845	\$0	\$0	\$323,489	\$326,762	\$34,780	374.6%	n/a
CLASS SIZE REDUCTION/OPER FUNDS	\$21,087,805	\$20,484,228	\$21,374,882	\$21,087,829	\$21,415,613	\$21,258,433	1.6%	3.8%
SCHOOL RECOGNITION FUNDS	\$1,088,750	\$1,361,714	\$1,361,714	\$413,113	\$413,113	\$1,300,013	-62.1%	-4.5%
VOLUNTARY PRE-K PROGRAM	\$463,400	\$800,178	\$622,510	\$707,627	\$0	\$962,048	-100.0%	20.2%
MISCELLANEOUS STATE REVENUE	\$11,279	\$6,206	\$6,206	\$35,595			-100.0%	-100.0%
SMART SCHOOLS SMALL CTY ASSIST					\$0	\$20,423	0.0%	n/a
<b>SUBTOTAL - STATE SOURCES</b>	<b>\$34,691,543</b>	<b>\$33,087,598</b>	<b>\$37,096,395</b>	<b>\$34,281,009</b>	<b>\$38,853,913</b>	<b>\$40,684,058</b>	<b>12.0%</b>	<b>23.0%</b>



**Exhibit 1-4 (Continued)**  
**General Fund Revenues**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>REVENUES FROM LOCAL SOURCES</b>								
DISTRICT SCHOOL TAXES	\$108,326,079	\$108,645,648	\$109,549,138	\$109,593,774	\$108,845,611	\$108,967,735	0.5%	0.3%
PAYMENT IN LIEU OF TAXES	\$100,000	\$104,148	\$100,000	\$0	\$0	\$116,963	-100.0%	12.3%
TUITION			\$0	\$27,370	\$35,000	\$0	0.0%	0.0%
RENT	\$102,500	\$116,800	\$100,000	\$134,687	\$100,000	\$98,807	-2.4%	-15.4%
INTEREST ON INVESTMENTS	\$17,700	\$110,663	\$122,200	\$172,673	\$140,000	\$453,912	691.0%	310.2%
GIFTS, GRANTS, DONATIONS	\$0	\$176,523	\$0	\$198,991	\$0	\$178,987	0.0%	1.4%
POST SECONDARY COURSE FEES	\$0	\$23,589	\$0	\$22,756	\$0	\$21,221	0.0%	-10.0%
OTHER STUDENT FEES	\$13,800	\$109,269	\$11,800	\$93,819	\$2,400	\$97,511	-82.6%	-10.8%
PRESCHOOL PROGRAM FEES	\$222,890	\$226,073	\$219,775	\$222,045	\$0	\$203,717	-100.0%	-9.9%
SCHOOL AGE CHILD CARE FEES	\$3,074,335	\$3,330,089	\$3,035,000	\$3,418,558	\$3,284,000	\$3,585,989	6.8%	7.7%
MISCELLANEOUS LOCAL SOURCES	\$1,539,313	\$5,099,881	\$2,652,579	\$2,404,310	\$2,015,564	\$3,016,911	30.9%	-40.8%
<b>SUBTOTAL - REVENUE FROM LOCAL SOURCES</b>	<b>\$113,396,617</b>	<b>\$117,942,683</b>	<b>\$115,790,492</b>	<b>\$116,288,983</b>	<b>\$114,422,575</b>	<b>\$116,741,753</b>	<b>0.9%</b>	<b>-1.0%</b>
<b>TOTAL REVENUES</b>	<b>\$149,273,138</b>	<b>\$151,724,919</b>	<b>\$153,906,845</b>	<b>\$151,626,443</b>	<b>\$154,138,793</b>	<b>\$158,154,455</b>	<b>3.3%</b>	<b>4.2%</b>
<b>OTHER FINANCING SOURCES:</b>								
TRANSFERS FROM CAPITAL PROJECTS FUNDS	\$5,975,779	\$1,403,216	\$4,975,779	\$1,754,369	\$3,516,918	\$0	-41.1%	-100.0%
INSURANCE LOSS RECOVERY	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$5,975,779</b>	<b>\$1,403,216</b>	<b>\$4,975,779</b>	<b>\$1,754,369</b>	<b>\$3,516,918</b>	<b>\$0</b>	<b>-41.1%</b>	<b>-100.0%</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$155,248,917</b>	<b>\$153,128,135</b>	<b>\$158,882,624</b>	<b>\$153,380,812</b>	<b>\$157,655,711</b>	<b>\$158,154,455</b>	<b>1.6%</b>	<b>3.3%</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$10,850,899</b>		<b>\$17,166,692</b>		<b>\$21,049,831</b>		<b>94.0%</b>	
<b>TOTAL ESTIMATED REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE</b>	<b>\$166,099,816</b>		<b>\$176,049,316</b>		<b>\$178,705,542</b>		<b>7.6%</b>	

Source: Martin County School District Finance Office, July 2018





**Exhibit 1-5**  
**General Fund Expenditures**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>FACILITIES ACQUISITION AND CONSTRUCTION</b>								
SALARIES	\$547,060	\$567,271	\$610,000	\$585,285	\$639,344	\$605,371	16.9%	6.7%
BENEFITS	\$155,311	\$165,581	\$175,391	\$169,792	\$176,659	\$173,814	13.7%	5.0%
SERVICES	\$10,750	\$8,614	\$13,805	\$10,937	\$16,700	\$11,351	55.3%	31.8%
CONSUMABLE	\$2,070	\$2,509	\$3,350	\$1,742	\$898	\$785	-56.6%	-68.7%
CAPITAL OUTLAY	\$6,000	\$5,920	\$0	\$0	\$0	\$1,275	-100.0%	-78.5%
OTHER	\$2,100	\$250	\$900	\$1,546	\$1,546	\$1,760	-26.4%	604.0%
<b>SUBTOTAL</b>	<b>\$723,291</b>	<b>\$750,145</b>	<b>\$803,446</b>	<b>\$769,302</b>	<b>\$835,147</b>	<b>\$794,356</b>	<b>15.5%</b>	<b>5.9%</b>
<b>OPERATION OF PLANT</b>								
SALARIES	\$4,173,424	\$4,201,898	\$4,405,759	\$4,431,194	\$4,597,447	\$4,730,667	10.2%	12.6%
BENEFITS	\$2,276,361	\$2,213,067	\$2,391,770	\$2,158,260	\$2,494,131	\$2,281,137	9.6%	3.1%
SERVICES	\$2,074,107	\$2,297,642	\$2,990,172	\$2,400,552	\$2,714,369	\$2,991,627	30.9%	30.2%
ENERGY	\$4,652,445	\$4,915,615	\$4,861,433	\$4,290,807	\$4,927,598	\$4,473,119	5.9%	-9.0%
CONSUMABLE	\$357,677	\$315,631	\$358,457	\$308,211	\$349,966	\$333,518	-2.2%	5.7%
CAPITAL OUTLAY					\$0	\$2,395	0.0%	n/a
OTHER	\$45,000	\$25,118	\$30,400	\$62,256	\$0	\$28,066	-100.0%	11.7%
<b>SUBTOTAL</b>	<b>\$13,579,014</b>	<b>\$13,968,971</b>	<b>\$15,037,991</b>	<b>\$13,651,280</b>	<b>\$15,083,511</b>	<b>\$14,840,529</b>	<b>11.1%</b>	<b>6.2%</b>
<b>MAINTENANCE OF PLANT</b>								
SALARIES	\$2,629,271	\$2,742,343	\$2,625,805	\$2,671,153	\$2,937,058	\$2,852,973	11.7%	4.0%
BENEFITS	\$1,002,754	\$1,037,354	\$1,055,819	\$947,360	\$1,221,053	\$1,041,362	21.8%	0.4%
SERVICES	\$68,048	\$70,923	\$72,118	\$82,077	\$89,583	\$121,965	31.6%	72.0%
CONSUMABLE	\$245,321	\$173,280	\$246,020	\$249,867	\$290,459	\$251,947	18.4%	45.4%
CAPITAL OUTLAY	\$0	\$0	\$0	\$9,588	\$0	\$3,614	0.0%	n/a
OTHER	\$840	\$339	\$500	\$350	\$350	\$804	-58.3%	137.1%
<b>SUBTOTAL</b>	<b>\$3,946,234</b>	<b>\$4,024,239</b>	<b>\$4,000,262</b>	<b>\$3,960,395</b>	<b>\$4,538,503</b>	<b>\$4,272,665</b>	<b>15.0%</b>	<b>6.2%</b>
<b>TRANSFERS TO OTHER FUNDS</b>								
DEBT SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%
SPECIAL REVENUE	\$34,400	\$52,310	\$34,400	\$18,598	\$19,000	\$58,570	-44.8%	12.0%
<b>TOTAL APPROPRIATIONS/ EXPENDITURES/ AVAIL BALANCE</b>	<b>\$152,652,427</b>	<b>\$146,812,339</b>	<b>\$159,070,085</b>	<b>\$149,497,674</b>	<b>\$160,384,458</b>	<b>\$154,512,484</b>	<b>5.1%</b>	<b>5.2%</b>
<b>ENDING FUND BALANCE</b>	<b>\$13,447,389</b>		<b>\$16,979,231</b>		<b>\$18,321,084</b>		<b>36.2%</b>	
<b>TOTAL APPROPRIATIONS AND PROJECTED FUND BALANCE</b>	<b>\$166,099,816</b>		<b>\$176,049,316</b>		<b>\$178,705,542</b>		<b>7.6%</b>	

Source: Martin County School District Finance Office, July 2018



**Exhibit 1-6**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2017-18 through 2021-22 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>		<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>FIVE YR TOTAL</b>
<b>1</b>	<b>BEGINNING FUND BALANCE (RESTRICTED) - JULY 1</b>	<b>\$13,023,402</b>	<b>\$4,619,526</b>	<b>\$3,149,340</b>	<b>\$4,866,949</b>	<b>\$5,858,956</b>	<b>\$13,023,402</b>
<b>2</b>	<b>ENCUMBERED/COMMITTED</b>	\$0	\$0	\$0	\$0		\$0
<b>2</b>	<b>REVENUE RESOURCES</b>						
	NON-VOTED CAPITAL IMPROVEMENT FUND (1.5 MIL)	\$32,317,581	\$32,963,933	\$33,623,211	\$34,295,675	\$34,981,589	<b>\$168,181,989</b>
	OTHER CAPITAL PROJECTS	\$1,640,000	\$1,640,000	\$1,640,000	\$1,640,000	\$1,640,000	<b>\$8,200,000</b>
	PUBLIC EDUCATION CAPITAL OUTLAY (PECO)	\$524,185	\$524,185	\$524,185	\$524,185	\$524,185	<b>\$2,620,925</b>
	CAPITAL OUTLAY & DEBT SERVICE (CO&DS)	\$245,415	\$245,415	\$245,415	\$245,415	\$245,415	<b>\$1,227,075</b>
	LOAN FOR STUART MIDDLE SCHOOL (based on Board Approval)	\$9,900,000	\$0	\$0	\$0	\$0	<b>\$9,900,000</b>
	<b>TOTAL REVENUE SOURCES</b>	<b>\$44,627,181</b>	<b>\$35,373,533</b>	<b>\$36,032,811</b>	<b>\$36,705,275</b>	<b>\$37,391,189</b>	<b>\$190,129,989</b>
<b>3</b>	<b>TOTAL FINANCING SOURCES</b>	<b>\$57,650,583</b>	<b>\$39,993,059</b>	<b>\$39,182,151</b>	<b>\$41,572,224</b>	<b>\$43,250,145</b>	<b>\$203,153,391</b>
<b>4</b>	<b>FOR MAINTENANCE, REPAIRS, AND RENOVATIONS</b>						
	HVAC	\$2,125,000	\$2,125,000	\$2,125,000	\$2,125,000	\$2,125,000	<b>\$10,625,000</b>
	ROOFING	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	<b>\$4,250,000</b>
	MAINTENANCE AND REPAIR	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	<b>\$3,500,000</b>
	ALTHETIC FIELDS (ALL)	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	<b>\$1,500,000</b>
	PAINT	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	<b>\$400,000</b>
	ENERGY MANAGEMENT	\$280,000	\$280,000	\$280,000	\$280,000	\$280,000	<b>\$1,400,000</b>
	ELECTRICAL	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	<b>\$1,375,000</b>
	SITE IMPROVEMENTS	\$270,000	\$270,000	\$270,000	\$270,000	\$270,000	<b>\$1,350,000</b>
	SECURITY PROGRAM	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	<b>\$2,500,000</b>
	FENCING	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	<b>\$750,000</b>
	OTHER FACILITY NEEDS	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	<b>\$1,250,000</b>
	FLOORING	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	<b>\$625,000</b>
	PLUMBING	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	<b>\$550,000</b>
	PORTABLE LEASES	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	<b>\$2,500,000</b>
	FIRE ALARM/SAFETY TO LIFE	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	<b>\$1,250,000</b>





**Exhibit 1-6 (Continued)**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2017-18 through 2021-22 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>			<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>FIVE YR TOTAL</b>
		ADA COMPLIANCE	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	<b>\$75,000</b>
		PLAYGROUNDS	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	<b>\$1,375,000</b>
		PROFESSIONAL SERVICES	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	<b>\$500,000</b>
		BLEACHER REPAIR	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	<b>\$450,000</b>
		PARKING/PAVING	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	<b>\$400,000</b>
		REFINISH GYM FLOORS	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	<b>\$250,000</b>
		VEGETATION REMOVAL	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	<b>\$150,000</b>
		CODE COMPLIANCE	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	<b>\$150,000</b>
		GROUNDS	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	<b>\$350,000</b>
		FF&E / TECH	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	<b>\$2,500,000</b>
		KITCHEN RENOVATIONS	\$750,000	\$750,000	\$750,000	\$750,000	\$1,750,000	<b>\$4,750,000</b>
		WINDOW/BUILDING LEAKAGE	\$2,000,000	\$0	\$0	\$0	\$0	<b>\$2,000,000</b>
		<b>TOTAL MAINTENANCE, REPAIR, AND RENOVATION</b>	<b>\$10,755,000</b>	<b>\$8,755,000</b>	<b>\$8,755,000</b>	<b>\$8,755,000</b>	<b>\$9,755,000</b>	<b>\$46,775,000</b>
<b>5</b>		<b>OTHER CAPITAL EQUIPMENT</b>						
		TECHNOLOGY PROJECTS	\$6,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	<b>\$26,000,000</b>
		SCHOOL BUSES	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	<b>\$5,250,000</b>
		CAPITAL OUTLAY EQUIPMENT (VOC, CLASSRM, PERF ARTS)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	<b>\$3,500,000</b>
		CUSTODIAL/MAINTENANCE EQUIPMENT	\$1,200,000	\$750,000	\$750,000	\$750,000	\$750,000	<b>\$4,200,000</b>
		RENT/LEASE PAYMENTS	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	<b>\$1,250,000</b>
		OTHER ENTERPRISE SOFTWARE	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	<b>\$750,000</b>
		OTHER VEHICLE	\$550,000	\$550,000	\$300,000	\$300,000	\$300,000	<b>\$2,000,000</b>
		ESE EQUIPMENT	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	<b>\$500,000</b>
		PROPERTY DAMAGE	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	<b>\$125,000</b>
		<b>TOTAL OTHER CAPITAL EQUIPMENT</b>	<b>\$10,025,000</b>	<b>\$8,575,000</b>	<b>\$8,325,000</b>	<b>\$8,325,000</b>	<b>\$8,325,000</b>	<b>\$43,575,000</b>
<b>6</b>		<b>OTHER CAPITAL EXPENDITURES</b>						
		CAPITAL TRANSFER - DEBT SERVICE (ANDERSON MIDDLE)	\$2,544,905	\$2,547,905	\$2,542,530	\$2,538,781	\$2,541,281	<b>\$12,715,402</b>
		CAPITAL TRANSFER - DEBT SERVICE (STUART MIDDLE)	\$607,470	\$1,214,940	\$1,214,940	\$1,214,940	\$1,214,940	<b>\$5,467,230</b>



**Exhibit 1-6 (Continued)**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2017-18 through 2021-22 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>			<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>FIVE YR TOTAL</b>
		TRANSFER TO GENERAL FUND - CAPITALIZED WORK	\$1,816,918	\$2,925,779	\$4,150,000	\$4,549,152	\$4,475,460	<b>\$17,917,309</b>
		TRANSFER TO GENERAL FUND - PROPERTY/CASUALTY INSURANCE	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	<b>\$8,500,000</b>
		CAPITAL OUTLAY & DEBT SERVICE (CO&DS)	\$245,415	\$245,415	\$245,415	\$245,415	\$245,415	<b>\$1,227,075</b>
		<b>TOTAL OTHER CAPITAL EXPENDITURES</b>	<b>\$6,914,708</b>	<b>\$8,634,039</b>	<b>\$9,852,885</b>	<b>\$10,248,288</b>	<b>\$10,177,096</b>	<b>\$45,827,016</b>
<b>7</b>		<b>CHARTER SCHOOLS - PECO &amp; LCI Funds</b>	<b>\$336,349</b>	<b>\$379,680</b>	<b>\$382,317</b>	<b>\$384,980</b>	<b>\$393,049</b>	<b>\$1,876,375</b>
<b>8</b>		<b>MAJOR RENOVATIONS/REMODELING PROJECTS</b>						
		SOUTH FORK HIGH (NEW ROOF)						<b>\$0</b>
		JENSEN BEACH ELEMENTARY (NEW ROOF)						<b>\$0</b>
		MURRAY MIDDLE (DEMOLITION)						<b>\$0</b>
		INDIANTOWN MIDDLE (REPLACE ADMIN & MEDIA)						<b>\$0</b>
		MARTIN COUNTY HIGH (DESIGN/REPLACE CLASSROOMS)						<b>\$0</b>
		STUART MIDDLE (REPLACE ADMIN, MEDIA, MUSIC & ART BLDGS)	\$14,000,000					<b>\$14,000,000</b>
		MURRAY MIDDLE (REPLACE ADMIN & MEDIA)		\$500,000	\$7,000,000			<b>\$7,500,000</b>
		INSTRUCTIONAL CENTER	\$10,000,000					<b>\$10,000,000</b>
		SOUTH FORK HIGH (ATHLETIC COMPLEX)	\$1,000,000	\$10,000,000				<b>\$11,000,000</b>
		WARFIELD ELEMENTARY (ADMIN & MEDIA)				\$8,000,000		<b>\$8,000,000</b>
		SOUTH FORK HIGH (MUSIC BLDG)					\$4,000,000	<b>\$4,000,000</b>
		SOUTH FORK HIGH (CHILLER BLDG & CHILLERS)					\$1,800,000	<b>\$1,800,000</b>
		SERVICE CENTER (REROOFING)					\$1,300,000	<b>\$1,300,000</b>



**Exhibit 1-6 (Continued)**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2017-18 through 2021-22 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>			<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>FIVE YR TOTAL</b>
		SERVICE CENTER (TRANSPORTATION SERVICE BAYS)					\$2,500,000	<b>\$2,500,000</b>
		SPECTRUM (RENOVATE BLDG 7 & 8)					\$5,000,000	<b>\$5,000,000</b>
		<b>TOTAL MAJOR RENOVATIONS/REMODELING PROJECTS</b>	<b>\$25,000,000</b>	<b>\$10,500,000</b>	<b>\$7,000,000</b>	<b>\$8,000,000</b>	<b>\$14,600,000</b>	<b>\$65,100,000</b>
<b>9</b>		<b>TOTAL EXPENDITURE APPROPRIATIONS</b>	<b>\$53,031,057</b>	<b>\$36,843,719</b>	<b>\$34,315,202</b>	<b>\$35,713,268</b>	<b>\$43,250,145</b>	<b>\$203,153,391</b>
<b>10</b>		<b>ENDING FUND BALANCE (RESTRICTED) - JUNE 30</b>	<b>\$4,619,526</b>	<b>\$3,149,340</b>	<b>\$4,866,949</b>	<b>\$5,858,956</b>	<b>\$0</b>	<b>\$0</b>

Source: MCSD Capital Project Accountant, Board Approved October 3, 2017



**Exhibit 1-7**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2018-19 through 2022-23 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>		<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>FIVE YR TOTAL</b>
<b>1</b>	<b>BEGINNING FUND BALANCE (RESTRICTED) - JULY 1</b>	<b>\$0</b>	<b>-\$1,071,188</b>	<b>\$5,969,040</b>	<b>\$12,600,392</b>	<b>\$13,510,552</b>	<b>\$0</b>
<b>2</b>	<b>REVENUE RESOURCES</b>						
	NON-VOTED CAPITAL IMPROVEMENT FUND (1.5 MIL)	\$34,155,067	\$34,838,168	\$35,534,932	\$36,245,630	\$36,970,543	<b>\$177,744,340</b>
	OTHER CAPITAL PROJECTS	\$1,640,000	\$1,640,000	\$1,640,000	\$1,640,000	\$1,640,000	<b>\$8,200,000</b>
	PUBLIC EDUCATION CAPITAL OUTLAY (PECO)	\$456,571	\$413,637	\$524,185	\$524,185	\$524,185	<b>\$2,442,763</b>
	CAPITAL OUTLAY & DEBT SERVICE (CO&DS)	\$245,415	\$245,415	\$245,415	\$245,415	\$245,415	<b>\$1,227,075</b>
	<b>TOTAL REVENUE SOURCES</b>	<b>\$36,497,053</b>	<b>\$37,137,220</b>	<b>\$37,944,532</b>	<b>\$38,655,230</b>	<b>\$39,380,143</b>	<b>\$189,614,178</b>
<b>3</b>	<b>TOTAL FINANCING SOURCES</b>	<b>\$36,497,053</b>	<b>\$36,066,032</b>	<b>\$43,913,572</b>	<b>\$51,255,623</b>	<b>\$52,890,695</b>	<b>\$189,614,178</b>
<b>4</b>	<b>FOR MAINTENANCE, REPAIRS, AND RENOVATIONS</b>						
	HVAC	\$2,125,000	\$2,231,250	\$2,342,813	\$2,459,953	\$2,582,951	<b>\$11,741,966</b>
	ROOFING	\$1,250,000	\$1,500,000	\$1,650,000	\$1,815,000	\$1,996,500	<b>\$8,211,500</b>
	MAINTENANCE AND REPAIR	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	<b>\$2,250,000</b>
	ATHLETIC FIELDS (ALL)	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	<b>\$1,500,000</b>
	PAINT	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	<b>\$400,000</b>
	ENERGY MANAGEMENT	\$280,000	\$280,000	\$280,000	\$280,000	\$280,000	<b>\$1,400,000</b>
	ELECTRICAL	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	<b>\$1,375,000</b>
	SITE IMPROVEMENTS	\$270,000	\$270,000	\$270,000	\$270,000	\$270,000	<b>\$1,350,000</b>
	SECURITY PROGRAM	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	<b>\$2,500,000</b>
	FENCING	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	<b>\$750,000</b>
	OTHER FACILITY NEEDS	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	<b>\$800,000</b>
	FLOORING	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	<b>\$625,000</b>
	PLUMBING	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	<b>\$550,000</b>
	PORTABLE LEASES	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	<b>\$2,500,000</b>
	FIRE ALARM/SAFETY TO LIFE	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	<b>\$1,500,000</b>
	ADA COMPLIANCE	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	<b>\$75,000</b>



**Exhibit 1-7 (Continued)**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2018-19 through 2022-23 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>			<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>FIVE YR TOTAL</b>
		PLAYGROUNDS	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	<b>\$1,375,000</b>
		PROFESSIONAL SERVICES	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	<b>\$500,000</b>
		BLEACHER REPAIR	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	<b>\$450,000</b>
		PARKING/PAVING	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	<b>\$400,000</b>
		REFINISH GYM FLOORS	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	<b>\$250,000</b>
		VEGETATION REMOVAL	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	<b>\$150,000</b>
		CODE COMPLIANCE	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	<b>\$150,000</b>
		GROUNDS	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	<b>\$350,000</b>
		<b>TOTAL MAINTENANCE, REPAIR, AND RENOVATION</b>	<b>\$7,615,000</b>	<b>\$7,971,250</b>	<b>\$8,232,813</b>	<b>\$8,514,953</b>	<b>\$8,819,451</b>	<b>\$41,153,466</b>
<b>5</b>		<b>OTHER CAPITAL EQUIPMENT</b>						
		TECHNOLOGY PROJECTS	\$3,103,500	\$3,631,000	\$3,579,000	\$3,107,000	\$3,206,000	<b>\$16,626,500</b>
		Computers/printers \$1,582,000						
		Servers/communication \$297,500						
		Enterprise solutions \$1,224,000 (plus \$189,000 Prologic/Focus)						
		<i>REMOVED \$2,805,000: \$1,800,000 telephone system, \$810,000 L4L, \$15,000 construction projects,</i>						
		<i>\$20,000 vehicle, \$50,000 replacement parts for telephone sys, \$10,000 warehouse carts for testing, \$100,000 L4L parts (Reduced from \$150,000)</i>						
		DIGITAL LEARNING (Audio enhancement, AV refresh)	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	<b>\$3,000,000</b>
		SCHOOL BUSES (Reduced from 10 to 7 per year)	\$775,000	\$775,000	\$775,000	\$775,000	\$775,000	<b>\$3,875,000</b>
		CAPITAL OUTLAY EQUIPMENT (VOC, CLASSRM, PERF ARTS)	\$465,000	\$465,000	\$465,000	\$465,000	\$465,000	<b>\$2,325,000</b>
		CUSTODIAL/MAINTENANCE EQUIPMENT	\$622,000	\$622,000	\$622,000	\$622,000	\$622,000	<b>\$3,110,000</b>
		RENT/LEASE PAYMENTS (Reprographic's copiers for large print orders)	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	<b>\$1,250,000</b>



**Exhibit 1-7 (Continued)**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2018-19 through 2022-23 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>			<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>FIVE YR TOTAL</b>
		MAINTENANCE EQUIPMENT REFRESH (year 2 of 6 for equipment)	\$240,000	\$120,000	\$120,000	\$120,000	\$0	<b>\$600,000</b>
		OTHER ENTERPRISE SOFTWARE	\$300,000	\$315,000	\$330,750	\$350,000	\$375,000	<b>\$1,670,750</b>
		(CrisisGo, Alice, iObservation, TeacherMatch, Transportation routing and tracking system,						
		SchoolDude, AutoCad, Affordable Care Act, Maintenance, and Printshop Solutions)						
		OTHER VEHICLE (11 vehicles to finish 32 vehicle 3 year refresh)	\$550,000	\$300,000	\$300,000	\$300,000	\$300,000	<b>\$1,750,000</b>
		ESE EQUIPMENT (for ESE to have the ability to purchase equipment for students with 504/IEP needs)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	<b>\$500,000</b>
		PROPERTY DAMAGE	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	<b>\$125,000</b>
		<b>TOTAL OTHER CAPITAL EQUIPMENT</b>	<b>\$7,030,500</b>	<b>\$7,203,000</b>	<b>\$7,166,750</b>	<b>\$6,714,000</b>	<b>\$6,718,000</b>	<b>\$34,832,250</b>
<b>6</b>		<b>OTHER CAPITAL EXPENDITURES</b>						
		CAPITAL TRANSFER - DEBT SERVICE (ANDERSON MIDDLE)	\$2,547,905	\$2,547,906	\$2,538,781	\$2,541,281	\$2,541,281	<b>\$12,717,154</b>
		CAPITAL OUTLAY & DEBT SERVICE (CO&DS)	\$245,415	\$245,415	\$245,415	\$245,415	\$245,415	<b>\$1,227,075</b>
		<b>TOTAL OTHER CAPITAL EXPENDITURES</b>	<b>\$2,793,320</b>	<b>\$2,793,321</b>	<b>\$2,784,196</b>	<b>\$2,786,696</b>	<b>\$2,786,696</b>	<b>\$13,944,229</b>
<b>7</b>		<b>CHARTER SCHOOLS - PECO &amp; LCI Funds</b>	<b>\$489,421</b>	<b>\$489,421</b>	<b>\$489,421</b>	<b>\$489,421</b>	<b>\$489,421</b>	<b>\$2,447,105</b>
<b>8</b>		<b>EMERGENCY/DISASTER RECOVERY RESERVE FUND</b>	<b>\$1,500,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$13,500,000</b>
<b>7</b>		<b>IMPACT FEE - NEW STUDENT STATION RESERVE</b>	<b>\$1,640,000</b>	<b>\$1,640,000</b>	<b>\$1,640,000</b>	<b>\$1,640,000</b>	<b>\$1,640,000</b>	<b>\$8,200,000</b>
<b>9</b>		<b>MAJOR RENOVATIONS/REMODELING PROJECTS</b>						
		<b>SOUTH FORK HIGH SCHOOL SPORTS COMPLEX</b>						
		<b>NEW GYM</b>	<b>\$8,000,000</b>					<b>\$8,000,000</b>
		<b>NEW WEIGHT ROOM</b>	<b>\$1,900,000</b>					<b>\$1,900,000</b>



**Exhibit 1-7 (Continued)**  
**Martin County School District**  
**Five-Year Capital Plan**  
**2018-19 through 2022-23 Fiscal Years**

<b>*NOTE: ALL AMOUNTS ARE ESTIMATES</b>			<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>FIVE YR TOTAL</b>
		<b>MURRAY MIDDLE MASTER PLAN</b>	\$500,000	\$7,000,000				\$7,500,000
		<b>WARFIELD ELEMENTARY MASTER PLAN</b>			\$8,000,000			\$8,000,000
		<b>SOUTH FORK HIGH SCHOOL MUSIC BUILDING</b>				\$4,000,000		\$4,000,000
		<b>SOUTH FORK HIGH SCHOOL CHILLER</b>				\$1,800,000		\$1,800,000
		<b>SERVICE CENTER RE-ROOF</b>				\$1,300,000		\$1,300,000
		<b>SERVICE CENTER TRANSPORTATION SERVICE BAYS</b>				\$2,500,000		\$2,500,000
		<b>SPECTRUM BUILDING 7 AND 8</b>				\$5,000,000		\$5,000,000
		<b>ADD TO SOUTHFORK PROJECT:</b>						
		ADD'L ARCHITECT	\$500,000					\$500,000
		NEW BASEBALL/SOFTBALL FIELD DRAINAGE	\$4,000,000					\$4,000,000
		NEW ATHLETIC TRACK	\$250,000					\$250,000
		FURNITURE, FIXTURES, AND EQUIPMENT/TECHNOLOGY	\$1,350,000					\$1,350,000
		<b>TOTAL MAJOR RENOVATIONS/REMODELING PROJECTS</b>	<b>\$16,500,000</b>	<b>\$7,000,000</b>	<b>\$8,000,000</b>	<b>\$14,600,000</b>	<b>\$0</b>	<b>\$46,100,000</b>
<b>10</b>		<b>TOTAL EXPENDITURE APPROPRIATIONS</b>	<b>\$37,568,241</b>	<b>\$30,096,992</b>	<b>\$31,313,180</b>	<b>\$37,745,070</b>	<b>\$23,453,568</b>	<b>\$160,177,051</b>
<b>11</b>		<b>ENDING FUND BALANCE (RESTRICTED) - JUNE 30</b>	<b>-\$1,071,188</b>	<b>\$5,969,040</b>	<b>\$12,600,392</b>	<b>\$13,510,552</b>	<b>\$29,437,127</b>	<b>\$29,437,127</b>

Source: MCSD Capital Project Accountant, DRAFT.



**Exhibit 1-8**  
**Martin County School District**  
**Capital Fund and Debt Service Revenues and Expenditures**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>FUND 0360 - CAPITAL OUTLAY &amp; DEBT SERVICE (CO&amp;DS)</b>								
<b>REVENUES:</b>								
CO&DS DISTRIBUTED	\$272,841	\$295,335	\$284,169	\$276,132	\$0	\$0	-100.0%	-100.0%
INTEREST ON UNDISTRIBUTED CO & DS	\$11,328	\$4,868	\$0	\$26,776	\$245,415	\$0	2066.4 %	-100.0%
<b>TOTAL REVENUE - CO &amp; DS FUND</b>	<b>\$284,169</b>	<b>\$300,203</b>	<b>\$284,169</b>	<b>\$302,908</b>	<b>\$245,415</b>	<b>\$0</b>	<b>-13.6%</b>	<b>-</b> <b>100.0%</b>
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$573,702</b>		<b>\$872,730</b>		<b>\$1,174,399</b>		<b>104.7%</b>	
<b>TOTAL CAPITAL FUNDS ESTIMATED REVENUE, TRANSFERS, AND BEGINNING FUND BALANCE</b>	<b>\$857,871</b>		<b>\$1,156,899</b>		<b>\$1,419,814</b>		<b>65.5%</b>	
<b>EXPENDITURES</b>								
DUES & FEES	\$0			\$1,239				
<b>TOTAL EXPENDITURES/AVAIL BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,239</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
<b>ENDING FUND BALANCE PROJECTED</b>	<b>\$857,871</b>		<b>\$1,156,899</b>		<b>\$1,419,814</b>		<b>65.5%</b>	
<b>TOTAL APPROPRIATIONS AND FUND BALANCE</b>	<b>\$857,871</b>		<b>\$1,156,899</b>		<b>\$1,419,814</b>		<b>65.5%</b>	
<b>FUND 0370 - LOCAL CAPITAL IMPROVEMENT (LCIF)</b>								
<b>REVENUE:</b>								
OTHER FED THROUGH STATE	\$0	\$50,113					n/a	-100.0%
DISTRICT LOCAL CAPITAL IMPROVEMENT TAX	\$29,036,655	\$29,116,037	\$30,509,888	\$30,549,792	\$32,317,581	\$32,352,956	11.3%	11.1%
INTEREST ON INVESTMENT	\$4,540	\$57,166					-100.0%	-100.0%
INTEREST, INCLUDING PROFIT ON INVESTMENT			\$42,971	\$187,251	\$75,528	\$329,992	n/a	n/a
REFUNDS OF PRIOR YEAR EXPENDITURES	\$0	\$0	\$24,369	\$24,369	\$20,520	\$205,032	n/a	n/a
LOSS RECOVERIES	\$90,492	\$93,222	\$38,056	\$46,752	\$9,091	\$9,091	-90.0%	-90.2%
<b>TOTAL REVENUE - LCIF FUNDS</b>	<b>\$29,131,687</b>	<b>\$29,316,539</b>	<b>\$30,615,284</b>	<b>\$30,808,164</b>	<b>\$32,422,720</b>	<b>\$32,897,070</b>	<b>11.3%</b>	<b>12.2%</b>





**Exhibit 1-8 (Continued)**  
**Martin County School District**  
**Capital Fund and Debt Service Revenues and Expenditures**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>FUND 0370 - LOCAL CAPITAL IMPROVEMENT (LCIF) cont.</b>								
ESTIMATED BEGINNING FUND BALANCE	\$24,997,558		\$28,946,534		\$20,470,794		-18.1%	
TOTAL LCIF FUNDS ESTIMATED REVENUE, TRANSFERS, AND BEGINNING FUND BALANCE	\$54,129,245		\$59,561,818		\$52,893,514		-2.3%	
<b>EXPENDITURES</b>								
AUDIO VISUAL MATERIALS	\$2,801	\$3,757	\$678	\$715	\$562	\$0	-79.9%	-100.0%
BUILDINGS AND FIXED EQUIPMENT	\$2,669,257	\$1,645,947	\$5,255,645	\$5,413,987	\$2,496,442	\$340,815	-6.5%	-79.3%
FURNITURE, FIXTURES AND EQUIPMENT	\$9,140,788	\$4,892,326	\$11,013,888	\$5,904,900	\$10,728,901	\$5,677,784	17.4%	16.1%
MOTOR VEHICLES	\$1,671,923	\$45,724	\$3,217,830	\$2,750,110	\$1,820,824	\$1,580,701	8.9%	3357.0%
IMPROVEMENTS OTHER THAN BUILDINGS	\$2,178,665	\$1,380,968	\$1,881,676	\$1,445,207	\$1,978,935	\$1,558,253	-9.2%	12.8%
REMODELING AND RENOVATIONS	\$19,846,626	\$11,872,639	\$25,897,916	\$17,939,969	\$34,981,294	\$7,888,237	76.3%	-33.6%
COMPUTER SOFTWARE	\$2,457,630	\$1,650,157	\$2,043,475	\$1,518,694	\$1,769,692	\$1,313,491	-28.0%	-20.4%
<b>SUBTOTAL</b>	<b>\$37,967,690</b>	<b>\$21,491,517</b>	<b>\$49,311,107</b>	<b>\$34,973,581</b>	<b>\$53,776,649</b>	<b>\$18,359,282</b>	<b>41.6%</b>	<b>-14.6%</b>
TRANSFERS OUT:								
TRANSFERS TO GENERAL FUND	\$5,975,779	\$1,403,216	\$4,975,779	\$1,754,369	\$3,516,918	\$0	-41.1%	-100.0%
TRANSFERS TO DEBT SERVICE FUND	\$2,476,723	\$2,472,829	\$0	\$2,555,955		\$0	-100.0%	-100.0%
<b>FUND 0370 - LOCAL CAPITAL IMPROVEMENT (LCIF) cont.</b>								
<b>SUBTOTAL</b>	<b>\$8,452,502</b>	<b>\$3,876,046</b>	<b>\$4,975,779</b>	<b>\$4,310,324</b>	<b>\$3,516,918</b>	<b>\$0</b>	<b>-58.4%</b>	<b>-100.0%</b>
<b>TOTAL EXPENDITURES/AVAIL BALANCE</b>	<b>\$46,420,192</b>	<b>\$25,367,563</b>	<b>\$54,286,886</b>	<b>\$39,283,904</b>	<b>\$57,293,567</b>	<b>\$18,359,282</b>	<b>23.4%</b>	<b>-27.6%</b>
<b>ENDING FUND BALANCE PROJECTED</b>	<b>\$7,709,054</b>		<b>\$5,274,932</b>		<b>-\$4,400,053</b>		<b>-157.1%</b>	
<b>TOTAL APPROPRIATIONS AND FUND BALANCE</b>	<b>\$54,129,245</b>		<b>\$59,561,818</b>		<b>\$52,893,514</b>		<b>-2.3%</b>	



**Exhibit 1-8 (Continued)**  
**Martin County School District**  
**Capital Fund and Debt Service Revenues and Expenditures**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>FUND 0390 - OTHER CAPITAL FUNDS</b>								
<b>REVENUE:</b>								
MISCELLANEOUS STATE REVENUE	\$40,000	\$29,003	\$40,000	\$41,511	\$40,000	\$29,419	0.0%	1.4%
INTEREST, INCLUDING PROFIT ON INVESTMENT	\$405	\$405	\$0		\$0	\$0	-100.0%	-100.0%
IMPACT FEES	\$1,600,000	\$2,125,143	\$1,750,000	\$1,558,169	\$1,600,000	\$1,732,461	0.0%	-18.5%
<b>TOTAL - OTHER CAPITAL FUNDS</b>	<b>\$1,640,405</b>	<b>\$2,154,551</b>	<b>\$1,790,000</b>	<b>\$1,599,680</b>	<b>\$1,640,000</b>	<b>\$1,761,880</b>	<b>0.0%</b>	<b>-18.2%</b>
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$4,118,353</b>		<b>\$6,199,669</b>		<b>\$7,799,349</b>		<b>89.4%</b>	
<b>TOTAL CAPITAL FUNDS ESTIMATED REVENUE, TRANSFERS, AND BEGINNING FUND BALANCE</b>	<b>\$5,758,758</b>		<b>\$7,989,669</b>		<b>\$9,439,349</b>		<b>63.9%</b>	
<b>EXPENDITURES</b>								
TRANSFERS TO DEBT SERVICE FUND			\$2,554,666	\$0	\$2,544,907	\$2,547,906	n/a	n/a
REMODEL AND RENOVATIONS	\$0	\$73,234						
<b>TOTAL EXPENDITURES/AVAIL BALANCE</b>	<b>\$0</b>	<b>\$73,234</b>	<b>\$2,554,666</b>	<b>\$0</b>	<b>\$2,544,907</b>	<b>\$2,547,906</b>	<b>n/a</b>	<b>3379.1%</b>
<b>ENDING FUND BALANCE PROJECTED</b>	<b>\$5,758,758</b>		<b>\$5,435,003</b>		<b>\$6,894,442</b>		<b>19.7%</b>	
<b>TOTAL APPROPRIATIONS AND FUND BALANCE</b>	<b>\$5,758,758</b>		<b>\$7,989,669</b>		<b>\$9,439,349</b>		<b>63.9%</b>	



**Exhibit 1-8 (Continued)**  
**Martin County School District**  
**Capital Fund and Debt Service Revenues and Expenditures**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>FUND 0210 - SBE COBI</b>								
<b>REVENUES:</b>								
CO&DS WITHHELD FOR SBE/COBI BONDS	\$1,400,610	\$1,315,148	\$1,351,984	\$1,328,078	\$1,353,081	\$0	-3.4%	-100.0%
SBE/COBI BOND INTEREST	\$0	\$250	\$0	\$362			n/a	n/a
PROCEEDS FOR REFUNDING BONDS			\$0	\$2,303,000			n/a	n/a
PREMIUM ON SALE			\$0	\$349,825			n/a	n/a
<b>TOTAL -SBE COBI FUNDS</b>	<b>\$1,400,610</b>	<b>\$1,315,398</b>	<b>\$1,351,984</b>	<b>\$3,981,265</b>	<b>\$1,353,081</b>	<b>\$0</b>	<b>-3.4%</b>	<b>-100.0%</b>
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$201,089</b>		<b>\$173,050</b>		<b>\$816,107</b>		<b>305.8%</b>	
<b>TOTAL DEBT SERVICE FUNDS ESTIMATED EVENUE, TRANSFERS, AND BEGINNING FUND BALANCE</b>	<b>\$1,601,699</b>		<b>\$1,525,034</b>		<b>\$2,169,189</b>		<b>35.4%</b>	
<b>EXPENDITURES:</b>								
REDEMPTION OF PRINCIPAL	\$1,005,000	\$949,000	\$1,007,000	\$1,007,000	\$1,056,000	\$0	5.1%	-100.0%
INTEREST	\$395,610	\$394,029	\$344,984	\$344,984	\$297,081	\$0	-24.9%	-100.0%
DUES AND FEES	\$0	\$408	\$0	\$13,272	\$0	\$0	n/a	-100.0%
MISCELLANEOUS - PRINCIPAL/ INTEREST - CURR REF			\$0	\$1,972,952			n/a	n/a
<b>TOTAL EXPENDITURES/AVAIL BALANCE</b>	<b>\$1,400,610</b>	<b>\$1,343,437</b>	<b>\$1,351,984</b>	<b>\$3,338,208</b>	<b>\$1,353,081</b>	<b>\$0</b>	<b>-3.4%</b>	<b>-100.0%</b>
<b>ENDING FUND BALANCE PROJECTED</b>	<b>\$201,089</b>		<b>\$173,050</b>		<b>\$816,107</b>		<b>305.8%</b>	
<b>TOTAL APPROPRIATIONS AND FUND BALANCE</b>	<b>\$1,601,699</b>		<b>\$1,525,034</b>		<b>\$2,169,189</b>		<b>35.4%</b>	



**Exhibit 1-8 (Continued)**  
**Martin County School District**  
**Capital Fund and Debt Service Revenues and Expenditures**  
**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>FUND 0290 - CERTIFICATE OF PARTICIPATION (COPS)</b>								
<b>REVENUE:</b>								
INTEREST ON INVESTMENTS	\$6,131	\$6,893	\$964	\$1,126	\$131	\$508	-97.9%	-92.6%
TRANSFERS FROM CAPITAL	\$2,476,723	\$2,472,829	\$2,554,666	\$2,555,955	\$2,544,907	\$2,547,906	2.8%	3.0%
<b>TOTAL -SBE COBI FUNDS</b>	<b>\$2,482,853</b>	<b>\$2,479,723</b>	<b>\$2,555,630</b>	<b>\$2,557,081</b>	<b>\$2,545,038</b>	<b>\$2,548,414</b>	<b>2.5%</b>	<b>2.8%</b>
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$182,209</b>		<b>\$0</b>		<b>\$0</b>		<b>-100.0%</b>	
<b>TOTAL DEBT SERVICE FUNDS ESTIMATED REVENUE, TRANSFERS, AND BEGINNING FUND BALANCE</b>	<b>\$2,665,062</b>		<b>\$2,555,630</b>		<b>\$2,545,038</b>		<b>-4.5%</b>	
<b>EXPENDITURES:</b>								
REDEMPTION OF PRINCIPAL	\$1,310,000	\$1,310,000	\$1,255,000	\$1,255,000	\$1,305,000	\$1,305,000	-0.4%	-0.4%
INTEREST	\$1,348,931	\$1,348,931	\$1,297,630	\$1,297,631	\$1,239,907	\$1,239,906	-8.1%	-8.1%
DUES AND FEES	\$3,000	\$3,000	\$4,450	\$4,450	\$0	\$3,000	-100.0%	0.0%
<b>TOTAL EXPENDITURES/AVAIL BALANCE</b>	<b>\$2,661,931</b>	<b>\$2,661,931</b>	<b>\$2,557,080</b>	<b>\$2,557,081</b>	<b>\$2,544,907</b>	<b>\$2,547,906</b>	<b>-4.4%</b>	<b>-4.3%</b>
<b>ENDING FUND BALANCE PROJECTED TO 6/30/2016</b>	<b>\$3,131</b>		<b>-\$1,450</b>		<b>\$131</b>		<b>-95.8%</b>	
<b>TOTAL APPROPRIATIONS AND FUND BALANCE</b>	<b>\$2,665,062</b>		<b>\$2,555,630</b>		<b>\$2,545,038</b>		<b>-4.5%</b>	

Source: Martin County School District Finance Office, July 2018



## OBSERVATION

MCSD has established a fund balance policy in conformity with best practices and recommendations made by the Government Finance Officers Association.

Board Policy 6233 contains a well-defined Fund Balance Policy that sets the parameters for an acceptable ending fund balance:

### ***General Fund Ending Fund Balance***

*The Constitution of the State of Florida requires that the District operate under a balanced budget. The School Board understands that there may be unforeseen circumstances that can result in increases or decreases in revenue and/or expenditures. These circumstances would thereby impact the financial stability of the District.*

*As required by Florida statute, the School Board shall maintain a General Fund ending fund balance not classified as restricted, committed, or nonspendable in the District's approved operating budget that is sufficient to address normal contingencies.*

*The Superintendent shall provide written notification to the School Board and the Commissioner of Education any time the portion of the General Fund's ending fund balance not classified as restricted, committed, or nonspendable in the District's approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues during the current fiscal year.*

*The Superintendent shall submit to the School Board for approval a plan to avoid a financial emergency as determined pursuant to F.S. 218.503.*

As shown in **Exhibit 1-5** (See page 1-13), the budgeted fund balance has increased by 36.2 percent over the last three years, from \$13.4 million in FY 2015-16 to \$18.3 million in FY 2017-18. The FY 2017-18 budgeted fund balance of \$18.3 million is 11.6 percent of the FY 2017-18 budgeted General Fund Revenues of \$157.7 million, as shown in **Exhibit 1-4** (see page 1-11).

The Government Finance Officers Association (GFOA) in its publication, *Fund Balance Guidelines for the General Fund* recommends such a policy, stating that “It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) ...”

## **1.4 COST, TIMING, AND QUALITY OF PAST AND ONGOING CAPITAL PROJECTS**

This section of the report evaluates the cost, timing, and quality of past and ongoing capital projects to determine if the processes and procedures employed provide the level of control required to successfully implement the projects envisioned in the Surtax referendum.



## **OBSERVATION**

As the three case studies show, Evergreen found that the construction planning and monitoring processes were strong. The District uses the guaranteed maximum price (GMP) with construction manager at risk (CMR) concept for its construction projects. For the two larger projects, the CMR was brought in during the design phase to provide needed expertise. Once the design is complete, the estimated construction costs are established in a change order to the GMP document and re-submitted to the School Board for review and approval. The guaranteed maximum price documents from the CMR include bids from the subcontractors with owner's contingencies for unforeseen changes in scope, cost over runs, or cost savings. In all three cases, the projects resulted in savings, which the District attributes to effective planning and project oversight. Change orders for changes in scope were approved on two of the three projects reviewed. Evergreen reviewed those change orders and found that in both cases, the change in scope was warranted and allowed the District to address needs that were either planned for or would have needed to be addressed in the near future. By addressing them as part of the larger project, costs were held to a minimum and the work was completed in a timely manner.

### **Case Studies of Past Projects**

The following case studies summarize pertinent aspects of select Martin County School District (MCSD) Capital Projects including:

- Martin County High School Administrative/Science/ ESE/Vocation Building and Site Renovations;
- Indiantown Middle School Administrative and Media Center Building and Site Renovations; and
- South Fork High School Roof Replacement.

These projects were chosen because they represent different types of projects and are indicative of current District facility needs. MCSD Facilities Department staff analyzed the steps taken in each project throughout the construction process and identified lessons learned and best practices for facility development.

The case studies highlight certain steps in the construction processes as well as include summaries of lessons learned.



**Case Study #1****New Administrations/Science/ESE/Vocation Building & Site Renovations  
Martin County High School**

The Martin County High School (MCHS) is an existing high school on 65 acres in the School District of Martin County located in East Central Florida. The Martin County High School project was the replacement or renovation of the administrative, science, exceptional student education and vocation buildings with site renovations. The MCHS project resulted from an October 2011 Castaldi Analysis to determine the feasibility of renovation or replacement of existing school buildings and elimination of portable classroom buildings. In an effort to eliminate portable classrooms, 492 student stations were added to the permanent school facility. This project was designed and constructed in accordance with Green Building Standards.

**Overview**

Project: Martin County High School Administrations/Science/ESE/Vocation Building with Site Renovations  
Location: 2801 S. Kanner Hwy., Stuart, FL  
Square Feet Constructed: 75,125 Square Feet  
Construction Type: Type IIB Fire Sprinklered  
Project Approval Date: April 19, 2016  
Start Date: April 19, 2016  
Notice to Proceed: April 19, 2016  
Completion Date: July 10, 2017  
Total Cost: \$18,880,118  
Source of Funding: F.S. 1011.71(2) District School Tax Revenue from discretionary local millage  
Construction Manager: The Morganti Group, Inc.

**The Project**The Beginning

The original need for replacement of the Martin County High School

Administrations/Science/ESE/Vocation buildings was identified through Castaldi analysis as requested by the District and reviewed by the Florida Department of Education. The recommendation was based primarily on the age of existing buildings and desire to increase permanent student stations to eliminate portable classrooms, and improve efficiencies through use of Green Building Standards.

Project Funding

The project's funding source for the \$18,880,118 was Martin County local property tax funds derived from discretionary millage levied by the Martin County School Board in accordance with F.S. 1011.71(2).

Procurement of Services

The District's Facilities Department worked in collaboration with the District's Purchasing Department in accordance with School Board Policy 7105, Florida State Requirements of Educational Facilities, and the Florida Building Code.

The District used its Public Procurement Process issuing Request for Qualifications (RFQ) to A & E firms and Construction Manager at Risk firms to competitively solicit architectural and engineering services and construction manager at risk services, respectively. MCHS' Public School Advisory Committee (PSAC) ranked and interviewed the architectural and engineering services firms and the Construction Manager at Risk firms for recommendations to the School Board for approval.



### Community Involvement

As an existing site, parents and local community members were involved in the planning and design of the project. Parents and other community members were involved with the project through School Board workshops, School Board meetings, and School Advisory Committee (SAC) meetings.

The District collaborated with Martin County for local utilities and governmental and regulatory compliance. Water and sewer services are maintained from Martin County.

The District received the Associated General Contractors of America, Inc. (AGC) Build Florida Award 2018 in recognition for exemplary construction and facility management practices at Martin County High School Administrations/Science/ESE/Vocation Buildings. The AGC Build Florida Award projects are judged by categories and the following criteria:

- Overcoming Challenge and Difficulties
- Excellence in Project Management
- Innovation in Construction Techniques, Materials and Process
- Sensitivity to the Environment
- Service to the Client and Community
- Commitment to Safety

### Contracting

The following vendors were contracted for the duration of the project:

#### **Architectural & Engineering (A&E) Services:**

Harvard Jolly, Inc.

2047 Vista Parkway, Suite 100

West Palm Beach, Florida 33411

*Contract Execution: January 19, 2016*

#### **Construction Manager at Risk (CMR):**

The Morganti Group, Inc.

1450 Centrepark Blvd # 260,

West Palm Beach, FL 33401

*Contract Execution: April 19, 2016*

### Scheduling and Site Concerns

The project schedule was determined considering dates to create the least disruption to the ongoing school operations. The District's construction schedule was substantially outside normal school attendance. A portion of the construction, however, was completed during full student capacity. Maintaining safety and security at the facility during construction was always at the forefront.

### Construction Costs

The Final Project Cost is made up of the Construction Manager at Risk Contract with Change Orders, Direct Material Purchase Orders, Building Inspections, Building Inspections FEE, Furniture Fixture Equipment Costs F.F.E. and Architectural & Engineering (A&E) Design costs.

The District uses the guaranteed maximum price (GMP) with construction manager at risk concept for its construction projects. Estimated construction costs are established in a GMP document submitted to the School Board for review and approval. The guaranteed maximum price documents from the Construction Manager at Risk (CMR) include bids from the subcontractors with owner's contingencies for unforeseen changes in scope, cost over runs, or cost savings.

When the Construction Manager at Risk is approved for a Project the GMP is set to compensate the CMR through the Schematic, Design Development & Construction Document Phases of the Project. For the MCHS project the amount for the initial phase was \$90,000.





Change Order #1 added \$1,653,000 to the GMP for site work and pilings required per the approved Construction Document. While this site work was in progress, bids were obtained from subcontractors and suppliers for the remainder of the project.

Change Order #2 added actual materials and labor costs of \$15,640,900 to the GMP for the new administrative Science, ESE, and Vocation building required per Construction Document.

Change Order #3 added \$600,000 to the GMP to fund the connection of the existing buildings on the north side of the campus to the main chiller plant at the south side of campus, which included removing and replacing existing covered walkways which provided the conduit for the chiller connections. Both of these items were to be part of future projects intended to minimize the energy footprint of the campus, but it became apparent during construction that these modifications could be done economically since the crews and equipment were already on site, and in time for the opening of school.

**Exhibit 1-9** shows the initial total guaranteed maximum price, change orders, return of unused contingency funds, savings from direct materials purchases, and the final contract price.

**Exhibit 1-9**  
**MCHS Project Costs Summary**  
**As of July 18, 2018**

Description	Contract Amounts	District Direct Expense	Net Project Cost
<b>Construction Manager At Risk</b>			
Original GMP for Design Work	\$90,000		
Change Order #1 - Site Work	\$1,653,000		
Change Order #2 - Labor and Materials	\$15,640,900		
Change Order #3 - Scope Expansion	\$600,000		
<b>Total CMR Contract</b>	<b>\$17,983,900</b>		
Direct Materials Reduction	(\$4,500,635)		
Direct Material Purchase		\$4,230,597	\$4,230,597
Net Savings from Direct Material Purchase			
Unused Contingency Funds	(\$175,229)		
<b>Total Paid to CMR</b>	<b>\$13,308,036</b>		\$13,308,036
Building Inspections	\$35,000		\$35,000
F.F.E.	\$239,404		\$239,404
Architectural & Engineering (A&E) Design FEE	\$1,067,081		\$1,067,081
<b>TOTAL</b>	<b>\$14,649,521</b>	<b>\$4,230,597</b>	<b>\$18,880,118</b>

Source: Compiled by Evergreen from Martin County School District Facilities Department Staff and Documents, July 2018.

Savings to the District include a reduction in contingency funds of \$175,229 for unused budgeted funds and a reduction in material costs of \$270,038 resulting from a change order reducing the CMR contract by \$4,500,634.85 for materials, and having the District purchase those materials directly to avoid paying the sales tax.

**Net Savings = \$445,267**

The School Board approved the Superintendent to execute the necessary documents associated with all Continuing Contract ranking approvals in 2015. The following are the continuing contracts and associated costs:

**Architectural & Engineering (A&E) Design:**  
Cost \$1,067,081



**Architect:**

- Harvard Jolly, Inc.

**Civil Engineer:**

- Klima Weeks

**Structural Engineer:**

- Andrew Morgan Services

**Mechanical/Electrical/Plumbing/Fire Protection Engineers:**

- Johnson, Levinson, Ragan, Davia, Inc.

**Construction Manager:**

Cost \$2,030,463 (included in total CMR contract)

- Morganti Group, Inc.

**Building Inspections:**

Cost \$35,000

- MCSD Building Official

Permitting

Construction was authorized by the District's Building Official and the South Florida Water Management District. Any plan review, permitting, and inspections were performed by providers licensed to do business in the State of Florida, in conformance with all Federal, State and Local Building Codes.

District Staff Project Responsibilities

The staff listed below held significant responsibilities in the planning of Martin County High School Administrations/Science/ESE/Vocation Buildings and the management of the construction project for the School District:

**Board and Staff Attorney**

Responsible for reviewing the A&E Contract and CMR contract prior to the MCSD Staff recommending the approval of the contracts by the MCSD Board. The Staff Attorney is always there to support the MCSD Staff with any Human Resource items that may arise during the Project.

**Director of Facilities**

Directs the Facilities Department team to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.

**Construction Manager-Facilities Department**

Manages operational planning, project management, and implementation support of key District initiatives including major capital projects.

**Facility Specialist-Facilities Department**

Coordination of construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.

**Accountant-Finance Department**

Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).



**Lessons Learned**

Lessons learned include efficiencies to be derived from proactive construction management and scheduling. Martin County High School Administrations/Science/ESE/Vocation Buildings were completed in a timely manner with reported cost savings as shown in **Exhibit 1-9** above.

- The CMR was brought into the project early to work with the designers to address construction issues and project construction costs that could then be incorporated into the Construction Documents prior to the Total Estimated GMP being submitted for approval by the District.
- Beginning site work while bids from contractors and vendors were being secured reduced the amount of time for project completion.
- Waiting to estimate the full cost of subcontractors and materials until after the design is complete, moves the bidding closer to the time when the construction phase will start and reduces the possibility that these costs will increase during the life of the project.
- As the project progressed, it became apparent that the District could take advantage of current construction and material costs and complete a previously planned project designed to save energy costs. The additional work could also be completed prior to the opening of school, which prevented further disruptions on the campus.

*Source: Martin County School District Facilities Department, July 2018.*



**Case Study #2****Administrative & Media Center Building & Site Renovations Indiantown Middle School**

Indiantown Middle School (IMS) is an existing high school on 20 acres in the School District of Martin County located in East Central Florida. The Indiantown Middle School project was the replacement of the administrative and media center building with site renovations. The IMS project resulted from a December 2008 Castaldi Analysis to determine the feasibility of renovation or replacement of existing school buildings. This project was designed and constructed in accordance with Green Building Standards.

**Overview**

Project: Indiantown Middle School Administrative and Media Center Building with Site Renovations

Location: 16303 SW Farm Rd., Indiantown, FL

Square Feet Constructed: 23,769 Square Feet

Construction Type: Type IIB Fire Sprinklered

Project Approval Date: November 17, 2015

Start Date: November 23, 2015

Notice to Proceed: November 17, 2015

Completion Date: July 18, 2016

Total Cost: \$7,626,488

Source of Funding: F.S. 1011.71(2) District School Tax Revenue from discretionary local millage

Construction Manager : Paul Jacquin & Sons, Inc.

**The Project**The Beginning

The original need for replacement of the Indiantown Middle School administrative and media center building was identified through Castaldi analysis as requested by the District and reviewed by the Florida Department of Education. The recommendation was based primarily on the age of existing buildings and desire to improve efficiencies through use of Green Building Standards.

Project Funding

The project's funding source for the \$7,626,488 was Martin County local property tax funds derived from discretionary millage levied by the Martin County School Board in accordance with F.S. 1011.71(2).

Procurement of Services

The District's Facilities Department worked in collaboration with the District's Purchasing Department in accordance with School Board Policy 7105, Florida State Requirements of Educational Facilities, and the Florida Building Code.

The District used its Public Procurement Process issuing Request for Qualifications (RFQ) to A & E firms and Construction Manager at Risk firms to competitively solicit architectural and engineering services and construction manager at risk services, respectively. Public School Advisory Committee (PSAC) ranked and interviewed the Architectural and Engineering services firms and the Construction Manager at Risk firms for recommendations to the School Board for approval.

Community Involvement

As an existing site, parents and local community members were involved in the planning and design of the project. Parents and other community members were involved with the project through School Board workshops, School Board meetings, and School Advisory Committee (SAC) meetings.



The District collaborated with Martin County for local utilities and governmental and regulatory compliance. Water and sewer services are maintained from Martin County.

#### Contracting

The following vendors were contracted for the duration of the project:

##### **Architectural & Engineering (A&E) Services:**

Harvard Jolly, Inc.  
2047 Vista Parkway, Suite 100  
West Palm Beach, Florida 33411  
*Contract Execution: April 21, 2015*

##### **Construction Manager at Risk (CMR):**

Paul Jacquin & Sons, Inc.  
P.O. Box 4343  
Fort Pierce, FL 34948  
*Contract Execution: June 6, 2015*

#### Scheduling and Site Concerns

The project schedule was determined considering dates to create the least disruption to the ongoing school operations. The District's construction schedule, however, was completed at least partially during full student capacity. Maintaining safety and security at the facility during construction was always at the forefront.

#### Construction Costs

The Final Project Cost is made up of the Construction Manager at Risk Contract with Change Orders, Direct Material Purchase Orders, Building Inspections, Building Inspections FEE, Furniture Fixture Equipment Costs F.F.E. and Architectural & Engineering (A&E) Design costs.

The District uses the guaranteed maximum price (GMP) with construction manager at risk concept for its construction projects. Estimated construction costs are established in a GMP document submitted to the School Board for review and approval. The guaranteed maximum price documents from the Construction Manager at Risk (CMR) include bids from the subcontractors with owner's contingencies for unforeseen changes in scope, cost over runs, or cost savings.

When the Construction Manager at Risk is approved for a Project the GMP is set to compensate the CMR through the Schematic, Design Development & Construction Document Phases of the Project. For the MCHS project the amount for the initial phase was \$46,717.

Change Order #1 added actual materials and labor costs of \$7,117, 157 to the GMP for the new administrative and media center building required per Construction Document.

Change Order #2 added \$146,077 to the GMP for added scope to remove and replace the existing Bldg.#3 roof system. The original estimate included the removal of a connecting structure and repairing Building #3's roof system where the removal took place. During removal, however, it became apparent that the needed repairs to the aging Building #3 roof system were going to be more extensive than originally anticipated. Rather than patching an aging roof, the decision was made to replace the Building #3 roof system entirely and thereby extend its useful life.

**Exhibit 1-10** shows the initial total guaranteed maximum price, change orders, return of unused contingency funds, savings from direct materials purchases, and the final contract price.



**Exhibit 1-10**  
**IMS Project Costs Summary**  
**As of July 18, 2018**

	<b>Contracts</b>	<b>District Direct Expense</b>	<b>Net Project Cost</b>
<b>Construction Manager At Risk</b>			
Original GMP for Design Work	\$46,717		
Change Order #1 - Labor and Materials	\$7,117,157		
Change Order #3 - Scope Expansion	\$146,077		
<b>Total CMR Contract</b>	<b>\$7,309,951</b>		
Direct Materials Reduction	(\$1,332,500)		
Direct Material Purchase		\$1,253,253	\$1,253,253
Net Savings from Direct Material Purchase			
Unused Contingency Funds	(\$57,371)		
<b>Total Paid to CMR</b>	<b>\$5,920,080</b>		\$5,920,080
Building Inspections	\$22,597		\$22,597
F.F.E.	\$47,188		\$47,188
Architectural & Engineering (A&E) Design FEE	\$383,370		\$383,370
<b>TOTAL</b>	<b>\$6,373,235</b>	<b>\$1,253,253</b>	<b>\$7,626,488</b>

Source: Compiled by Evergreen from Martin County School District Facilities Department Staff and Documents, July 2018.

Savings to the District include a reduction in contingency funds of \$57,371 for unused budgeted funds and a reduction in material costs of \$79,247 resulting from a change order reducing the CMR contract by \$1,332,500 for materials, and having the District purchase those materials directly to avoid paying the sales tax.

**Net Savings = \$136,618**

The School Board approved the Superintendent to execute the necessary documents associated with all Continuing Contract ranking approvals in 2015. The following are the continuing contracts and associated costs:

**Architectural & Engineering (A&E) Design:**

Cost \$383,370

**Architect:**

- Harvard Jolly, Inc.

**Civil Engineer:**

- Klima Weeks

**Structural Engineer:**

- Andrew Morgan Services

**Mechanical/Electrical/Plumbing/Fire Protection Engineers:**

- Johnson, Levinson, Ragan, Davia, Inc.

**Construction Manager:**

Cost \$374,263 (Included in GMP above)

- Paul Jacquin & Sons, Inc.

**Building Inspections \$22,597.22**

- MCSD Building Official



### Permitting

Construction was authorized by the District's Building Official and the South Florida Water Management District. Any plan review, permitting, and inspections were performed by providers licensed to do business in the State of Florida, in conformance with all Federal, State and Local Building Codes.

### District Staff Project Responsibilities

The staff listed below held significant responsibilities in the planning of Indiantown Middle School Indiantown Middle School Administrative and Media Center Building with Site Renovations and the management of the construction project for the School District:

#### Board and Staff Attorney

Responsible for reviewing the A&E Contract and CMR contract prior to the MCSD Staff recommending the approval of the contracts by the MCSD Board. The Staff Attorney is always there to support the MCSD Staff with any Human Resource items that may arise during the Project.

#### Director of Facilities

Directs the Facilities Department team to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.

#### Construction Manager-Facilities Department

Manages operational planning, project management, and implementation support of key District Initiatives including major capital projects.

#### Facility Specialist-Facilities Department

Coordination of construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.

#### Accountant-Finance Department

Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).

### **Lessons Learned**

Lessons learned include efficiencies to be derived from proactive construction management and scheduling. Indiantown Middle School Administrative and Media Center Building and Site Renovations project was completed in a timely manner with reported cost savings as shown in **Exhibit 1-10**. As noted in Case Study #1, the use of the GMP approach provided cost controls for materials and labor. In terms of the scope change for this project, unseen structural issues are often a risk. The decision to replace the aging roof structure rather than patching it, knowing that future repairs would be required appears to have been warranted and likely saved additional expense and interruptions at the school level in the future.

*Source: Martin County School District Facilities Department, July 2018.*



### **Case Study #3**

## **Partial Roof Replacement**

## **South Fork High School**

The South Fork High School (SFHS) is an existing high school in the School District of Martin County located in Southeast Florida. The South Fork High School Partial Roof Replacement project was replacement of an existing roof to repair leaks, upgrade to an R-30 Roofing System, and extend its useful life.

### **Overview**

Project: Partial Re-roof at South Fork High School  
Location: 10000 SW Bulldog Way Stuart, FL 34997  
Square Feet Constructed: 176,260 Square Feet  
Construction Type: Existing  
Project Approval Date: April 21, 2015  
Start Date: April 21, 2015  
Completion Date: August 11, 2015  
Total Cost: \$1,999,319  
Source of Funding: Local Capital Improvement (LCI) Funds  
Construction Manager : Paul Jacquin & Sons, Inc.

### **The Project**

#### The Beginning

The original need for the partial replacement of SFHS was identified through observation and inspection of roof leaks and the need to extend the useful life of the building's roof structure. The original roof was no longer under warranty making replacement the responsibility of the District.

#### Project Funding

The project's funding source for the \$1,940,976 total project cost was existing District Local Capital Improvement (LCI) Funds.

#### Procurement of Services

The District's Facilities Department worked in collaboration with the District's Purchasing Department in accordance with School Board Policy 7105, Florida State Requirements of Educational Facilities, and the Florida Building Code.

The District used its Public Procurement Process issuing Request for Qualifications (RFQ) to Architectural and Engineering (A&E) firms and Construction Manager at Risk (CMR) firms to competitively solicit architectural and engineering services and construction manager at risk services, respectively.

#### Contracting

The following vendors were contracted for the duration of the project:

#### **Architectural Services:**

Harvard Jolly, Inc.

2047 Vista Parkway, Suite 100

West Palm Beach, Florida 33411

*Contract Execution: October 21, 2014 Amendment to the G802 dated December 2, 2013*





**Construction Manager at Risk (CMR):**

Paul Jacquin &amp; Sons, Inc.

P.O. Box 4343

Fort Pierce, FL 34948

Contract Execution: April 21, 2015

Scheduling and Site Concerns

The project schedule was determined considering dates to create the least disruption to the ongoing school operations. The District's construction schedule allowed for minimal disruption during the Summer months when SFHS was at minimal utilization. A portion of the construction, however, was completed during full student capacity. Maintaining safety and security at the facility during construction was always at the forefront.

Construction Costs

The District uses the guaranteed maximum price (GMP) with construction manager at risk concept for its construction projects. Estimated construction costs are established in a GMP document submitted to the School Board for review and approval. The guaranteed maximum price documents from the Construction Manager at Risk include bids from the subcontractors with owner's contingencies for unforeseen changes in scope, cost over runs, or cost savings.

**Exhibit 1-11** shows the estimated project cost, total project cost and contingency relative to the total project costs billed.

**Exhibit 1-11**  
**South Fork High School Project Costs Summary**  
**As of July 18, 2018**

	<b>Contracts</b>	<b>Net Project Cost</b>
<b>Construction Manager At Risk</b>		
Original GMP Including Labor and Materials	\$1,937,600	
<b>Total CMR Contract</b>	<b>\$1,937,600</b>	
Unused Contingency Funds	(\$18,779)	
<b>Total Paid to CMR</b>	<b>\$1,918,821</b>	\$1,918,821
Building Inspections	\$22,597	\$22,597
Architectural & Engineering (A&E) Design FEE	\$57,900	\$57,900
<b>TOTAL</b>	<b>\$1,999,319</b>	<b>\$1,999,319</b>

*Source: Martin County School District Facilities Department, July 2018.*

**Savings = \$18,778.91 for unused contingency funds**

The School Board approved the Superintendent to execute the necessary documents associated with all Continuing Contract ranking approvals in 2015. The following are the continuing contracts and associated costs:

**Architectural & Engineering (A&E) Design:**

Cost \$57,900

**Architect:**

- Harvard Jolly, Inc.

**Structural Engineer:**

- Andrew Morgan Services



**Mechanical/Electrical/Plumbing/Fire Protection Engineers:**

- Johnson, Levinson, Ragan, Davila, Inc.

**Construction Manager (CMR) :**

Cost : \$201,660 (Included in GMP above)

- Paul Jacquin & Sons, Inc.

**Building Inspections:**

Cost: \$22,597.92

- MCSD Building Official

Permitting

Any plan review, permitting, and inspections were performed by a private provider licensed to do business in the State of Florida, in conformance with all Federal, State and Local Building Codes.

District Staff Project Responsibilities

The staff listed below held significant responsibilities in the planning of South Fork High School Partial Roof Replacement and the management of the construction project for the School District:

Board and Staff Attorney

Responsible for reviewing the A&E Contract and CMR contract prior to the MCSD Staff recommending the approval of the contracts by the MCSD Board. The Staff Attorney is always there to support the MCSD Staff with any Human Resource items that may arise during the Project.

Director of Facilities

Directs the Facilities Department team to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.

Construction Manager- Facilities Department

Manages operational planning, project management, and implementation support of key District Initiatives including major capital projects.

Facility Specialist-Facilities Department

Coordination of construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.

Accountant-Finance Department

Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).

**Lessons Learned**

The District engaged work promptly to avoid inflationary costs. Lessons learned include efficiencies to be derived from proactive construction management and scheduling as shown in **Exhibit 1-11** above.

*Source: Martin County School District Facilities Department, July 2018.*



## **OBSERVATION**

The Board placed the previously approved \$14 million renovation of the Stuart Middle School and the Administration Building on hold pending the Surtax referendum and a reprioritization of needs. The project was approved and fully funded in the 2017-18 Capital Budget and would have addressed pressing needs at the Administration Building, including some health and safety issues. Also the project included, the creation of a thermal energy storage plant that would serve both facilities and would result in energy cost savings for the District, and provide much needed renovations to the middle school including the establishment of a single point of entry for safety purposes.

Some preliminary work to relocate administrative staff to portables, and the grading of a sports field to be used temporarily while construction was underway, was completed before the project was placed on hold.

While onsite, Evergreen observed the poor appearance and condition of the Administration Buildings, poor condition of some administration offices, the lack of adequate security for most offices, and the disjointed organization of offices and employees within departments that did not appear conducive to productivity.

At the middle school, the Safety Manager stated that air quality, ADA compliance issues, and other health and safety needs were a part of the project—in addition to the single point of entry.

Because of the pressing needs, and since the design work has been completed and contracts are in place, abandoning the project entirely is not really an option. In addition, delaying the project could result in higher labor and material costs overall.

If the project's scope needs to be modified for financial reasons, include only the most pressing needs, by assembling a group to re-evaluate and prioritize as appropriate.

## **RECOMMENDATION**

### **Recommendation 1-5:**

**Consider the most appropriate manner in which to address the needs at the Stuart Middle School and the Administration Building and move forward on the project as soon as practically possible.**

## **1.5 PURCHASING POLICIES AND PRACTICES**

Board Policies 6310 through 6470 address purchasing and contract-related matters:

- [6310](#) Procurement Code of Ethics
- [6320](#) Purchasing and Contracting for Goods, Services, and Construction
- [6324](#) Cone of Silence
- [6330](#) Acquisition of Professional Architectural, Engineering, Landscape Architectural, or Land Surveying Services, and Construction Managers at Risk



- [6345](#) Change Orders
- [6424](#) Use of Purchasing Cards
- [6440](#) Cooperative Purchasing
- [6450](#) Local Purchasing
- [6470](#) Payment of Invoices and Contracts

In addition, MCSD has a Purchasing Manual called the **Administrators Guide to Procurement Services**, that addresses each of these areas in greater detail, and provides users specific information on the steps needed in the process. **Exhibit 1-12** provides the Table of Contents for that Manual to illustrate the comprehensive nature of the information provided.

**Exhibit 1-12**  
**Table of Contents for**  
**Administrators Guide to Procurement Services**  
**Martin County School District**

<u>Table of Contents</u>
<b>Chapter 1-Introduction</b>
<b>Chapter 2- Principals and District Administrators Quick Reference</b>
<b>Chapter 3-Procurement Overview</b>
General
Purchasing Ethics
<b>Chapter 4-Contracting Process and Competitive Bidding</b>
General
Authority
Contracts
Vendor Performance
Cone of Silence
<b>Chapter 5-Purchasing Process</b>
Purchase Requisitions
Purchase Orders
Requesting Payment
Emergency and Sole Source Purchasing
<b>Chapter 6-Purchasing Cards</b>
General
Authority
Limitations
<b>Chapter 7-Warehouse</b>
General
Return Policy
<b>Chapter 8 –Property Management</b>
General
Property Acquisition
Annual Inventory
Property Disposition

Source: MCSD Administrators Guide to Procurement Services, 2018.



Thresholds for routine procurements are:

- The District's formal bid threshold is set at \$35,000.01 (even if a term contract exists with a vendor that can provide these goods or services, any purchase of more than \$35,000 requires Board approval).

For purchases below the formal bid threshold, the Policy outlines the following procurement requirements as a percent of the formal bid threshold (Note: Dollar amounts are shown for clarification purposes.):

- Routine purchases up to and including \$5,000 - no quotes are required but informal quotes are encouraged.
- Routine purchases between \$5,000.01 and \$35,000 - solicit written quotes from three different sources, if possible (If the Board has already approved a term contract for a vendor that can provide the goods or services, no quotes are required.).

Board Policy 6320 outlines thresholds for construction and electrical services as follows:

- Construction Projects Involving Expenditures of \$0.00 - \$35,000.00 - Direct Negotiations Authorized
- Construction Projects Involving Expenditures of \$35,000.01 - \$50,000.00 - Three (3) Quotations Required
- Construction Projects Other Than Electrical Projects, Involving Expenditures of \$50,000.01 - \$100,000.00 - Three (3) Quotations Required
- Electrical Projects Involving Expenditures of \$50,000.01 - \$100,000.00 - Bid Solicitation Required
- Construction Projects Involving Expenditures of more than \$100,000.00 - Bid Solicitation Required

MCSD has well-defined purchasing policies and procedures that provide very detailed information regarding the competitive procurement processes. Adherence to those guidelines is monitored by the Purchasing staff and the Staff Attorney. The Staff Attorney is regularly consulted and may sit in on contract negotiations when needed.

## **OBSERVATION**

The definition of an emergency purchase in the Purchasing Manual is not in conformity with Board Policy 6320. The policy, which is taken from State statutes, states [emphasis added]:

*Emergency purchase of commodities or contractual services when the Superintendent determines in writing that an immediate danger to the public*



*health, safety, or welfare or other substantial loss to the School District requires emergency action. After such a written determination has been made, the Superintendent may proceed with the procurement of commodities or contractual services necessitated by the immediate danger, without requesting competitive solicitations.*

*However, such an emergency purchase shall be made by obtaining pricing information from at least two (2) prospective vendors, which must be retained in the contract file, unless the Superintendent determines in writing that the time required to obtain pricing information will increase the immediate danger to the public health, safety, or welfare or other substantial loss to the School District. All emergency purchases made as an exception to competitive bidding shall be summarized and presented to the Superintendent who shall submit the matter to the School Board for ratification.*

The Administrators Guide to Procurement Services presents the following explanation for emergency purchases:

## **Emergency and Sole Source Purchasing**

### **General**

Emergency and sole source purchases are two acceptable methods of procurement that exempt the district from seeking competition, but they should only be used when fully justified. Emergency Purchases are only issued when authorized by the Superintendent or Designee.

### **Emergency Purchases**

Emergency purchases can be used to buy critically needed goods or services in order to address dangerous conditions or the potential termination or reduction of essential services. If such a situation occurs, an employee should contact the Purchasing Department to consult with the Director of Purchasing. Written justification will be required.

Even if an emergency occurs, a school/department should attempt to obtain competition if at all possible.

If the emergency occurs after normal business hours, a school/department should document the situation and his or her actions and provide this information to the Director of Purchasing the next business day.

The disparity between definitions in these two documents is considerable and, according to Purchasing staff, this provision is being used by some department staff to justify large purchases.

The “dangerous conditions or the potential termination or reduction of essential services” definition in the Manual is significantly softer than the policy definition of “immediate danger to



the public health, safety, or welfare or other substantial loss to the School District.” Many maintenance-related work orders address dangerous conditions—such as water leaks and electrical shorts—but these conditions would not constitute an immediate danger to public health, safety, or welfare. A major electrical or water problem could result in a substantial loss to the District; however, even then one must ask if temporary measures could be taken so that quotes might be obtained.

The intent of Florida Statute 287.057 and local Board Policy 6320 appears to be an effort to limit the exception for Emergency Purchases to only immediate needs that would cause great harm if not addressed immediately (today or within the next 24 to 48 hours), making competitive procurement an unreasonable expectation.

## **RECOMMENDATION**

### **Recommendation 1-6:**

**Modify the explanation of Emergency Purchases in the Administrators Guide to Procurement to be in conformity with Board Policy, and to the extent possible, provide specifics on the conditions and timing for such purposes.**



## ***CHAPTER 2: PROGRAM DESIGN AND STRUCTURE***



## 2.0 PROGRAM DESIGN AND STRUCTURE

**Chapter 2** presents findings related to program design and structure. As part of the performance audit, Evergreen examined the organization and management structure of the District as a whole and the component units within the organization that are now or will be responsible for the program areas identified in the Surtax Resolution. The examination included contracted and other external services that are now or will be used in the implementation of the projects outlined in the Resolution. In addition, Evergreen assessed the procurement and contracting function to determine its capacity for handling the volume and complexity of work anticipated in the Resolution.

The specific audit evaluation tasks performed are provided below.

1. *Reviewed program organizational structure to ensure the program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs.*
2. *Assessed the reasonableness of current program staffing levels given the nature of the services provided and program workload.*

**Finding on program design and structure:** During its evaluation, Evergreen found the structure of the Safety and Security function in place for 2017-18 to be decentralized and could not assess the reasonableness of the new organizational structure until the newly hired Director of Safety and Security has had an opportunity to develop a workable structure following State mandates. While operating and communicating effectively, some definition and restructuring of the current Maintenance and Facilities and Planning Departments are needed. Evergreen did find that the districtwide organization structure is appropriate. The direction and focus are dynamically changing due to the recent hiring of a number of qualified individuals in key positions.

### CHAPTER HIGHLIGHTS

In all, Evergreen found that the turnover among MCSD senior administrators in the program areas under review has been extensive in the past few years. This is changing the dynamic of the Leadership Team. The Superintendent provided information on the team building session that was held this year at the end of July, which included all members of the new Leadership Team. Evergreen recommends conducting additional team building exercises to help stabilize the team.

The creation and hiring of a new Director of Safety and Security is a positive move necessary to bring together a decentralized system. While Evergreen is unable to assess or give an opinion about this new system, the job description for the new position clearly envisions a more unified and focused approach, with this person at the helm.



The staffing levels and skills found in the Maintenance and Facilities and Planning Departments appear reasonable, but there is a great deal of cross-functional work being accomplished. While communication and collaboration between the groups is good, some restructuring is needed to ensure that both departments are positioned to handle the workload envisioned as part of the proposed projects in the Surtax Resolution.

**Chapter 2** contains the following four sections:

- 2.1 Districtwide Staffing and Organization
- 2.2 Facility Maintenance and Construction Staffing and Organization
- 2.3 Safety and Security Staffing and Organization
- 2.4 Finance, Purchasing, and Contract Management Staffing and Organization

## **2.1 DISTRICTWIDE STAFFING AND ORGANIZATION**

Mrs. Laurie Gaylord has been the elected Superintendent of the Martin County School District for six years. Previously, she had been an elected member of the MCSD School Board for 10 years.

According to the three Board members who chose to be interviewed, there are multiple avenues to meet and communicate with the Superintendent including, but not limited to:

- Board meetings (one a month);
- workshops (one or two per month);
- regular briefings; and
- individual meetings.

The organizational chart for the program areas under review is shown in **Exhibit 2-1** for the 2017-18 school year.

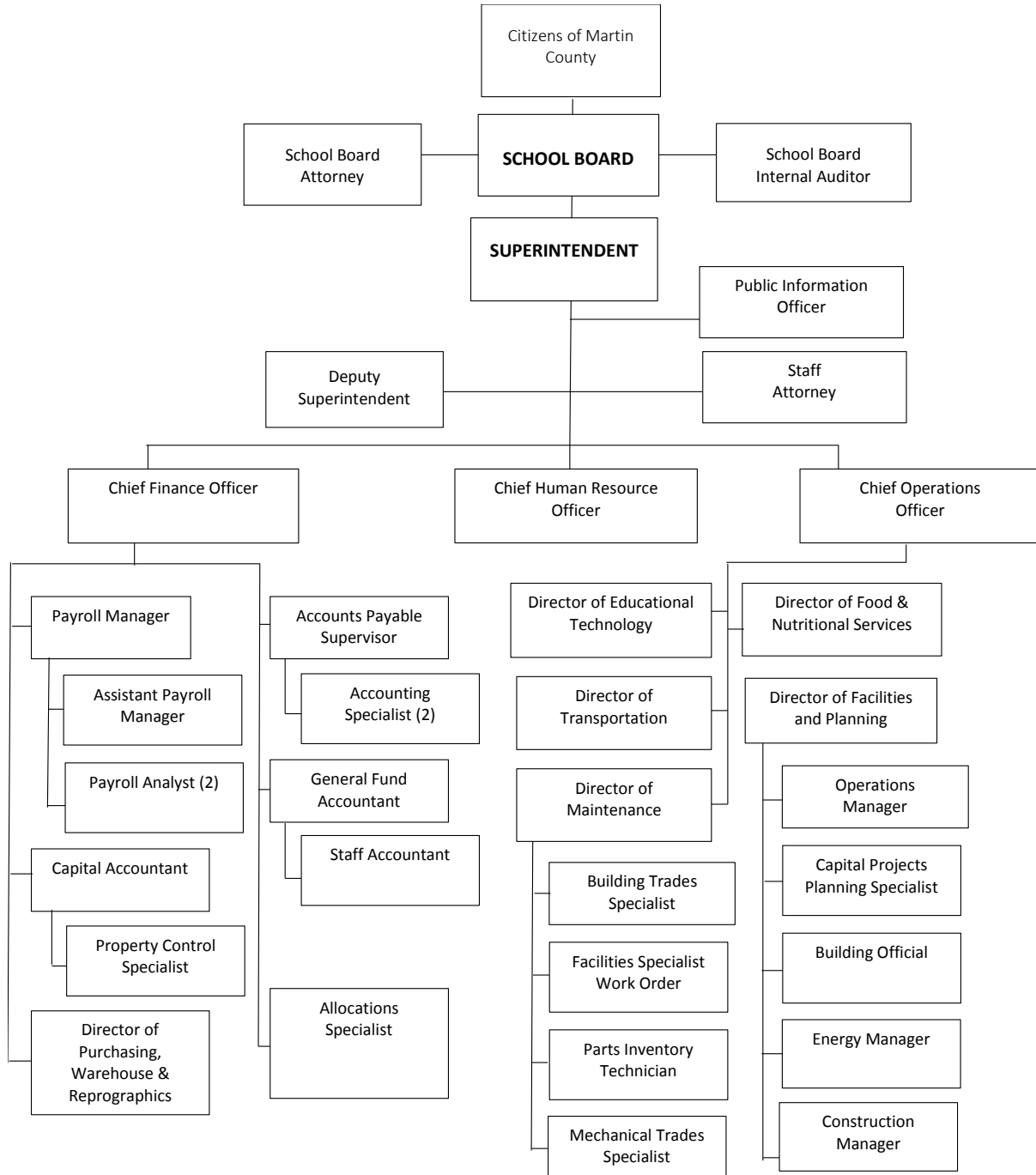
### **OBSERVATION**

The turnover among MCSD senior administrators in the program areas under review has been extensive in the past few years. Specifically:

- The position of **Chief Operating Officer (COO)** is vacant. The incumbent left the position in June 2018 after serving for 3.5 years.
- A new **Chief Financial Officer (CFO)** arrived in July 2018; the previous CFO left the District in May 2018.
- The position of **Public Information Officer** was vacant at the time of the onsite review; the past PIO served less than three years and left in Spring 2018. This position was filled in July 2018.
- The **Chief Human Resources Officer** has only been at the helm for about one year; the previous Chief of Human Resources left after just two years of service.
- The **Staff Attorney** joined the District in 2017, but had served previously from 2002-08.



**Exhibit 2-1**  
**Organizational Chart for the Program Areas Under Review in**  
**the Martin County School District**  
**2017-18 School Year**



Source: Created by Evergreen from component organization charts, Martin County School Superintendent's Office, June 2018.



- In July 2018, the District hired a **Director of Safety and Security**, a position that was newly created to oversee all aspects of that function.

Each of these qualified administrators brings knowledge and experience to the District, and during interviews, each expressed a sincere desire to affect needed changes.

With the significant changes in senior staff, communication and team building activities are clearly needed to rebuild any effective senior administrative structure in the central office of the Martin County School District. This is a new Executive Leadership Team and it is critical that stabilization be reached, and communication and collaboration be stressed. The Superintendent provided information about a team building session held at the end of July with the new leadership team. Similar sessions are held each year, but additional team building is needed.

## **RECOMMENDATION**

### **Recommendation 2-1:**

**Strengthen the Executive Leadership Team in the Martin County School District by conducting ongoing team building exercises.**

## **OBSERVATION**

Evergreen found that overall staffing levels in the District are within reasonable ranges in comparison to their peers, and the District has taken action to control the growth of new positions over the last five years.

As shown in **Exhibit 2-2**, MCSD has the second highest student to staff ratios in every category, indicating that the District is serving more students with fewer staff than all but one of its peers.

**Exhibit 2-3** compares the staffing growth over the last five years to the student growth for the same period. As can be seen, the numbers of students grew by 1.0 percent over this time period, while staff growth was held to 0.6 percent.



**Exhibit 2-2**  
**Staffing Ratios for MCSD and Peers**  
**FY 2017-18**

District	Martin County School District	Charlotte County School District	Citrus County School District	Hernando County School District	Indian River County School District
# of Students	18,971	15,901	15,542	22,445	17,792
<b>Administrators</b>					
Officials, Administrators, Managers	22	23	25	28	23
Consultants/ Supervisors of Instruction	3	2	2	8	2
Principals	23	20	25	26	26
Assistant Principals	37	30	32	38	35
Curriculum Coordinators					1
<b>Total Administrators</b>	<b>85</b>	<b>75</b>	<b>84</b>	<b>100</b>	<b>87</b>
<b>Student to Administrator Ratio</b>	<b>223.2</b>	<b>212.0</b>	<b>185.0</b>	<b>224.5</b>	<b>204.5</b>
<b>Instruction</b>					
Elementary Teachers (PK-6)	470	347	461	569	510
Secondary Teachers (7-12)	464	392	342	569	470
Exceptional Student Education Teachers	216	170	138	249	148
Other Teachers	25	12	30	65	13
Guidance Counselors	37	37	36	52	26
Social Workers		9	7	14	8
School Psychologists	7	10	10	9	13
Librarians/Audio Visual Workers	20	17	19	11	21
Other Professional Instructional Staff	116	65	72	91	145
<b>Total Instruction</b>	<b>1,355</b>	<b>1,059</b>	<b>1,115</b>	<b>1,629</b>	<b>1,354</b>
<b>Ratio of Students to Instructional Staff</b>	<b>14.0</b>	<b>15.0</b>	<b>13.9</b>	<b>13.8</b>	<b>13.1</b>
<b>Support</b>					
Other Professional Non- Instructional Staff	83	60	69	81	88
Paraprofessionals	299	321	308	330	215
Technicians	29	38	16	19	16
Clerical/ Secretarial	168	160	157	183	93
Service Workers	269	357	353	499	279
Skilled Crafts Workers	31	26	22	39	29
Laborers, Unskilled	9	12	20	17	19
<b>Total Support</b>	<b>888</b>	<b>974</b>	<b>945</b>	<b>1,168</b>	<b>739</b>
<b>Ratio of Student to Support Staff</b>	<b>21.4</b>	<b>16.3</b>	<b>16.4</b>	<b>19.2</b>	<b>24.1</b>
<b>Total</b>					
<b>Total Full-Time Staff</b>	<b>2,328</b>	<b>2,108</b>	<b>2,144</b>	<b>2,897</b>	<b>2,180</b>
<b>Ratio of Students to Total Full Time Staff</b>	<b>8.1</b>	<b>7.5</b>	<b>7.2</b>	<b>7.7</b>	<b>8.2</b>

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.



**Exhibit 2-3**  
**MCSD Staffing Trends**  
**FY 2013-14 through FY 2017-18**

<b>Staff Category</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Change</b>	<b>% Change</b>
Officials, Administrators and Managers	24	20	21	24	22	-2	-8.3%
Consultants, Supervisors of Instruction	5	3	2	2	3	-2	-40.0%
Principals	23	23	23	23	23	0	0.0%
Assistant Principals	32	35	34	37	37	5	15.6%
Elementary Teachers (PK-6)	461	462	472	477	470	9	2.0%
Secondary Teachers (7-12)	445	451	457	455	464	19	4.3%
Exceptional Student Education Teachers	230	238	248	252	216	-14	-6.1%
Other Teachers	42	28	30	27	25	-17	-40.5%
Guidance Counselors	35	36	35	38	37	2	5.7%
School Psychologists	6	8	8	8	7	1	16.7%
Librarians/ Audio-Visual Workers	20	19	20	20	20	0	0.0%
Other Professional Staff Non-administrative Instructional	110	105	97	105	116	6	5.5%
Other Professional Staff-Non-administrative Non-instructional	75	77	81	85	83	8	10.7%
Paraprofessionals	294	289	295	300	299	5	1.7%
Technicians	12	23	25	25	29	17	141.7%
Administrative Support Workers	165	167	168	168	168	3	1.8%
Service Workers	292	273	284	276	269	-23	-7.9%
Skilled Crafts Workers	32	29	30	30	31	-1	-3.1%
Laborers, Unskilled	11	10	11	10	9	-2	-18.2%
<b>Total Full Time Staff</b>	<b>2,314</b>	<b>2,296</b>	<b>2,341</b>	<b>2,362</b>	<b>2,328</b>	<b>14</b>	<b>0.6%</b>
Number of Students	<b>18,792</b>	<b>19,101</b>	<b>18,994</b>	<b>19,014</b>	<b>18,971</b>	<b>179</b>	<b>1.0%</b>

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.

## OBSERVATION

The School Board Chairman of the Martin County School District had developed an exemplary document on Board operating procedures which was approved by the full Board on August 21, 2018.

During interviews with senior managers and Board members, examples were provided of many special requests of staff which consumes hours of staff time. To curtail these reoccurring requests, the Board Chairman of the Martin County School District drafted operating guidelines. The Operating Guidelines Manual was approved by the full Board in August 2018. The Table of Contents for the Manual is shown in **Exhibit 2-4**.



**Exhibit 2-4**  
**Proposed Operating Guidelines Manual**  
**Table of Contents**

- A. Public Records Laws (Sunshine Laws)
- B. Superintendent & School Board Relationship & Duties
- C. Communications
  - Correspondence – Email & Stamped Mail
  - Telephone Calls
  - Social Media
  - Media & Public Relations
  - Presentations to the Public
  - Sample Letters
  - Notifications from the Superintendent – including Critical Information
- D. Meetings
  - Types of Meetings
  - Scheduling Meetings
  - Open to the Public
  - Regular Meetings
  - Workshop & Action Items
  - General Calendar
  - Typical Agendas & Sample Educational Work Session Minutes
- E. Orientations
  - Annual Review
  - New Board Member Orientation
- F. Other Duties
  - Board Member Committees / Organization Assignments
  - Board Member Designated Committee Appointments
  - Public Appearances
  - Employees of the School Board
  - Information / Data Collection & Analysis
- G. Miscellaneous
  - Board Development
  - Travel
  - Memberships
  - Legislative Matters
  - Electronics
  - Collective Expenses
  - Requirements
- H. Florida Statutes & School Board Policies

*Source: Martin County School District Boarddocs, July 2018.*



As shown, the Manual contains a section on “Information/Data Collection and Analysis” which is shown in **Exhibit 2-5**.

**Exhibit 2-5**  
**Operating Guidelines on**  
**Excerpt from Information/Data Collection**

**INFORMATION / DATA COLLECTION & ANALYSIS**

For an individual Board Member to function effectively it is important to be able to access information / data in a timely fashion. Sometimes it is necessary for the request for information / data to be filled by the Internal Auditor, District Staff or both. Requests that are estimated to take less than one (1) hour of time shall be handled directly by the Internal Auditor or by the Superintendent or Superintendent’s designee.

The Board Member should ask the Superintendent if fulfilling the request will exceed one (1) hour. If the information will take longer than one (1) hour to gather and compile, or require an expenditure of funds, the Board Member shall submit a Data / Information Request Form to the Superintendent’s office for consideration at a Workshop. A majority of the Board is necessary to approve such requests. Approved Requests will be inserted into the Priority List of Information Gathering Items with consensus of the Board Members.

Likewise, when the Internal Auditor is gathering information for an individual Board Member, the request often requires District staff to expend time to gather and compile the information. When the Internal Auditor is requesting information from District staff, the request shall go through the Superintendent’s office to determine if fulfilling the request will exceed one (1) hour. If it does, the same procedure for direct requests of the Superintendent will be followed. (When the Internal Auditor submits information that was obtained from District staff, the staff member will be clearly identified to give credit for work product and serve as a reference source for questions.)

Data or Information gathered pursuant to a Data / Information Request Form shall be distributed to all Board Members.

When individual Board Members or the Internal Auditor presents or supplies data or information, sources shall be clearly identified.

*Source: Martin County School District website, July 2018.*

As can be seen in the exhibit, if a Board request for data is estimated to take longer than one hour, the majority of the Board must approve such a request. Next, this approval request will be inserted into the “Priority List of Information Gathering Items” with consensus of Board members.

**RECOMMENDATION**

**Recommendation 2-2:**

**Abide by the Operating Guidelines developed and approved by the Board to ensure that staff are not unnecessarily burdened with requests which require extensive staff time and research.**





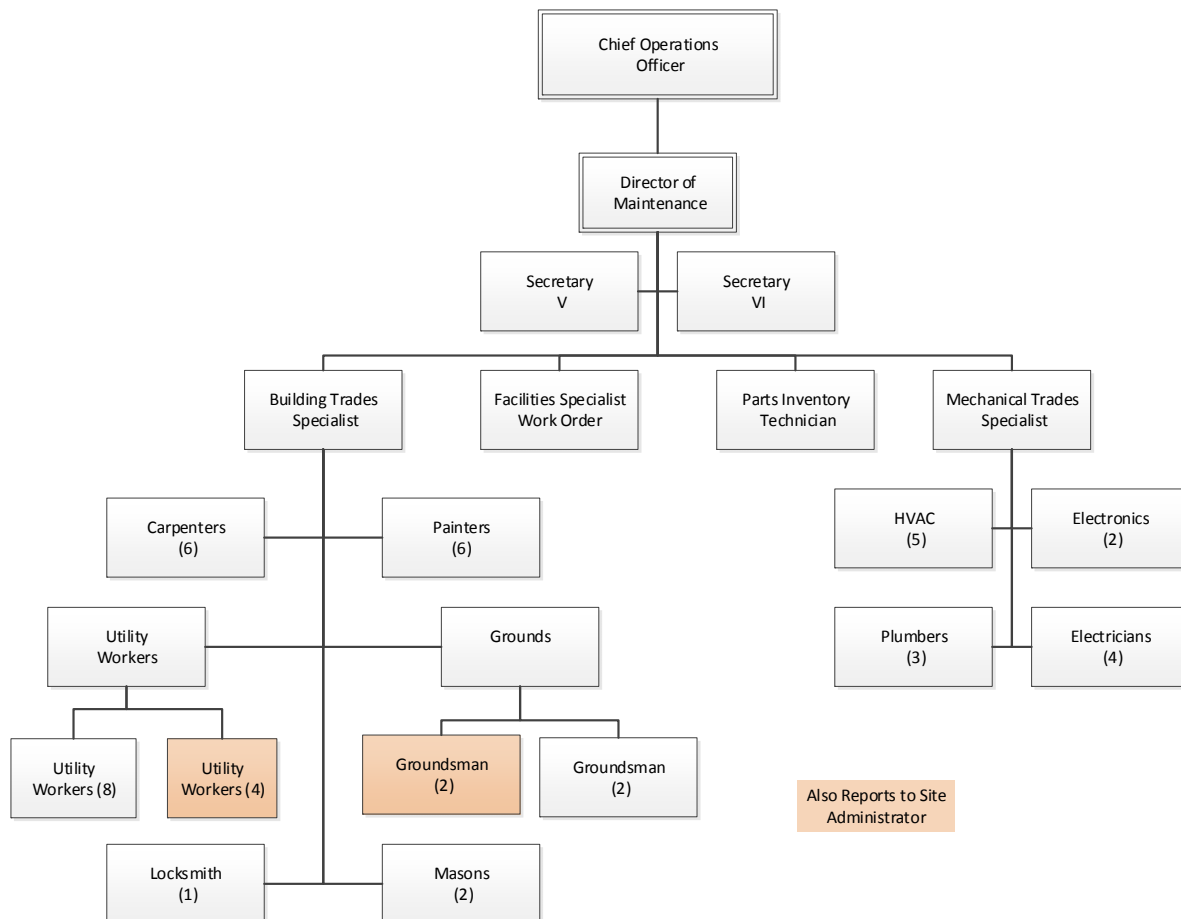
## 2.2 **FACILITY MAINTENANCE AND CONSTRUCTION STAFFING AND ORGANIZATION**

Evergreen found that the organization of the MCSD Maintenance and Facilities Planning Departments is reasonable, but some reorganization of the departments may be needed to ensure that adequate and appropriate staff is available to oversee the projects envisioned in the Surtax Resolution.

Both the Maintenance and Facilities and Planning Departments report directly to the Chief Operations Officer—a position which is currently vacant.

The Maintenance Department, shown in **Exhibit 2-6**, is separated from the Facilities and Planning Department, shown in **Exhibit 2-7**, but personnel from both areas are actively engaged in large projects—with some staff from both Maintenance and Facilities and Planning serving as project managers for major projects.

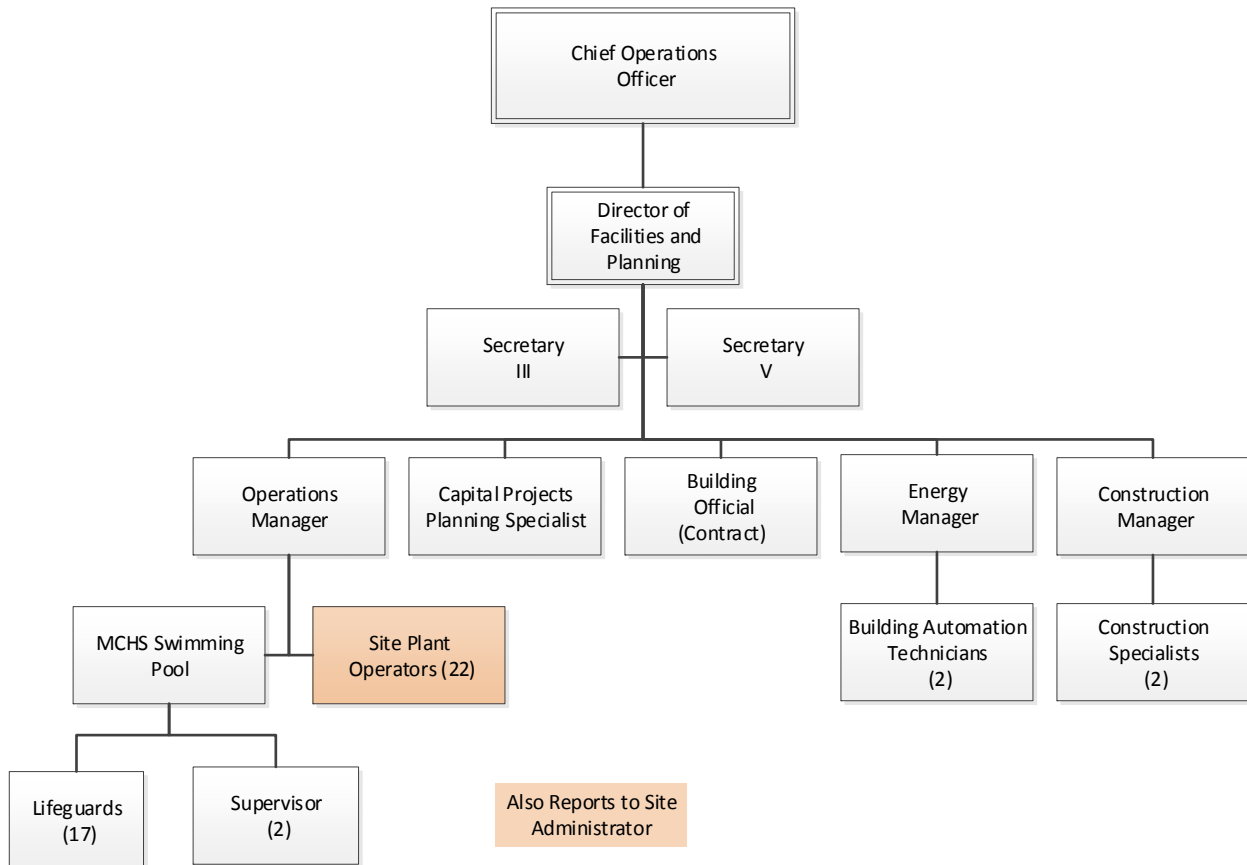
**Exhibit 2-6**  
**Maintenance Department Organization**  
**Martin County School District**



Source: Martin County School District, July 2018.



**Exhibit 2-7**  
**Facilities and Planning Department Organization**  
**Martin County School District**



Source: Martin County School District, July 2018.

## OBSERVATION

Evergreen found that the Maintenance Departments and the Facility and Planning Department in combination are not fully staffed, even when considering the various contracted services that are currently being used to supplement the Maintenance needs of the District. Staffing levels are discussed jointly as the departments are closely related.

As shown in the organization charts, there are 50 maintenance-related positions including four groundkeeping positions. In Facility and Planning, the Operations Manager oversees the work of 22 Site Plant Operators that are based at the schools and perform routine maintenance, which brings the total 72 positions. Among those positions, however, are vacancies. For example, four of the five HVAC positions are currently vacant, and the District has entered into a contract for those services through a local vendor.



The Florida Department of Education published the following guidelines (**Exhibit 2-8**) for Maintenance staffing.

**Exhibit 2-8**  
**Florida Department of Education**  
**Maintenance Staffing Guidelines**

<b>Maintenance Staffing Formula</b>
Total facility square footage (as listed on FISH report)
Divided by
45,000 square feet
Equals
1 FTE building maintenance–related staff position
Plus
1 FTE support positions for each 6.8* building maintenance–related staff positions
Equals
Total FTE for maintenance department.
(*based on sampling of school districts and community colleges)

Source: FLDOE, *Florida Center for Community Design + Research*, Chapter 6.0.

According to the most recent Florida Inventory of Schools report, Martin County School District has 3,666,712 net total square feet (NSF) of permanent facilities and another 67,665 NSF of relocatable space, for a total of 3,734,377 NSF. Based on the formula above, this equates to 82 Maintenance staff, plus 12 maintenance support staff. Groundskeeping and custodial positions are considered by FLDOE in separate allocation formulas.

Even considering the various contracts for services, maintenance-related staffing is low. During interviews, Evergreen learned that the District is having difficulty filling some of these positions as the salary ranges are not competitive in the market place. To address this issues, the District is currently undergoing a classification and compensation study, part of which is looking at what it will take to attract highly qualified staff into key maintenance-related positions.

## RECOMMENDATION

### Recommendation 2-3:

**Assess the current maintenance staffing needs and critically evaluate the costs and benefits of fully staffing the function with qualified staff versus contracting for those services.**

## OBSERVATION

The Maintenance and Facilities and Planning Departments are not efficiently organized—with maintenance and operation functions and capital project management occurring in both areas. While the two groups appear to work together harmoniously, demands associated with the projects envisioned in the Surtax Resolution could place a strain on resources.

As shown, the Operations Manager in Facilities and Planning oversees the Plant Operators and Custodians at the schools and is responsible for the swimming pool operation at Martin County High School. The Plant Operators at each school perform routine maintenance and/or submit



work orders for larger issues. If large capital projects are undertaken, the Operations Manager ensures that materials are available, ensures that all permits are obtained, sets up inspections, arranges for furniture removal, and the like. When large projects are undertaken at a campus, the Operations Manager keeps the Plant Operator at that campus informed and acts as liaison between the assigned project manager and campus staff, as needed.

Large projects are typically managed by the Construction Manager and two Facilities Specialists. One position is filled, and one is currently vacant, but fully funded. The position is currently not needed, but can be filled in the event that additional resources are needed to handle the projects envisioned in the resolution.

The Building Trades Specialist in Maintenance also manages capital projects where the Building Trades (such as painters, carpenters, masons and the like) are performing some or all of the work. In some instances, even when all of the project is done under contract, this individual will serve as the project manager, particularly when the staff in Facilities and Planning are fully engaged.

## RECOMMENDATION

### Recommendation 2-4:

**Reorganize Maintenance, and Facilities and Planning to more closely align day-to-day maintenance and operations under the Maintenance Department and capital project planning and management in the Facilities and Planning Department.**

## 2.3 SAFETY AND SECURITY STAFFING AND ORGANIZATION

Evergreen found the organization of the Safety and Security function at the time of onsite work to be decentralized, with significant responsibility for the programs being placed on an individual within the Human Resources Office. At that time, Evergreen was informed that MCSD's Safety and Security function was in the process of being restructured under the leadership of a newly created position of Director of Safety and Security, who was officially hired at the July 17, 2018 Board meeting. As envisioned, the Director of Safety and Security will report directly to the Deputy Superintendent.

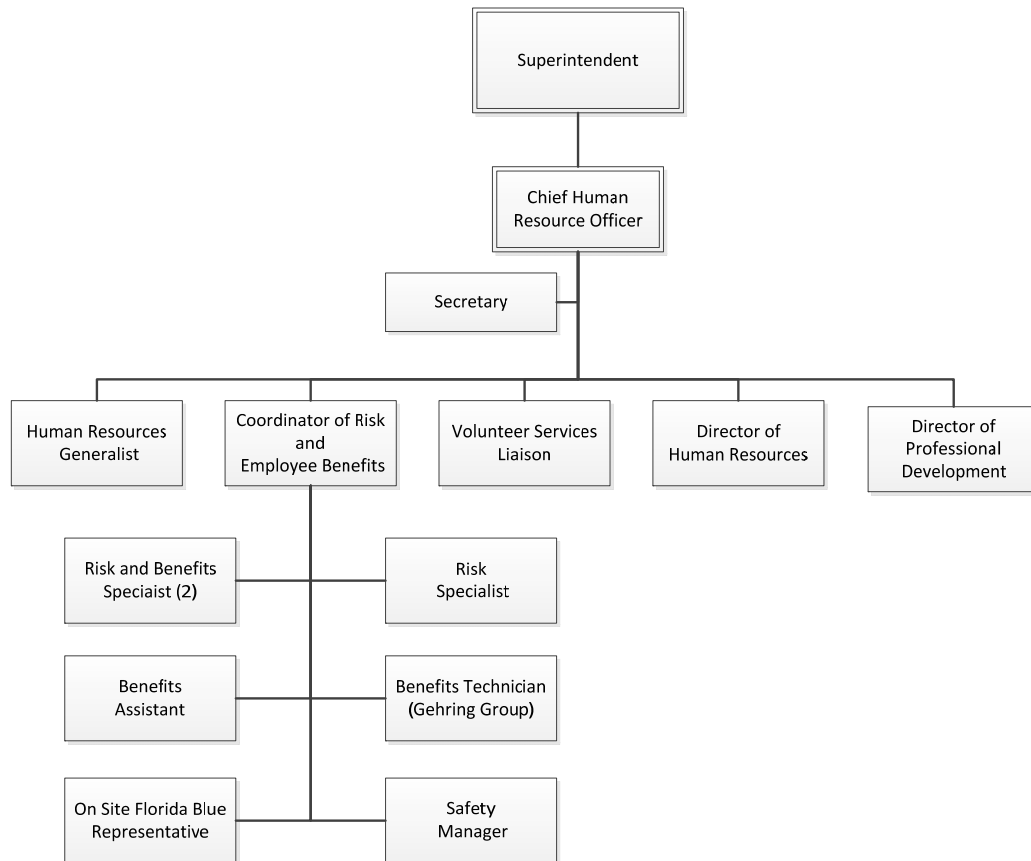
Prior to this reorganization, which is still underway, the Safety and Security functions were carried out by positions within the Human Resources Department. **Exhibit 2-9** provides the current structure.

The Safety Manager is the individual currently handling the majority of Safety and Security matters for the District. He reports to the Risk Specialist and Coordinator and has been with the District for over 18 years. He is responsible for ensuring that the District complies with the federal Occupational Safety and Health Administration of Safety OSHA and follows the State of Florida's requirements regarding Education and Environmental Protection. The Manager also oversees fire inspections, security alarms, workers' compensation claims, and accident investigations on the grounds. The exception is when an accident involves a school bus. If a school bus is involved in an accident, then all of the HR Risk staff join to assist with the



investigation. Building design and renovation involves all Risk staff along with the facilities staff.

**Exhibit 2-9**  
**Martin County School District Human Resources**  
**Organizational Chart Including Safety and Security**



Source: Martin County School District, July 2018.

The Martin County Sheriff's Office (MCSO) and the Stuart Police Department have their appointed School Resource Officers (SRO) report to their respective supervisors in their organizations, and also report to the principal where they are assigned. The District's Deputy Superintendent currently manages the SRO functions.

**Exhibits 2-10, 2-11, and 2-12** show how MCSD compares to peer districts as it relates to funding allocations for safety and security that also includes mental health allocations. **Exhibit 2-10** shows that the State allocates a minimum to each district, then allocations are based on the Crime Index and FTEs.



**Exhibit 2-10**  
**Safe Schools Allocation**  
**2017-18 School Year**

District	Allocation Minimum	2014 Crime Index	Allocation Based On Crime Index	Unweighted FTE*	Allocation Based On Unweighted	K-8 FTE	Total Safe Schools Allocation
<b>Martin County School District</b>	<b>\$62,660</b>	<b>2,879</b>	<b>\$174,385</b>	<b>18,915</b>	<b>\$133,648</b>	<b>12,867</b>	<b>\$370,693</b>
Charlotte County School District	\$62,660	2,937	\$177,898	15,427	\$109,008	10,150	\$349,566
Citrus County School District	\$62,660	2,331	\$141,192	15,058	\$106,394	10,387	\$310,246
Hernando County School District	\$62,660	4,443	\$269,119	22,313	\$157,656	15,371	\$489,435
Indian River County School District	\$62,660	3,940	\$238,651	17,541	\$123,941	12,142	\$425,252

Source: Funding Allocations, Florida Department of Education, June 2018.

\*April 14, 2017 FTE count

**Exhibits 2-11 and 2-12** show the peer comparisons of allocations for based upon SROs, secondary programs, and mental health from the State of Florida for the upcoming school year.

**Exhibit 2-11**  
**Safe Schools Appropriation District Expenditures**

District	School Resources Officers	Middle and High School Programs for Correction of Specific Discipline Problems	Total Safe Schools Appropriation Expenditure (Not Including Flexibility Option)
<b>Martin County School District</b>	<b>\$376,558</b>		<b>\$376,558</b>
Charlotte County School District	\$364,170		\$364,170
Citrus County School District	\$340,507		\$340,507
Hernando County School District	\$388,226	\$98,298	\$486,524
Indian River County School District	\$400,938		\$400,938

Source: Safe Schools Appropriation Report, Florida Department of Education, June 2018.

**Exhibit 2-12**  
**Mental Health Assistance Allocation**  
**2018-19 School Year**

District	Unweighted FTE*	Allocation Based On Unweighted FTE	Minimum Funding \$100,000 Per District	Total Mental Health Allocation
<b>Martin County School District</b>	<b>18,759.08</b>	<b>413,022</b>	<b>\$100,000</b>	<b>\$513,022</b>
Charlotte County School District	15,422.21	339,553	\$100,000	\$439,553
Citrus County School District	15,196.12	334,575	\$100,000	\$434,575
Hernando County School District	22,298.87	490,958	\$100,000	\$590,958
Indian River County School District	17,318.95	381,314	\$100,000	\$481,314

Source: Florida Education Finance Program, Florida Department of Education, June 2018.

\*February 6, 2018 count



**OBSERVATION**

The decision of the Board to hire a Director of Safety and Security is a positive step in addressing the ever-growing Safety and Security needs of MCSD. The job description adopted by the Board in June, and used as the basis for posting and hiring decisions contains the responsibilities shown in **Exhibit 2-13**.

**Exhibit 2-13**  
**Job Description Responsibilities**  
**Director of Safety and Security**

**RESPONSIBILITIES:****Service Delivery**

1. Formulates safety and security policies and procedures to comply with state law and assists schools and facilities in the development of site-specific procedures
2. Conducts safety and security assessments at each public school and facilities using the FDOE Office of Safe Schools risk assessment and provide recommendations to the superintendent and school board which strategies and activities that the school board should implement to improve school safety and security.
3. Establishes Model Emergency Management and Preparedness Procedures to be used in the development of the District's crisis emergency plan. Works with principals in identifying emergency evacuation procedures for each school and assisting in the evacuation of Schools during any emergency which involves students.
4. Establishes Threat Assessment Teams at each school based on model policies developed by the Office of Safe Schools.
5. Establishes Emergency Drills/Procedures. Formulate policies and procedures for emergency drills with public safety agencies, including fire, natural disaster, bomb threat, and active shooter.
6. Facilitates the maintenance of safe school environment by assisting schools in identifying students who pose a threat of violence/physical harm to himself or others; working with Student Services and others trained in crisis intervention, to provide emergency intervention/assessment.
7. Collaborates with principals or other appropriate School and District Officials to develop and implement a Student Crime Watch Program to promote responsibility among students and improve safety.
8. Provides necessary technical assistance, training and resources to students, district staff, faculty, and the threat assessment teams related to District safety and security, including active shooter training.
9. Establishes a schedule to test emergency communications systems and test functionality and coverage capacity of all emergency communications systems to determine adequate signal strength in all areas of a school's campus.
10. Coordinates the collection, analysis and annual reporting of all safety and security data and information as required by local, state, and federal agencies. Facilitate and complete the Florida Safe Schools Assessment Tool (FSSAT).



**Exhibit 2-13 (Continued)**  
**Job Description Responsibilities**  
**Director of Safety and Security**

11. Coordinates with the Facilities and IT Departments in planning and maintaining safe and secure school buildings including the development, installation and maintenance of the district wide video surveillance master plan, as well as building access management and control, radio communications systems and establishing a schedule to test the equipment, burglary alarm systems, and other security systems.
12. Serves as the primary District Preparedness Coordinator for the School District and participates in works with the county Emergency Management Team and the Emergency Operations Center during emergency activations (i.e. hurricanes.)
13. Provides direct assistance to principals and building administrators to enhance safety and security at school sites and other sites in the District.
14. Defines, develops, implements, and continually enhances safety and security programs to provide reasonable protection for staff and students to District facilities to ensure a safe school environment.
15. Collaborates with Safety Manager and Facilities to perform physical audits of schools and buildings, providing recommendations based on findings to improve safety and security. Initiates action as appropriate.

**Inter/Intra-Agency Communication and Delivery**

1. Serves as a liaison between the school system, Public Safety Agencies, School Resource Officers (SRO), community law enforcement agencies, emergency management agencies, and fire departments in the development and implementation of the District wide plan for operating safe schools.
2. Serve as a liaison with local, state and federal law enforcement agencies to monitor the daily operation of the School Resource Officer (SRO) program and other law enforcement issues on school campuses/District property.
3. Serves as a member of the School District Crisis Planning Team and participates in works with the county Emergency Management Team and the Emergency Operations Center during emergency activations (i.e. hurricanes.)
4. Assists staff with the interpretation of District programs, procedures and policies.
5. Coordinates Emergency Drills and Active Shooter Drills with District Staff and assists in the drills.
6. Communicate effectively with the public, staff members, administrators and other contact persons using tact and good judgment.
7. Represent the District in community safety groups, county organizations, and programs.
8. Consult with all departments and programs on school safety/security issues.
9. Keep supervisor informed of potential problems or unusual events.
10. Respond to inquiries and concerns in a timely manner.

*Source: Director of Safety and Security Job Description (Approved by Board on June 5, 2018).*





Debates are underway statewide on the manner in which the SROs will be provided. There are 11 SROs in the District at this time and security guards at each high school. The State is requiring much more. Since these costs will only be partially covered by state funds allocated for this purpose, new agreements will need to be negotiated with law enforcement. MCSO administrators indicated that, prior law enforcement experience was required for the position, in preparation for the negotiations that will need to occur in the coming months.

As shown, the roles and responsibilities are extensive—recognizing the need for oversight of the SRO program, crisis management and planning as well as collaboration with Facilities and Planning and other relevant departments that will be involved in implementing the projects envisioned in the Surtax Resolution.

## **2.4 FINANCE, PURCHASING, AND CONTRACT MANAGEMENT STAFFING AND ORGANIZATION**

The organization of the Finance Office for the District (**Exhibit 2-14**) is headed by the newly hired Chief Financial Officer, with staff assigned to handle the budget, procurement, payroll, and asset and risk management functions. Evergreen gives no overall opinion on the staffing levels within each component unit within the Finance organization since a comprehensive examination of all financial transactions and processes within each component unit was not the focus of this audit.

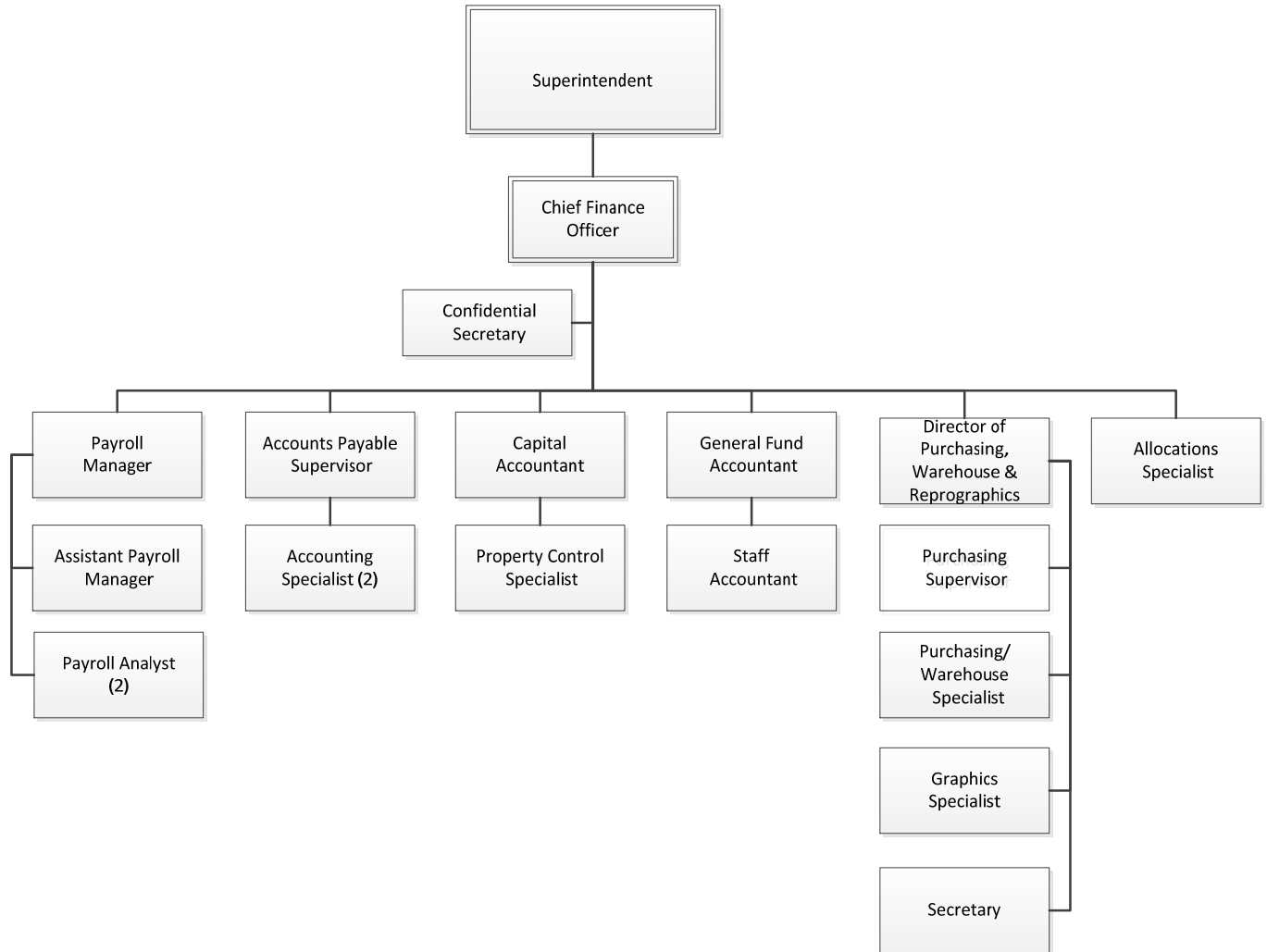
Through observation and interviews, Evergreen found the staffing levels to be reasonable for a school district of this size, with each function having clear and distinct areas of responsibility. Although the Financial Organization is not one of the identified program areas under review by Evergreen, the organization will play a vital supporting role in handling the proceeds that could result if the Surtax referendum passes.

As shown, there is a Capital Accountant and a General Fund Accountant, each of whom provides significant support to the user divisions for their assigned fund types and are responsible for budget preparation, maintenance, and monitoring.

The purchasing function is decentralized in the District, with the Director and Supervisor being the only two staff involved at the central office. Schools and departments enter what they needed into the system and the request goes through the approval chain. This is now being done in TEAMS. Once approved, a Purchase Order is issued and the purchase is made. Purchasing staff are involved in the competitive procurement process and the Staff Attorney reviews all contracts and other legal documentation during the competitive procurement process.



**Exhibit 2-14**  
**Martin County School District**  
**Finance Organization Chart**  
**2017-18 School Year**



Source: Martin County School District, July 2018.

## OBSERVATION

Finance staff members have gone above and beyond to ensure that the financial activities of the District continued unabated, despite technical challenges and leadership changes.

For nearly three years, Finance staff have been and continue to be deeply involved in the District's transition from a legacy ERP system. Implementation of the first replacement system was discontinued when payroll and other components of the system could not be brought live a full year after the planned implementation date. Implementation of a second replacement system is now underway, and, in July, the District ran payroll from the new system for the first



time. The systems and the impact of the failed implementations are discussed in greater detail in **Chapter 5** of this report.

Fiscal 2018 closeouts and the 2018-19 budget entry are being run on parallel systems until testing can be completed. In addition, the former Chief Finance Officer left the District in May 2018. Until the new CFO began work in July 2018, staff ensured that the critical functions of the department continued unabated.

Throughout the last three years, Finance staff have worked under stressful conditions, but have persevered. Payroll was made, budgets were balanced, accounts were reconciled and purchasing continued—primarily because staff made the extra effort required to ensure that the financial activities occurred in a timely and appropriate manner.



***CHAPTER 3:***  
***ALTERNATIVE DELIVERY METHODS***

## 3.0 ALTERNATIVE DELIVERY METHODS

**Chapter 3** presents audit findings related to alternative delivery methods used in the program areas under review. As part of the field work, Evergreen examined the programs and services currently being provided through shared services or outsourced/contract arrangements and also assessed what, if any activities or services might be delivered in an alternative method. Further, Evergreen evaluated the manner in which the District assesses alternative delivery methods.

The specific audit evaluation tasks are provided below.

- 1. Determined whether program administrators have formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization, and determine the reasonableness of their conclusions.*
- 2. Determined whether program administrators have assessed any contracted and/or privatized services to verify effectiveness and cost savings achieved and determine the reasonableness of their conclusions.*
- 3. Determined whether program administrators have made changes to service delivery methods when their evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services.*
- 4. Identified possible opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services, based on a review of similar programs in peer entities (e.g., other counties, school districts, etc.).*

**Finding on alternative delivery methods:** Although the Martin County School District (MCSD) has no formal process with measurable criteria to evaluate and justify its decisions to use alternative delivery methods, Evergreen found evidence that the District is using alternative delivery methods to fill specific needs. In reviewing the documentation associated with these initiatives, Evergreen found that MCSD administrators are seeking out innovative ways to deal with pressing needs.

### CHAPTER HIGHLIGHTS

Evergreen found that the Martin County School District has several examples of situations where an alternative delivery system or method assisted the District to meet a pressing need, economically and efficiently. The identified examples of outsourced services came about due to staffing shortages or vacancies that required innovative solutions to ensure that the needs of the District could be met.



In addition, MCSD is making use of an interlocal agreement with the City of Stuart and County and is actively working with these entities to ensure that growth is managed and costs to the District for required land acquisition and construction are kept to a minimum.

There is, however, no formal process in place for justifying both contract services and the creation of new positions which examines the full cost and benefits for both options. Creating a more formal evaluation process could assist in the decision-making process and benefit the District.

**Chapter 3** contains the following two sections:

- 3.1 Current Alternative Delivery Methods
- 3.2 Evaluation Processes

### **3.1 CURRENT ALTERNATIVE DELIVERY METHODS**

Although the number and type of alternative delivery methods are limited in MCSD, Evergreen found several good examples where the District is clearly looking for innovative solutions to address District needs. Depending on the department or function, the processes used by the District to determine whether it is feasible to use an alternative delivery method are varied.

#### **OBSERVATION**

The use of an outside contractor to supplement the District's HVAC needs is saving money and is providing a needed service.

MCSD has five allocated HVAC Technician positions; however, only one position is filled at this time. Attempts to fill the vacant positions were unsuccessful despite attempts to recruit people from inside and outside the area at job fairs and the like. District staff met with representatives of Farmer and Irwin, a local contractor, to discuss options for addressing the District's ongoing service needs.

An agreement was reached for the company to provide assistance to the lone district HVAC Technician, two or three days per week. Since they were able to use a piggy-back on another school district's bid, MCSD was able to authorize the purchase without the need to go to the Board for approval. A Purchase Order in the amount of \$75,000 was entered in April 2018 in anticipation of these services. Staff provided information showing that approximately \$21,000 has been expended to date. In comparison to the cost of four full-time technicians, the use of this contract is saving a considerable amount—while still providing the level of service needed by the District for its HVAC systems.

#### **OBSERVATION**

By contracting for a Building Official rather than employing an individual for that purpose, the District has saved money and increased its ability to simultaneously handle multiple projects.



When the former Building Official left the District, managers made the decision to contract for those services. The Building Official is responsible for in-house permitting and inspection, making it possible for the District to construct a school in one year, whereas being dependent on the City of Stuart or County inspectors could result in construction delays. Since the number of large projects had declined, MCSD leaders decided to contract with a firm for this service. Where the cost of employing a Building Official was previously \$80K or more with benefits per year, the contract service is about \$30K. Even with the projects identified in the Surtax resolution, staff estimated that the contract total would not exceed the annual cost of employing an individual for this purpose. In addition, because the contract is with a firm, there is more flexibility and capacity, should there be peak needs.

## **OBSERVATION**

MCSD has established the required Interlocal Agreement with the City and County and is actively working with these entities to ensure that growth is managed and costs to the District for required land acquisition and construction are kept to a minimum.

MCSD owns no vacant land for future schools. Instead, as the County grows, the District has worked with the City of Stuart, Martin County, and developers to identify and secure land where the growth is planned to occur. In 2005, the Florida Legislature passed Section 163.3180 (13), F.S., that requires adequate school facilities to be in place within three years of construction of new homes. As such, the District has entered into an Interlocal Agreement with the City of Stuart and Martin County for School Facilities Planning and Siting.

Staff of the County, City and the School Board meet as required to discuss new applications for residential developments. There are also meetings held on issues regarding coordination of land use and school facilities planning—including such issues as population and student projections, development trends, school needs, co-location and joint use opportunities, ancillary infrastructure improvements needed to support schools, and ensure safe student access. The MCSD Capital Projects Planner is a member of that work group. In addition, the elected boards of the County, the City, and the District hold semi-annual Joint Meetings.

According to the Capital Projects Planner, the District has obtained land for new schools from developers using impact credits. At this time, the County is working with a developer to bring in 4,200 new homes into a large planned development. The District will have to sign off on this development, and negotiate for a CMB (Contributing Mutual Benefit) that equals the impact the development will have on the District, to meet approved concurrency levels.

The County submits a development application and the Planner examines school capacity to determine whether existing schools meet the Level of Service (LOS) as established in the Interlocal Agreement. If the development exceeds the capacity cap, mitigation is required to offset the impact to a school's capacity.



### 3.2 **EVALUATION PROCESSES**

#### **OBSERVATION**

Although Evergreen found evidence that District administrators are using sound approaches for making initial decisions, they are not consistently establishing measurable expectations for future evaluation or then using measures to evaluate whether the programs are achieving the desired results.

MCSD does not have a defined manner in which to evaluate whether to perform services in house or contract for those services from an outside vendor, nor is there a process in place that would compare the cost of hiring additional staff rather than issuing a contract.

The finding above regarding the use of contract services to fill a need that arose from vacancies, is clearly an example where the District is saving money by using an outside service. While commendable, the justification for seeking a contract was based on the inability to hire individuals to fill the vacancies.

When the need is for highly technical services or the need is intermittent and would not occupy the time of a full-time employee, it may be more cost effective to contract for the service. Or, if the demand is ongoing with peaks that would demand an excessively large staff, a contract service that can guarantee coverage during peak periods may be more cost effective.

As noted, recruiting staff to fill some vacant positions within the District has been a challenge due to salary issues. Changing the salary for one position within a bargaining group, however, could have ramifications for all classifications within that bargaining group, therefore when making decisions regarding staffing, the associated costs must also be considered. The District is currently undergoing a classification and compensation study to address this and other concerns.

While holding the line on the creation of new positions is desirable, growth in the number of students and the number of schools drives the need for new positions and/or new contracts for services to meet the growing needs. Creating a uniform process for justifying the use of contract services that includes a cost benefit analysis of both hiring in-house staff and the contract option—including the associated indirect costs—can provide a more evaluative approach for such decisions.

#### **RECOMMENDATION**

##### **Recommendation 3-1:**

**Create a uniform process for justifying both contract services and the creation of new positions which examines the full cost and benefits for both options.**





***CHAPTER 4:***  
***GOALS, OBJECTIVES, AND***  
***PERFORMANCE MEASURES***

## 4.0 GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

**Chapter 4** presents findings related to program performance and monitoring. As part of the field work, Evergreen examined major districtwide planning efforts and the manner in which management measures day-to-day performance and budgets, and the system of internal controls that is used to ensure that the program areas under review are meeting their goals and objectives.

The specific audit evaluation tasks are provided below.

1. *Reviewed program goals and objectives to determine whether they are clearly stated, measurable, can be achieved within budget, and are consistent with the county's or school district's strategic plan.*
2. *Assessed the measures, if any, the county or school district uses to evaluate program performance and determine if they are sufficient to assess program progress toward meeting its stated goals and objectives.*
3. *Evaluated internal controls, including policies and procedures, to determine whether they provide reasonable assurance that program goals and objectives will be met.*

**Finding on goals, objectives and performance measures:** Evergreen found that the Martin County School District major planning efforts do not identify or directly address the program areas under review, and Evergreen found no evidence of formal metrics to evaluate the performance of the program areas under review. Some of the current planning, control and monitoring structures are evolving as a number of key positions have been recently filled or are being filled at this time. Evergreen found that the District has a strong internal control structure which is enhanced by its documented policies and procedures.

While in compliance with State mandates for tracking and reporting purposes for facilities, Evergreen identified opportunities for enhancing the planning and monitoring functions.

### CHAPTER HIGHLIGHTS

The Martin County School District's Success Plan, which was originally developed in in 2015-16, has a strong academic planning structure, but the program areas under review are not directly identified in the plan nor was Evergreen able to identify formal performance metrics to measure success in those areas. Modifying the Success Plan to strategically focused goals and objectives five years into the future for both academics and the operational divisions is recommended.

Some of the current planning, control, and monitoring structures are evolving as a number of key positions have been recently filled or are being filled at this time. Evergreen found that the District has a strong internal control structure which is enhanced by its documented policies and



procedures. Individual departments have varying levels of internal control and performance monitoring activities. Some culminate in reports to the Board or Superintendent, while statistical and other measures are maintained internally for performance evaluation and delivery modification purposes.

Budgeting policies are good, but there is little documentation of the processes used and the current budget documents provide no narrative to assist the public to fully understand the numbers.

Managers are held accountable for their budgets and when budget amendments are required, justifications are assessed and approved according to documented need. Some school and departmental budget monitoring activities have been hampered by ERP system constraints; however, implementation of a new system is underway.

**Chapter 4** contains the following three sections:

- 4.1 Districtwide Program Goals and Objectives
- 4.2 Department/Program Level Planning, Performance Measurement, and Monitoring
- 4.3 Internal and Budgetary Controls

#### **4.1 DISTRICTWIDE PROGRAM GOALS AND OBJECTIVES**

The Martin County School District does not use a strategic plan, rather the District has developed a Success Plan which reflects goals for the current year. It is completed at the end of each fiscal year.

The first Success Plan was written in 2015-16 using the expertise of an external consulting firm. Since then, the 2016-17 Success Plan was prepared in Summer 2017 and this summer, a 2017-18 Success Plan is being developed to show progress made in the 2017-18 school year.

Like a traditional strategic plan, the Success Plan has a mission, vision, and goals as shown in **Exhibit 4-1**.

The Strategic Pillars for success include:

- **Student Success** – This strategy focuses on elevating the educational experience for every student at all Martin County School District schools.
- **Employee Success** – This strategic pillar concentrates on how the District supports educators and support staff.
- **Culture of Collaboration** – Martin County School District, Martin County's second large employer, is an important community partner. Work in this strategic area is aimed at helping to enhance this relationship.
- **Financial Stability** – Martin County School District takes very seriously its fiduciary responsibility. Work in this strategic area is focused on the District's efforts to balance the delivery of a high quality educational experience and value to taxpayers.



### Exhibit 4-1 Pillars of Success Plan



Source: MCSD Success Plan, Summer 2016-17.

## OBSERVATION

As can be seen, only one strategic pillar relates to the program areas under review (i.e., Financial Stability). Unfortunately, with regard to financial stability, both the FY16 and FY 17 Success Plans report no scorecard metric for this area as shown in **Exhibit 4-2**.



**Exhibit 4-2**  
**MCSD Metrics for Financial Stability**

STRATEGY	HIGH SCHOOL SCORECARD METRICS		PERFORMANCE GOAL	GOAL POINTS
Financial Stability	FINANCIAL STEWARDSHIP	Net Proceeds	\$0	5
	Total Financial Stability Points			5
	Total Scorecard Points			100
STRATEGY	MIDDLE SCHOOL SCORECARD METRICS		PERFORMANCE GOAL	GOAL POINTS
Financial Stability	FINANCIAL STEWARDSHIP	Net Proceeds	\$0	5
	Total Financial Stability Points			5
	Total Scorecard Points			100
STRATEGY	ELEMENTARY SCHOOL SCORECARD METRICS		PERFORMANCE GOAL	GOAL POINTS
Financial Stability	FINANCIAL STEWARDSHIP	Net Proceeds	\$0	5
	Total Financial Stability Points			5
	Total Scorecard Points			100

Source: MCSD Success Plan, Summer 2016-17.

Moreover, no goals, objectives, or strategic pillars are included for other program areas under review—including facilities maintenance, facilities construction, or safety and security.

While each Success Plan includes target performance metrics, previous plans do not include actual performance metrics achieved for the year in question. Each year the actual results have been presented to the School Board following the development of the annual Success Plan by the Deputy Superintendent who oversees the Success Plan.

## RECOMMENDATION

### Recommendation 4-1:

Consider making the following changes to the MCSD Success Plan:

- include the actual metrics as well as target metrics in the Success Plan document;
- expand the annual Success Plan to include goals on safety and security and facilities; and
- modify the Success Plan into a five-year Strategic Plan with long-range (five-year) goals and annual accomplishments.



In the program areas under review (e.g., safety and security, facilities construction) performance metrics do not exist. When asked for performance metrics and how goals and objectives were set for each department and how programs and services are evaluated, relevant administrators just shared their annual evaluation forms which are, for the most part, generic. At the end of the administrator's form are two deliberate practice components which are for personal evaluations specific to an employee, but no evidence was provided to show that department/division goals and objectives are set and measured.

In contrast, in the Lee County School District, each non-instructional division/department is requested to develop a "Division/Department Improvement Plan" which provides annual progress towards meeting individual department goals and targets.

## **RECOMMENDATION**

### **Recommendation 4-2:**

**Require each department or division administrator to develop an annual Improvement Plan for each cost center and hold managers accountable for achieving the goals and objectives in their Improvement Plans.**

## **4.2 DEPARTMENT/ PROGRAM LEVEL PLANNING, PERFORMANCE MEASUREMENT, AND MONITORING**

### **4.2.1 Long-Range Facility Planning**

The Florida Department of Education (FLDOE) drives the facility and construction requirements for all Florida school districts. Those requirements include the Florida Inventory of School Houses, Five-Year Educational Work Plan, State Requirements for Educational Facilities, Florida Building Codes, and Capital Outlay Full-Time Equivalent reports.

The MCSD Facilities and Planning uses the FLDOE regulations as its facility master plan. MCSD's FY18 Capital Budget resides on the District's website on the Facilities Department page. The District's Five-Year Educational Work Plan is not available on the website, but was provided to Evergreen during the performance audit.

## **OBSERVATION**

Although the District follows all state reporting guidelines and requirements, MCSD does not have a long-range facility master plan that links the various documents and presents a comprehensive picture of facility and construction priorities, standards, and budgets—as well as growth and other planning projections and documents.

The Director of Facilities and Planning stated that, in 2004, MCSD had a long-range facility master plan that has been followed through the years for renovations and the like. Most recently, Facilities and Planning Managers have been getting preliminary proposals from architects for a



new long-range plan. Although it has not been submitted to the Superintendent nor the Board, those responsible stated they felt strongly that a plan was needed.

A Long-range Master Plan should, at a minimum, address:

- laws, policies and other guidelines (and annual changes) that impact facility planning and goals (i.e., class size, amenities by grade level, safety and security, etc.);
- the strategy required to meet the need for facilities improvements and for the capital investments necessary to support existing and projected educational needs;
- educational goals of MCSD to satisfy the needs of students, parents, educators, administrative staff, and the community;
- alternatives in allocating facility resources to achieve the District's goals and objectives; and
- realistic plans to help MCSD provide for its short- and long-range facility needs.

While the state reports provide some basic information—such as the utilization rate for each school based on the school's total capacity, including portables—the reports do not discuss the District's position on the educational suitability of portables, the cost of maintaining portables (energy costs, custodial, etc.), or the capacity of the core infrastructure (cafeterias, rest rooms, auditoriums) and the stress that portables place on that infrastructure. A long-range facility master plan would detail the parameters for the acceptable use, highlight the schools at or above those parameters, and lay out plans accordingly.

In many districts, a Facilities Planning Committee comprised of key staff, community members, and experts in the field are brought in to ensure that priorities reflect community and District goals. Once developed, the Plan should be continually updated on an annual basis—with a new year added to the Plan annually.

## **RECOMMENDATION**

### **Recommendation 4-3:**

**Develop a comprehensive Long-Range Facility Master Plan for the Martin County School District.**

#### **4.2.2 Safety and Security Planning and Recovery**

MCSD has a Crisis Plan and Disaster Recovery Plan which is stored at the central office. While onsite, Evergreen examined the documents, and found them to be comprehensive; however, the content is not discussed here due to the confidential nature of those documents. Evergreen's assessment of these plans, however, found them to be comprehensive and relevant.



Florida law requires that school boards “establish model emergency management and preparedness procedures.” To a certain extent, these plans are shared through the parent portal in the Communications Department. The District’s emergency response plans are not shared with the public to protect the schools and its students.

Through recent legislation, the Marjory Stoneman Douglas High School Public Safety Act, Senate Bill 7026, further strengthens the District’s responsibility to make students safe. These new requirements include:

- providing active shooter training to district staff;
- designating a school safety specialist for each district school;
- completing a security risk assessment for each school;
- establishing a threat assessment team with expertise in mental health counseling, academic instruction, law enforcement, and school administration;
- hiring a school safety officer;
- training to identify signs of youth mental illness; and
- establishing school-based mental health care.

Under the direction of the newly hired Director of Safety and Security, MCSD is working towards these goals, and updated plans, training and other mandated activities are in the process of being addressed.

## **OBSERVATION**

MCSD has created thorough protocols to ensure the District plans and budgets for safety and security needs per school by incorporating both state requirements as well as federal guidelines.

The District has recently worked on a threat analysis by school that allows the most current guidelines by the Federal Department of Homeland Security. In addition, the security staff combined the state-required Preliminary Vulnerability Assessment with federal guidelines for performing these assessments. MCSD had the same team conduct these assessments to ensure fidelity in the protocol used for each school.

These assessments can be classified as a gap analysis from the District’s current status as compared to best practices, which helps the department create a budget based on specific needs by school.





**OBSERVATION**

MCSD treats safety and security as a living document to continually plan, organize, exercise, and evaluate how the community will come together in case of an incident or natural disaster.

The District holds scheduled meetings with Martin County Sheriff's Office, Stuart Police Department, Fire Departments, City of Stuart, and Sewall's Point to discuss vulnerabilities and make certain all are up to date on how to handle incidents in the District. These meetings cover response plans to hurricanes and other natural disasters, active shooter, fire drills, inspections, and any other potential security threats.

Preparedness is defined by Department of Homeland Security and the Federal Emergency Management Association (FEMA) as "a continuous cycle of planning, organizing, training, equipping, exercising, evaluating, and taking corrective action in an effort to ensure effective coordination during incident response." This cycle is one element of a broader National Preparedness System to prevent, respond to, and recover from natural disasters, acts of terrorism, and other disasters.

By implementing these procedures, MCSD has addressed a finding in best practice form that was included in a previous OPPAGA study conducted in 1999.

**4.3 INTERNAL AND BUDGETARY CONTROLS****4.3.1 Policies and Procedures**

Documented policies and procedures provide the platform on which a sound internal control structure is built. The Board Policy Manual is available on the District's website and appears to be up to date and complete. The complete Manual is preceded by a comprehensive Index which serves as a Table of Contents. The Manual is comprehensive and contains the customary policies regarding the program areas under review. An excerpt from the index showing relevant policies for the program areas under review is listed in **Exhibit 4-3**.

**OBSERVATION**

The Martin County School District uses the Neola Board Policy Service. The District pays about \$5,000 each year for this service and Neola creates and updates its Board policies at least twice a year. Neola provides MCSD with draft policy templates and the Board and staff select those policy components which are relevant to the Martin County School District.

While each policy contains necessary statutory authority citations, a review of numerous Board policies on facilities, finance, and safety and security found no reference to administrative procedures. The District has numerous administrative procedures and checklists related to the policy. However, no notation is provided as to where these documents are found.



**Exhibit 4-3**  
**Index Showing Relevant Policies**  
**for Series 7000 the Program Area Under Review**

**7000 - PROPERTY**

7100	Educational Facilities Planning, Site Selection and Acquisition
7101	Building Permits and the Code Enforcement Office
7105	Prequalification of Contractors
7217	Weapons
7230	Donated Materials
7240	Site Acquisition
7250	Naming/Renaming of District Owned Facilities
7310	Disposition of Surplus Property
7320	Acquisition, Removal, Disposal, Sale, or Exchange of Major Tangible Property
7400	Safety and Health
7410	Maintenance
7420	Sanitation and Housekeeping
7434	Tobacco-Free Environment
7440	Facility Security
7440.01	Protection of Personnel and Property
7440.02	Vandalism, Damage, Loss, and Malicious Mischief
7450	Property Inventory
7455	Accounting System for Fixed Assets
7460	Conservation of Natural and Material Resources
7510	Use of District Facilities
7530.01	Staff Use of Wireless Communication Devices
7540	Computer Technology and Networks
7540.01	Technology Privacy
7540.02	District Web Page
7540.03	Student Network and Internet Acceptable Use and Safety
7540.04	Staff Network and Internet Acceptable Use and Safety
7540.05	Electronic Mail
7542	Access to Technology Resources from Personal Communication Devices
7543	Utilization of the District's Website and Remote Access to the District's Network

Source: *Martin County School District Board Policy Manual, 2018.*

Moreover, it is not possible to link from policy to procedure in any area by using a coded system, nor is it possible to link from procedure to policy. No cross referencing is done to connect policies with their required procedures, or to identify for practitioners the policies which undergird different procedures. Neola does provide this service to its clients, but MCSD has not chosen not to purchase it. Neola's administrative procedures service also includes sample forms for the District to tailor to meet its needs.

Due to the lack of any centralized source for administrative procedures, many important administrative procedures are contained in isolated memoranda issued by MCSD senior



administrators. Furthermore, administrators, principals, and other managers have a variety of mechanisms for filing and retrieving important administrative procedures.

Each administrative procedure should be carefully cross-referenced to board policy. An administrative procedure should be:

- based upon Board policy;
- communicated clearly to central office and school administrators and staff; and
- reviewed annually.

## RECOMMENDATION

### Recommendation 4-4:

**Contract with Neola to draft administrative procedures, which link to Board policy, and identify this linkage to administrative procedures in the policy document.**

#### 4.3.2 Budget Preparation and Monitoring

Budget preparation and monitoring is a responsibility shared by the Board, Superintendent, Finance Department, department heads, and principals. Board Policy 6233 discusses how budgets are prepared and also outlines the parameters for moving money within the budget and budget amendments:

*Implementation of the official District budget shall give appropriations and reserves therein the force and effect of fixed appropriations and reserves, and the same shall not be altered, amended, or exceeded except as authorized.*

*Expenditures may exceed the amount budgeted by function or object provided the School Board approves the expenditures and amends the budget no later than the annual due date established by the State Department of Education for submitting the District's annual financial report.*

*Pursuant to State law, if the School Board finds and declares in a resolution adopted at a regular meeting of the School Board that the funds received for any of the following categorical appropriations are urgently needed to maintain School Board specified academic classroom instruction, the School Board may consider and approve an amendment to the School District operating budget transferring the identified amount of the categorical funds to the appropriate account for expenditure:*

- 1 *funds for student transportation;*
- 2 *funds for safe schools;*
- 3 *funds for supplemental academic instruction;*
- 4 *funds for research-based reading instruction;*
- 5 *funds for instructional materials.*



*Such a transfer can only be recommended by the Superintendent and approved by the School Board if all instructional materials necessary to provide update materials aligned to State standards and benchmarks and that meet statutory requirements of content and learning have been purchased for that fiscal year, and such a transfer is recommended by the Superintendent and approved by the School Board no sooner than March 1st of the fiscal year. Pursuant to State law, funds for instructional materials available after March 1st may be used to purchase hardware for student instruction.*

*The School Board shall monitor the budget on a monthly basis*

Board Policy 6220 addresses the budget preparation requirements including Truth in Millage (TRIM) public hearings and advertisement requirements, and the quarterly amendment processes.

Based on interviews, the operating budget preparation process is controlled centrally—with allocation formulas driving the school-based budgets for the most part.

Schools receive allocations based on the number of Unweighted Full-Time Equivalent (UFTE) Students. For 2018-19, the Discretionary Fund allocation was based on \$60.00 per UFTE, Instruction Supplies are generally based on \$68.29 per UFTE with some adjustments for special needs, and so forth. In recent years, schools are receiving a capital budget allocation based on full-time equivalents (FTEs). This money can be spent for capital needs as they see fit. This capital money rolls from year to year, so if a campus wants to purchase something that costs more than the annual allocation, they can save up for two or three years to make that purchase. Due to budget constraints, this year the amount of capital dollars allocated in this way was cut in half.

Additionally, throughout the year schools and departments can submit a Facility Change Request to have structural changes made, such as moving a door or window, knocking down a wall, etc. If the change request is approved the money comes out of the Maintenance or Facility capital budgets rather than the school or departmental Capital allocation.

Department budgets are based on a number of factors including the approved staffing levels, historic spending patterns and the like. Some allocation formulas are used at the department level as well. Maintenance Supplies are, for example, allocated based on a formula driven by UFTEs at the schools and square footage.

## **OBSERVATION**

Other than the statutorily required Truth in Millage (TRIM) timetable and a schedule of hearing dates and budget workshops, Evergreen found no evidence of a general budget calendar nor budget preparation procedures outside of Board policy. The new CFO indicated she also was unable to locate any such documentation and prepared a general outline (**Exhibit 4-4**) of what she understood was being done by MCSD in terms of creating a budget.



**Exhibit 4-4**  
**Explanation of Basic Budget Process**  
**Martin County School District**

<b>Budget Process Calendar</b>		
<b>Dates</b>	<b>Activity/Requirement</b>	<b>Participants</b>
December/January	FTE Estimates Developed for Submission to DOE	Deputy Superintendent
February	DOE finalizes Estimated FTE	DOE
February/May	Budget Committee Meetings <i>(to analyze operating and capital needs)</i>	School Board Member (1) Facilities Planner Chief Operating Officer HR Director Chief Finance Officer
April/June	Staffing Allocations Formulate Initial Staffing Budget	Deputy Superintendent Chief Finance Officer
April/May	Calculate Operating/Discretionary Budget Allocations <i>(using estimated FTE (Weighted/Unweighted))</i>	General Fund Accountant Chief Finance Officer
April/May	Formulate DRAFT Five Year Capital Outlay Plan	Capital Accountant Chief Financial Officer Facilities Director Maintenance Director Transportation Director
February/June	Budget Workshops	School Board
July/September	<i>SEE TRIM CALENDAR</i>	

Source: MCSD Chief Financial Officer, July 2018.

The District does not prepare a formal Budget Book, but rather posts spreadsheets showing the adopted budget numbers with no explanation of how or why the numbers changed. Department heads for the program areas under review said they had only limited input into the operating budget for the department. Facilities and Planning has considerable input into the Capital Projects budgets, but Maintenance said they had little input into their portion of the Capital Budget and believed that more input for that department would be beneficial. The new CFO confirmed that much of the budget preparation process is based on allocation formulas and historic needs, but it was her understanding that all departments were given an opportunity to submit requests for special needs.



Although the Comprehensive Annual Financial Report (CAFR) has received annual awards for excellence from the Government Financial Officers Association (GFOA) and the Association of School Business Officials (ASBO), the budget does not receive such awards, and the process is not well defined and the budget documents presented lack the requisite components. GFOA has 27 criteria used when assessing budget for an Outstanding Budget Award, including narratives regarding the budget process, strategic goals, departmental descriptions and unit goals, as well as statistical information that may influence the budget process.

Given the District's transition to a new CFO, this may be an opportune time to implement a fully documented budget process in keeping with GFOA standards.

## RECOMMENDATION

### Recommendation 4-5:

**Adopt the GFOA budget standards, publish a budget calendar that provides departments and schools more meaningful input into the budget preparation process, and provide additional narrative within the approved budget document to increase transparency.**

## OBSERVATION

Budget control and monitoring in MCSD is multifaceted. Some processes have been hampered by information systems issues and the transitions from one system to another; however, according to Accounting staff and District administrators, budgetary and encumbrance controls within the systems have remained strong throughout.

As discussed in earlier sections, the budget control process starts with the adoption of a balanced budget. The budget is entered into the accounting system, and rules and approval chains within the system prevent staff from spending more than is allocated for a budget line item. Departments and schools can enter a request for a line item transfer within their own budget and the system will send a change request to the appropriate accounting staff member.

Board Policy 6233 states:

*Expenditures may exceed the amount budgeted by function or object provided the School Board approves the expenditures and amends the budget no later than the annual due date established by the State Department of Education for submitting the District's annual financial report.*

Departments and schools cannot move money outside of a location or project, but transfers within those budgets is permissible. According to the new CFO, budget transfer requests are reviewed and approved or denied by the appropriate accounting staff member, and are ultimately submitted to the Board following the schedule adopted by the State.





Board Policy 6220 states:

*During the school year, budget amendments shall be presented to the School Board for approval on at least a quarterly basis. End of the year expenditures, however, may cause function/object overruns on a temporary basis. These year-end overruns shall be corrected by budget amendments approved by the School Board no later than the fiscal reporting dates required by F.A.C. 6A-1.0071(2).*

The Board has been reviewing and approving such budget transfers on a quarterly basis; however, a July 2018 memo from the Commissioner of Education now requires Boards to make these budget amendments on a monthly basis.

If a department or school has a need for new money, over and above its approved budget, the request must go through the Superintendent for special approval. If approved, the Superintendent has the authority to move money between the departments and locations. Such movement of budgeted funds would then be referred to the Board for ratification with all other budget amendments. Should the need arise to move money between funds or to increase the overall budget, Board approval is required.

In all, Evergreen found the controls and policies over district-level budget tracking, monitoring and amendments to be strong.

## **OBSERVATION**

Department-level budget monitoring processes vary by department and by fund.

Safety and Security budgets are embedded within various budgets, and during interviews, it became apparent that multiple groups had oversight for the components. For example, Technology may have oversight over budgets for cameras and other surveillance equipment, the Safety Manager in Human Resources may oversee budgets for various inspections, and the Deputy Superintendent might have oversight for the budget for School Resource Officers. How budget monitoring may change now that a Director of Safety and Security has been hired is yet to be determined.

In the Maintenance and Facilities and Planning Departments, budget monitoring includes some manual tracking processes, as department heads indicated that they were not sure whether they could trust the information systems to accurately record and report their encumbrances and/or expenditures.

For both Operating and Capital budgets, projects and line items are tracked separately. Assigned staff initiates requisitions, process purchase orders, receive goods and services, and authorizes the payment of invoices. The approved purchase order encumbers the funds in the system and, as goods and services are received, all or part of the encumbered funds are shown to be expended.



There have been occasions in both departments where budget transfer requests were needed. The assigned staff work with the department head to determine which line item funds can be moved to cover the need, and once determined, submit the request through the accounting system. In some instances, staff stated that they call the Finance Office to discuss the move and options in advance.

The Capital Accountant in the Finance Department works very closely with both the Maintenance and Facilities and Planning Departments to ensure that purchase orders and payments are properly coded to the right projects and accounts. Staff indicated they meet at least monthly to reconcile what the departments have recorded and what is formally recorded in the accounting system. If an item is found to be miscoded or in need of some other type of correction, they work together to make the necessary corrections.

## OBSERVATION

Evergreen found that budget oversight and budget monitoring for major Capital Projects are rigorous. For major projects, the Construction Manager and the Facility Specialist play a role in monitoring and controlling project costs, primarily by working with and through the Construction Manager at Risk that has been contracted for on a guaranteed maximum price (GMP). Estimated construction costs are established in a GMP document submitted to the Board for review and approval. The guaranteed maximum price documents from the Construction Manager at Risk include bids from subcontractors with owner contingencies for unforeseen changes in scope, cost over runs, or cost savings.

Periodically change requests may be required for either cost overruns or for reductions in the GMP when the District makes direct material purchases to avoid having to pay taxes on the materials that are needed for the project. Excerpts from Board Policy 6345 address the thresholds for Change Orders:

*The Superintendent is authorized to approve and execute any construction contract Change Order that will increase the construction contract amount up to \$10,000.00 or less, or that will decrease the construction contract amount, provided that approval shall be, in his/her judgement, in the best interest of the School Board. Such change orders shall be binding upon execution by the Superintendent. The Superintendent shall report each change order that s/he approved to the School Board at the School Board meeting that follows his/her approval. The Superintendent's approval of the change order shall be entered into the official minutes of the School Board.*

*The Superintendent shall recommend to the School Board for its review and approval any change order to a construction contract that will increase the construction contract amount by more than \$10,000.00. No such change order shall be binding unless and until it is approved by the School Board and executed by the School Board's designee.*

*A proposed change to the construction contract shall not be split so that the resulting change orders do not exceed the \$10,000.00 limit established by this policy.*





*The contractor proposing a change order to the construction contract shall, prior to commencing the work involved, provide accurate cost data in sufficient detail to enable the Director of Facilities and the architect and/or engineer involved with the project to evaluate the proposal. The evaluation shall confirm the accuracy of the estimate by establishing a fair market value of the costs for all labor, material, equipment, and incidentals required to accomplish the change.*

*For all proposed change orders, the architect or engineer of record for the project shall certify in writing to the Superintendent and the School Board that the cost of the requested change is fair, reasonable, and in proper proportion to the cost of the original work covered by the contract and shall recommend action thereon.*

*The cumulative total of all approved change orders to the construction contract for any project shall not increase the original construction contract amount by more than eight percent (8%) or \$100,000.00, whichever is less, without prior School Board approval.*

Throughout the project, the Contractor requests progress payments. The assigned Facility Specialist tracks those payments and the request for payment is approved through the chain of command. At the end of the project, Facilities and Planning prepares and signs off on a final checklist showing that the project is nearing completion, at which time Finance does a final review of all project documents and signs off on the final payment.



***CHAPTER 5:***  
***REPORTING ACCURACY AND ADEQUACY***

## 5.0 REPORTING ACCURACY AND ADEQUACY

**Chapter 5** presents findings related to reporting accuracy and adequacy. During the performance audit, Evergreen examined districtwide information systems as well as any ancillary systems used in each of the functional areas under review to determine if the systems are meeting the business needs of the organization and are capable of delivering timely, accurate and useful information for management and stakeholders. Evergreen also examined the MCSD website and other tools used to keep the general public informed about ongoing projects and business activities and assessed the Open Records processes for responsiveness and accuracy.

The specific audit evaluation tasks performed are provided below.

1. *Assessed whether the program has financial and non-financial information systems that provide useful, timely, and accurate information to the public.*
2. *Reviewed available documents, including relevant internal and external reports, that evaluate the accuracy or adequacy of public documents, reports, and requests prepared by the county or school district related to the program.*
3. *Determined whether the public has access to program performance and cost information that is readily available and easy to locate.*
4. *Reviewed processes the program has in place to ensure the accuracy and completeness of any program performance and cost information provided to the public.*
5. *Determined whether the program has procedures in place that ensure that reasonable and timely actions are taken to correct any erroneous and/or incomplete program information included in public documents, reports, and other materials prepared by the county or school district and that these procedures provide for adequate public notice of such corrections.*

**Finding on reporting accuracy and adequacy:** In its audit, Evergreen found that, although a new districtwide information system is being implemented, the current and future systems used in the Martin County School District are capable of producing accurate and comprehensive public documents, reports, and requests. A significant amount of financial, procurement, and performance information is available to the public on the MCSD website; however, additional and more current facility and safety information is needed. The process for responding to requests for information that is not readily available on the website is well defined and MCSD responses are handled in a timely and appropriate manner.

### CHAPTER HIGHLIGHTS

For the most part, the MCSD's current and future information systems are capable of tracking and controlling budgets, producing reports, and processing checks for the payment of invoices—



some with more or less manual intervention than others. Migration is underway to the new system that promises to better meet the business needs of the District, particularly in the area of payroll, which until July was run through a legacy system that is currently being replaced. Report retrieval, for the most part is possible, but problems with the old system have created barriers that the District is working to overcome.

MCSD's current website is robust, with a great deal of financial data available to the public; however, some additional planning for sharing project information relating to the Surtax is desirable.

Evergreen found the Open Records process for the District is timely and internal controls appear to be in place to validate data before they are released to the requestor.

**Chapter 5** contains the following three sections:

- 5.1 Information Systems
- 5.2 Website
- 5.3 Open Records

## **5.1 INFORMATION SYSTEMS**

MCSD has had three administrative software systems [also called enterprise resource planning (ERP) systems] in the last three years, and all three were running at some level in the District at the time of the onsite visit.

The legacy system, called TERMS, is an AS400 system. Two years ago, MCSD made the decision to replace the aging system with the FOCUS school software. FOCUS had a very strong academic component, but elements of the business functions were not working a full year after the 'go live' date in the original contract. While all other business functions migrated to the new system, Payroll was never moved over, and until July 2018, Payroll continued to run in the legacy TERMS system.

### **OBSERVATION**

MCSD engaged in extensive planning efforts before purchasing a system to replace the legacy system that was no longer capable of handling the District's needs, particularly the academic and student tracking functions. In November 2017, however, after a two-year attempt to fully implement the replacement system, the Staff Attorney sent a Material Breach of Agreement letter to the vendor listing ten specific examples of problems, most of which were related to the business and operational functions. In the absence of a resolution, MCSD felt compelled to rapidly move forward and purchased the TEAMS system by ProLogic; a system according to staff has greater business and operational capabilities. Although this system is used in other states, MCSD is a test case in Florida.

Payroll was the District's first priority. Time clocks are working and the first Payroll was scheduled to run in mid-July.



At the time of on-site work, Evergreen understood that the District was continuing to work through the legal and cost implications surrounding this conversion. The immediate need to move forward with another system with such haste, however, has placed the District in a crisis management position in terms of testing and systematically implementing the system components. Evergreen gives no opinion on which, if any, of the systems are most appropriate for the District. Of greater concern is the constant need to test and retest systems and validate data to ensure its accuracy, and the rapid move from one vendor to another, with little time in the middle for planning.

For more than two years, MCSD has been required to take extra precautions to ensure the accuracy and fidelity of data being generated by whichever system is in use for a particular function. For example, the system was not performing school-level bank reconciliations properly.

In a report issued in October 2017, the Internal Auditor documented the following school-level findings:

*Finding No. 2: Bank Reconciliations not completed timely*

*I noted that bank reconciliations were not completed timely or reviewed by appropriate administrative personnel. This was due to software errors, which resulted in every school being unable to complete their reconciliations in a timely manner, with most reconciliations being over three months late. District procedures require reconciliations to be completed by the 15<sup>th</sup> of the following month.*

*Recommendation: Corrections should be made to the software to address the issues that caused the delay in completing the reconciliations; additionally schools should develop a manual process to complete bank reconciliations when the software is unable to complete them. This will ensure reconciliations are completed by the school within the time frame listed in the procedure manual and reduce the risk that unauthorized transactions could go undetected.*

*Finding No. 3: Inaccurate accounting records*

*I noted instances of checks not posting properly to the accounting software. Examples include checks showing up for different amounts in accounts than what they were created for, checks not hitting an account balance or impacting it several times, voided items still impacting account balances, and checks being duplicated.*

*I noted instances of where errors on receipts resulted in inaccurate balances. Examples include receipts not impacting account balances, receipts that were duplicated in the accounting system, and voided items that were still impacting balances.*

*Recommendation: The software vendor should address the causes of these errors and make the necessary corrections to the program to prevent these types of errors from happening in the future. Additionally schools should follow recommended guidelines on bank reconciliations to catch these types of errors in a timely manner.*



Accounting staff indicated that they are in the process of closing the books for FY 2018 in the old system. Data for the new fiscal year is being entered into the new system and trials and tests are being conducted to validate that the system is working as intended. As of mid-August, all accounting and purchasing functions are being handled through the new system. Assuming the Surtax passes—new pressures will be placed on the system as a whole—both on the Accounting and Payroll side as well as the Procurement and Project Management side. Taking the time now to fully test the system components, and ensuring that the District has a fully operating system in place by the beginning of 2019 to handle those new demands will be critically important.

## **RECOMMENDATION**

### **Recommendation 5-1:**

**Dedicate the time and resources needed to stabilize the ERP system and ensure that policies, processes and internal procedures are in place and operating by early in the 2019 calendar year.**

## **OBSERVATION**

Purchasing provided a copy of the **Martin County School District Administrators Guide to Procurement Services Manual** that references Board Policies 6330 and 6320 relating to the procurement of goods and services. The guide is comprehensive in nature, and is discussed in greater detail in **Chapter 1** of this report.

From a compliance perspective the document clearly outlines the legal requirements and the processes required for compliance. It is not, however, current as the document references the TERMS ERP system which has not been in use for several years. Since the District is in the process of implementing a new ERP system, the timing is right to update the Manual to include specific instructions for the use of the new system in the requisitioning and purchasing processes.

## **RECOMMENDATION**

### **Recommendation 5-2:**

**Update the Administrators Guide to Procurement Services Manual to include information about and instructions for the use of the new ERP system.**

## **OBSERVATION**

The department-level budget and contract monitoring processes are manual at this time. Staff in Maintenance and Facilities and Planning indicated that they maintain manual spreadsheets with which they monitor their budgets. This chapter discusses the fact that the District has operated using two ERP systems over the last three years, and is currently in the process of bringing a new system online to replace both of those systems.

Staff in these areas have been required to maintain spreadsheets on which they track project costs and costs for all of their contracts. Periodically they reconcile their spreadsheets with Accounting to ensure that nothing has been missed on either end.



A challenge when implementing a new system is the tendency to simply allow the system to do what was previously a manual function—rather than looking for ways to fully utilize all of the system capabilities to streamline current processes in a more fundamental way.

## RECOMMENDATION

### Recommendation 5-3:

**Conduct a thorough business process review and modify the internal departmental processes once the new system is in place and working as intended and look for ways to fully utilize the current capabilities of the system.**

## OBSERVATION

The District has contracted with a reputable firm to provide advanced software regarding the safety and security in every school. The firm will provide alerts that will be sent via text, computer, and phone much like Amber alerts are sent with a loud alarm that cannot be silenced even if the user has muted the device. The system will be able to alert parents and the Sheriff and Police Departments immediately to reduce the time of response in case of an incident or breach in security at the schools. The District is working with staff to set up training prior to the new school year so that all administrative staff and teachers learn how to use the system.

The company selected is used in many school districts throughout the country; however, the system being implemented does not include the administrative buildings. In today's society, it would be wise to secure the administrative buildings as well as the schools throughout the District. This recommendation will also allow all staff throughout MCSD to understand how the system works and will allow for a greater peace of mind for administrative staff working in central office locations.

## RECOMMENDATION

### Recommendation 5-4:

**Include the MCSD administrative offices in the implementation of the new safety software so that all central office buildings will be secured.**

## 5.2 WEBSITE

MCSD has a robust website that contains a significant amount of data relating to the District's academic programs and schools as well as its operational activities. Evergreen focused its attention on the program areas directly related to this review—including the amount and quality of the information provided and the accessibility of that information by the general public. Areas of review included Finance, Procurement, Maintenance and Facilities, and Safety and Security.



**OBSERVATION**

Financial information is readily available to the public on the District's webpage. The Finance Page of the website contains a wealth of financial data, including:

- Comprehensive Annual Financial Reports - FY 2010 through FY 2017
- Approved Budgets – FY 2014 through FY 2018
- School Financial Reports – FY 2011 through FY 2015
- Approved Budget Amendments – September 2014 through June 2018
- Monthly Financial Reports – July 2016 through May 2018
- Information for Vendors, including
  - Accounts Payable Check Schedule 2017-2018
  - Form 1290 - Non-PO Check Request
  - Form# 1190 AP SIGNATURE FORM
  - Form# 1291 Revenue Refund Check Request
  - MCSD Tax Exempt Certificate 2018-2022
- Truth in Millage (TRIM) Reports – FY 2014 through FY 2019

The Facilities Webpage contains a link to the District Five-Year Capital Budget for FY 2017-18 and the Purchasing Page contains posting information for competitive procurements.

As shown in **Exhibit 5-1**, the Finance page also contains a complete staff directory and relevant links to other resources, such as the Florida Department of Education.

The Finance page has an interesting feature (**Exhibit 5-2**) where the District invites the public to give them 'smart saving ideas' and links the user to a simple electronic form that asks him/her to fill in an open-ended box with an idea. A name and email address are required.

**OBSERVATION**

MCSD is making use of web-based technology to provide the community a user friendly and efficient way to schedule and pay for using its facilities.

The Maintenance Department uses School Dude not only to efficiently track Maintenance work orders, but the Facilities and Planning Department also uses the software to schedule facility use and manage facility use requests. The Capital Project Planning Specialist in Facilities and Planning is responsible for managing districtwide facility use and rentals. A School Dude module is used to schedule the facilities online. Although the Specialist is responsible for collecting the fees, the process has been streamlined since they created a bank portal to accept checks.

**Exhibit 5-3** provides an excerpt from the website showing the process for entering a request.





## Exhibit 5-1

### Finance Department Webpage Martin County School District

**MARTIN COUNTY SCHOOL DISTRICT**  
*Stuart, FL*

About Us | Our Schools | Departments | Parents and Students | Employee Resources | FOCUS | School Board

#### Contact Information

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#### FINANCE DEPARTMENT

**TRANSPARENCY FLORIDA**

#### Approved Budgets

[Approved Budget for FY 2017-2018](#)

[Approved Budget for FY 2016 - 2017](#)

[Approved Budget for FY 2015 - 2016](#)

[Approved Budget for FY 2014 - 2015](#)

[Approved Budget for FY 2013 - 2014](#)

#### Accounts Payable

[Accounts Payable Check Schedule 2017-2018](#)

[Form 1290 - Non-PO Check Request](#)

[Form# 1190 AP SIGNATURE FORM](#)

[Form# 1291 Revenue Refund Check Request](#)

[MCSD Tax Exempt Certificate 2018-2022](#)

[More ...](#)

#### Early Retirement Program

[ERP Investment Policy](#)

#### Annual Financial Reports

[CAFR 2016-2017](#)

[CAFR 2015-2016](#)

[CAFR 2014-2015](#)

[CAFR 2013-2014](#)

[CAFR 2012-2013](#)

[CAFR 2011-2012](#)

[CAFR 2010-2011](#)

[CAFR 2009-2010](#)

[AFR 2016-2017](#)

[AFR 2015-2016](#)

[AFR 2014-2015](#)

[AFR 2013-2014](#)

[More ...](#)

#### Awards

[Certificate of Excellence ASBO 2016](#)

[GFOA Award 2016](#)

#### School Financial Reports

[School Financial Report 2014-2015](#)

[School Financial Report 2013-2014](#)

[School Financial Report 2012-2013](#)

[School Financial Report 2011-2012](#)

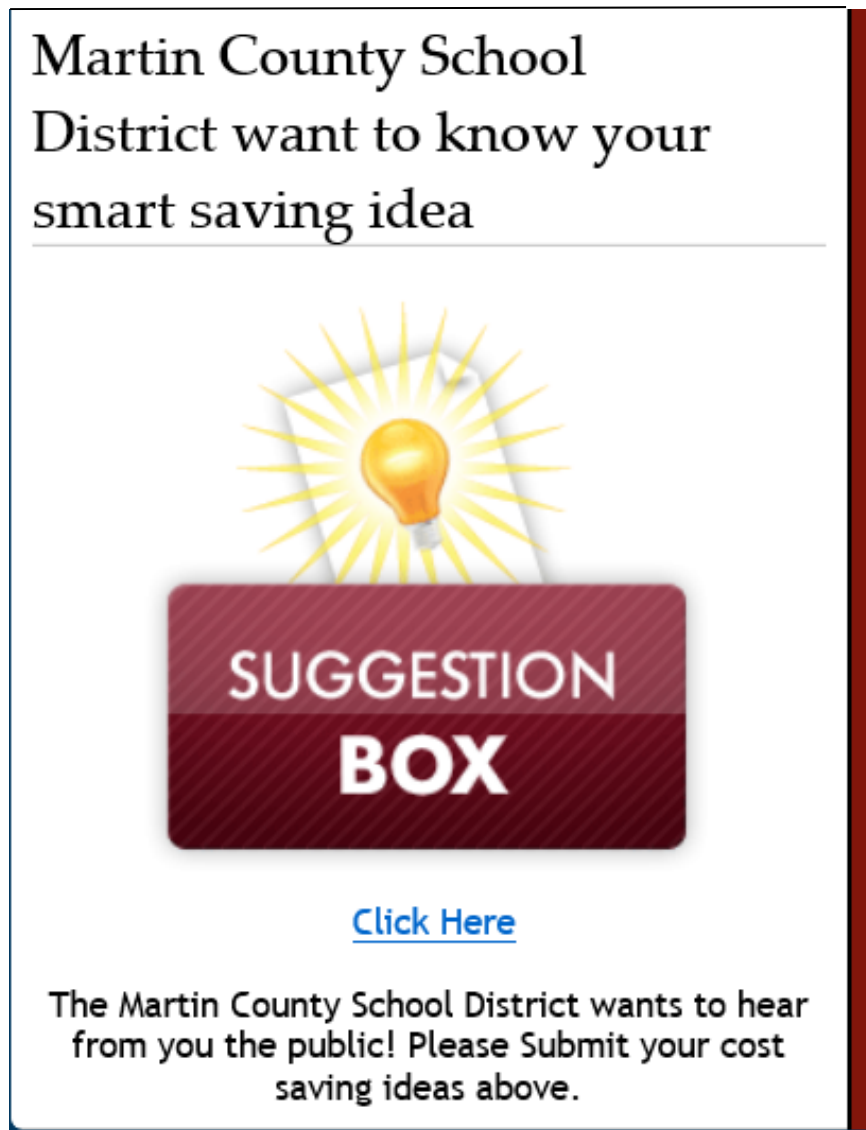
[School Financial Report 2010-2011](#)

#### Approved Budget

Source: MCSD's website at: [http://www.martinschools.org/pages/Martin\\_County\\_School\\_District/Departments/7050393874171745602/Finance](http://www.martinschools.org/pages/Martin_County_School_District/Departments/7050393874171745602/Finance)



**Exhibit 5-2  
Suggestion Box on MCSD Finance Webpage**



Source: MCSD's website at: [http://www.martinschools.org/pages/Martin\\_County\\_School\\_District/Departments/7050393874171745602/Finance](http://www.martinschools.org/pages/Martin_County_School_District/Departments/7050393874171745602/Finance).



### Exhibit 5-3

## Facility Use Requests Online

## Martin County School District

#### The Dude Says:

If you need to check the calendar before submitting your requests, click on the link below once you are logged in. It will take you right to the Month View calendar. The calendar may not display any events at first. Select from the **Location** drop down menu then click **Refresh Calendar**. You can also filter your calendar view according to room, organization, etc.

[https://www.myschoolbuilding.com/myschoolbuilding/mydtfs\\_calendar.asp?nmonth=&nyear=&LocID=&buildingid=&RoomID=&AreaID=&eventstatus=&FirmID=calendar.asp?nmonth=&nyear=&LocID=&buildingid=&RoomID=&AreaID=&eventstatus=&FirmID=](https://www.myschoolbuilding.com/myschoolbuilding/mydtfs_calendar.asp?nmonth=&nyear=&LocID=&buildingid=&RoomID=&AreaID=&eventstatus=&FirmID=calendar.asp?nmonth=&nyear=&LocID=&buildingid=&RoomID=&AreaID=&eventstatus=&FirmID=)

#### How to Submit a Request

- Click on the **Schedule Request** tab if you do not see the screen below. Select one of the three schedule types:
- Normal Schedule:** *Most commonly used and the one covered in this guide* (Up to 20 event dates can be selected). This schedule is used when all event dates will share the same time and room(s).
- Recurring Schedule:** (Up to 100 events can be added). This schedule is used for events that follow a pattern (Every Monday and Wednesday for a semester or the 3rd Friday of the Month for the entire year). All event dates will share the same time and room(s). *\*Note: For specific instructions on entering a Recurring schedule, click on the Help link at the top right of the screen and then click on FSD Requester Online Help.*
- Irregular Schedule:** (Up to 20 events can be selected). This schedule type can be used when each event will take place in a different room and/or a different time slot than the other event dates within the schedule. For example: The Boy Scouts will use the Gym on January 1st from 9am to noon and their next meeting will take place on January 31st in Room 200 from 1pm to 2pm. *\*Note: For specific instructions on entering an Irregular schedule, click on the Help link at the top right of the screen and then click on FSD Requester Online Help.*



When entering a schedule, any field with a red checkbox beside it is a required field. The system will not save your request if the information is not filled out.

- Enter the **Event Title**.
- Click on the drop down menus beside **Location** and **Rooms** to select the spaces that are needed.
- Choose your event dates by clicking on the date in the calendar box to the right. You can click on the arrows in the calendar box to select a different month.
- Enter the **Start Time** and **End Time** and make sure that you are selecting AM or PM for the correct time of day. You may select a **Setup Begin Time** and **Breakdown End Time** if needed for this event.
- Click on the **Check Availability** button to verify you are not double booking a room.

*\*Note: The boxes beside **Duration** and **Spans** (shown below the Setup/Breakdown time) typically will not need to be changed. Spans over should be left as 1 day unless you are requesting an overnight event. The duration automatically calculates according to the start and end time that you enter.*

Source: MCSD website: [http://www.martinschools.org/files/\\_WBJ1a\\_/a12c56d971a3eddf3745a49013852ec4/FSD\\_-\\_Requester\\_Quick\\_Guide.pdf](http://www.martinschools.org/files/_WBJ1a_/a12c56d971a3eddf3745a49013852ec4/FSD_-_Requester_Quick_Guide.pdf):



According to the Capital Projects Planning Specialist, the District collects between \$200K and \$250K annually. Although the Specialist said it really did not seem like a lot of money, she felt the District was providing a service to the community.

## **OBSERVATION**

Other than the Capital Budget information found on the Facility page, the website contains very little information about planned or ongoing projects. While there is information regarding the competitive procurements that may include solicitations relating to capital projects, there is no information that describes the projects, project milestones, or the project status or estimated completion dates. At the time of this audit, the focus was on the millage referendum. The District indicated that the intent is to provide more information on the Surtax once the millage referendum is held on August 28, 2018, and the Superintendent provided a copy of the unedited materials they intend to distribute at that time.

Evergreen was provided a copy of the various state-mandated, facility-related reports showing the facility inventory including the age of facilities, capacities, and number of relocatable facilities on each campus.

Other information that the public may find beneficial includes the Castaldi Reports produced for the Florida Department of Education which recommend the demolition of the Jensen Beach Elementary and Palm City Elementary Schools. Both reports contain pictures and assessments of the conditions in those schools and could help to inform the public of the severity of the facility-related needs in these schools.

Much of the information found in the Safety and Risk page index is under construction. While specifics about the projects that will be undertaken are guarded to prevent misuse by malcontents, it appears that this information that is under construction will prove relevant to the work planned as part of the Surtax Referendum once it is fully developed.

## **RECOMMENDATION**

### **Recommendation 5-5:**

**Develop a plan for sharing project-related information on the website and work with the Webmaster to implement the changes—including a simple way for authorized staff to continue providing progress information to the public.**

## **5.3 OPEN RECORDS**

School Board Policy 8310, Public Records, clearly identifies the steps to be taken by the Martin County School District when public records are requested. This policy is consistent with Chapter 119, Florida Statutes, as well as Sections 1002.221 and 1003.25, Florida Statutes.

The relevant sections of Policy 8310 are shown in **Exhibit 5-4**.



## Exhibit 5-4 Board Policy on Public Records

### 8310 – PUBLIC RECORDS

It is the policy of the School Board that all public records made or received in connection with the official business of the School Board and the District be made available upon request of any person for inspection, examination and copying in accordance with applicable law and this policy.

- A. Public Records
- B. Public Records Request
- C. Request for Information

A request for information, as distinguished from a public records request, is one which the requested information does not already exist in public record form. For example, a person may request staff to create a document that does not already exist (such as by compiling into one document information contained in multiple documents) or to provide a history, to research an issue, or to produce an employee to answer questions. Such requests are not covered by the Public Records Act and are not legally enforceable. Nevertheless, such requests may be honored, purely as a public service, when the work involved can be accomplished quickly, or when answering requests of a certain nature are part of the District's duties and responsibilities. Since the Public Records Act does not cover requests for information, there is no prohibition against imposing conditions on the honoring of such requests, except as may otherwise be provided by the District's own rules, practices and procedures. Therefore, it is appropriate to ask that such requests be put in writing.

Exemptions from Public Records

Information Obtained Pursuant to an Investigation

Access to Public Records

*Source: MCSD Policy Manual, July 2018.*

### OBSERVATION

An assessment of opens records and District responsiveness found that the process operates efficiently and effectively in the Martin County School District.

A review of selected requests for public records in the program areas under review for the 2017-18 school year found the following:

- the responsible department is the Staff Attorney's Office;
- the requests are clearly logged in with an identification number;
- data include the date, requesting organization/individual, information requested and time it took to complete the request; and
- associated costs (if any) are provided.



An excerpt from the 2017-18 requests list is shown in **Exhibit 5-5**. The Staff Attorney shared that 163 requests were made in 2017-18 school year.

The District requires upfront payment of the estimated charge for all requests which require over 30 minutes of staff time. Because of this charge, certain items on the request list were either not fulfilled, because no payment was received, or modified to request materials which are less expensive to prepare.

The Staff Attorney has a very detailed process for responding to public records requests. This is shown in **Exhibit 5-6**.





**Exhibit 5-5**  
**Excerpt from the Requests List for Public Records**  
**Martin County School District**  
**2017-18 School Year**

PRR File #	Date Received	PRR Title	PRR Received From		Date PRR Closed		Telephone #/Fax #/Email, or Mailing Address to Send Response	PRR Info. Sent to Requestor	Estimate Needed ✓	Estimate Provided/ \$ Amount	Date Payment Rec'd
520	06/27/18	Records Request - HS - Capacity Levels	Albert Yankie	Called Mr. Yankie for e-mail verification. He no longer required this info. He misread the information on the MCSD Website. Child going to attend SLC schools. CLOSED - No further action	07/03/18	Scanned/ Shredded	Phone: (401) 921-4160; E-Mail: glowbalappar.@verizon.net	07/03/18	--	--	--
521	06/27/18	Records Request - Teacher Vacancies/Terminated FTCE	Matthew Apthorp, EW Scripps		07/06/18	Scanned/ Shredded	Phone: (813) 354-2878; Cell: (813) 352-0053, E-Mail: ssawchuk@epe.org	07/06/18	--	--	--
522	06/28/18	Records Request - Instructional Materials Hearing Objections & Decision	Stephen Sawchuk, Associate Editor, Education Week		07/03/18	Scanned/ Shredded	Phone: (301) 280-3129; E-Mail: ssawchuk@epe.org	07/03/18	--	--	--
523	06/28/18	Records Request - # of Teachers/Experience 2018-2019 SY	Jennifer Blott				E-Mail: bblot@bellsouth.net				
524	06/27/18	Records Request - Virtual School Contracts/Correspondence	Karen L. Middlekauff, Esq., Losey OKKC				Phone: (407) 785-6923; E-Mail: kmiddlekauff@osey.law				
525	06/29/18	Records Request - Employee Contact	Tom Johnson				E-Mail: tomjohn33008@gmail.com				
526	07/02/18	Records Request - Attendance/Waivers - GA	Michael S. Smith, Esq., Lesser, Lesser, Landy & Smith				E-Mail: kfeola@lsserlawfirm.com				
527	06/26/18	Records Request - New Instructional Employees - 2018/2019 SY	Frank Peterman, Treasure Coast Service Unit Director				Phone: (727) 0637-2080; E-Mail: frank.peterman@floridaea.org				
528	06/28/18	Records Request - Teacher & Employee Count	Bridget, Education Foundation	Received by Payroll	07/05/18	Scanned/ Shredded	Phone: (772) 660-8062; E-Mail: bmorrey@educationfoundationmc.org	07/05/18	--	--	--
529	07/04/18	Records Request - Electronic Communication & Records Re: AL	Randy & Bridget Locke, Parents				Phone: (772) 486-00207; E-Mail: lockesnest@me.com				

Source: MCSD Staff Attorney's Office, July 2018.



**Exhibit 5-6**  
**Public Records Request Worksheet**  
**Martin County School District**

Name of requester (optional): \_\_\_\_\_  
 Contact information: \_\_\_\_\_  
 Date received: \_\_\_\_\_  
 District file #: \_\_\_\_\_  
 Check one: Estimate \_\_\_\_\_ Final cost \_\_\_\_\_

Responses to Requests for Public Records are to be made in accordance with Martin County School Board Rule 8310. For purposes of this rule, "extensive" means that it will take more than thirty (30) minutes to identify, locate, compile, review, copy and re-file the requested records. There is no charge for the first thirty (30) minutes.

**Section A: Staff time**

Employee position	Requested action	Time estimate	Time actual	Hourly rate (with benefits)	Cost (estimate or actual)
Total					
Difference between estimate and actual (if applicable)					

**Section B: Duplication fees**

One-Sided Copies: Number of Pages: \_\_\_\_\_ @ \$0.15 / page = Cost: \_\_\_\_\_  
 Two-Sided Copies: Number of Pages: \_\_\_\_\_ @ \$0.20 / page = Cost: \_\_\_\_\_  
 Certified Copies: Number of Pages: \_\_\_\_\_ @ \$1.00 / page = Cost: \_\_\_\_\_  
 CD or DVD: Number of Disks: \_\_\_\_\_ @ \$1.00 / disk = Cost: \_\_\_\_\_  
 Other: \_\_\_\_\_ = Cost: \_\_\_\_\_

Total Duplication Fees/Section B: \_\_\_\_\_

Cost for Staff Time (Total from Section A): \_\_\_\_\_  
 Add Duplication Fees (Total from Section B): \_\_\_\_\_  
**Total:** \_\_\_\_\_

Make check payable to: Martin County School District  
 Mail to: Martin County School District, 500 East Ocean Boulevard, Stuart, FL 34994, attention Public Information Officer

Date payment received: \_\_\_\_\_ Check #: \_\_\_\_\_

*An Equal Opportunity Agency*

Source: MCSD Staff Attorney's Office, July 2018.





***CHAPTER 6:***  
***PROGRAM COMPLIANCE***

## 6.0 PROGRAM COMPLIANCE

**Chapter 6** presents findings related to program compliance. As part of the performance audit, Evergreen assessed the District's compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen further assessed the adequacy of processes and internal controls used to ensure compliance with and remediate instances of non-compliance with federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures applicable to the program areas under review.

The specific audit evaluation tasks are provided below.

1. *Determined whether the program has a process to assess its compliance with applicable (i.e., relating to the program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.*
2. *Reviewed program internal controls to determine whether they are reasonable to ensure compliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures.*
3. *Determine whether program administrators have taken reasonable and timely actions to address any noncompliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures identified by internal or external evaluations, audits, or other means.*
4. *Determine whether program administrators have taken reasonable and timely actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.*

**Finding on program compliance:** In its evaluation, Evergreen found that the Martin County School District (MCSD) is in compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen further identified the groups and individuals responsible for ensuring compliance with a wide variety of laws rules, regulations, policies, and the like. In general, the internal control processes were found to be rigorous, and were supplemented by attorneys, external experts, and contract construction managers to assume some of the risk and responsibilities for compliance. Evergreen also found opportunities for strengthening management practices in specific areas.

### CHAPTER HIGHLIGHTS

Evergreen assessed the District's planned use of the Surtax and found that MCSD was in compliance with applicable state laws, rules and regulations. Providing more detailed



information and assurances to taxpayers regarding the use of the Surtax proceeds would be beneficial.

Evergreen and MCSD program administrators identified the key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures policies that would need to be complied with when addressing the projects outlined in the regulation. Once identified, Evergreen assessed the current organizational control and found that the District has internal control mechanisms and plans for contract provisions to ensure compliance and has remedies in place should a contractor be found to be non-compliant.

Evergreen found that providing additional training for staff on the proper monitoring and documentation of vendor performance, as well as the legal remedies for dealing with poor performance, could strengthen the overall program compliance function.

**Chapter 6** contains the following three sections:

- 6.1 Surtax Assessment
- 6.2 Project Level Compliance
- 6.3 Role of Legal Counsel and Other External Experts

## **6.1 SURTAX ASSESSMENT**

Florida law authorizes local governments to impose several types of local option taxes. In some cases, the Florida Department of Revenue administers the tax for the local government and in other cases the local government administers the tax. When the Department administers the tax, its responsibilities include collecting the tax and distributing the funds to local governments to spend on locally authorized projects.

Title XIV, 212.055: “Discretionary sales surtaxes; Legislative Intent; authorization and use of proceeds” outlines the intended uses and restrictions on the uses of the proceeds from the School Capital Outlay Surtax:

*It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.*

### **(6) SCHOOL CAPITAL OUTLAY SURTAX.—**

*(a) The school board in each county may levy, pursuant to resolution conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum, a discretionary sales surtax at a rate that may not exceed 0.5 percent.*



(b) *The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax. The statement shall conform to the requirements of s. 101.161 and shall be placed on the ballot by the governing body of the county. The following question shall be placed on the ballot:*

*FOR THE*

*CENTS TAX*

*AGAINST THE*

*CENTS TAX*

(c) *The resolution providing for the imposition of the surtax shall set forth a plan for use of the surtax proceeds for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, and any land acquisition, land improvement, design, and engineering costs related thereto. Additionally, the plan shall include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district. Surtax revenues may be used for the purpose of servicing bond indebtedness to finance projects authorized by this subsection, and any interest accrued thereto may be held in trust to finance such projects. Neither the proceeds of the surtax nor any interest accrued thereto shall be used for operational expenses.*

(d) *Surtax revenues collected by the Department of Revenue pursuant to this subsection shall be distributed to the school board imposing the surtax in accordance with law.*

On April 17, 2018 the Martin County School Board passed a resolution (**Exhibit 6-1**) calling for the Surtax Referendum. On May 22, 2018 the Board of County Commissioners voted unanimously in favor of placing the referendum on the General Election (November 6, 2018) ballot.

**Exhibit 6-2** examines the statutory requirements and provides an explanation of how the District has answered the requirements.

For reference purposes, **Exhibit 6-3** provides information regarding MCSD and peer district referenda held in the last 10 years. As can be seen, the Hernando and Indian River County School Districts are the only two that have successfully passed a referendum.

## OBSERVATION

As noted above, detailed information regarding the projects being proposed as part of the School Board approved Surtax resolution had not been made available to the public at the time of this writing. Nor has the District spoken to the issue of project oversight, which could provide taxpayers a level of assurance that Surtax dollars will be used as promised and in compliance with all statutory requirements.



**Exhibit 6-1  
Martin County School District  
Resolution for Surtax Referendum**

**THE SCHOOL BOARD OF MARTIN COUNTY**

**RESOLUTION 18-02**

**A RESOLUTION OF THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA, DIRECTING A REFERENDUM TO BE HELD ON NOVEMBER 6, 2018, PURSUANT TO SECTION 212.055, FLORIDA STATUTES, FOR THE PURPOSE OF SUBMITTING TO THE DULY QUALIFIED ELECTORS OF MARTIN COUNTY, FLORIDA, A QUESTION REGARDING THE LEVY OF A HALF-CENT PER DOLLAR SCHOOL SALES SURTAX FOR CRITICAL CAPITAL NEEDS**

*WHEREAS, the Florida Legislature reduced the maximum fixed capital outlay millage from 2.0 mills to 1.75 mills in 2008, with a further reduction to the current 1.5 mills amount in 2009; and,*

*WHEREAS, the Martin County School District suffered a loss of \$91,676,207 for capital funding due to the fixed capital outlay millage reduction in 2008 and 2009 to 2018; and,*

*WHEREAS, the Martin County School District has identified \$98 million in critical capital needs including a growing backlog of deferred facilities maintenance, security improvements, an aging Information Technology infrastructure, necessary fleet and maintenance equipment, and overdue replacement of schools and facilities; and,*

*WHEREAS, the Martin County School District has paramount security enhancements and improvements at all schools to comply with best, recommended practices for school facility safety; and,*

*WHEREAS, Palm City Elementary was built in 1958 and is past the point where constant, ongoing repairs can effectively overcome the age of the buildings; and,*

*WHEREAS, Jensen Beach Elementary was built in 1970 with open walkways that have been enclosed and the school has weathered hurricane and storm conditions that have impacted building components including windows; and,*

*WHEREAS, both Palm City Elementary and Jensen Beach Elementary have functional obsolescence issues with design and layout for current safety and security standards; and,*

*WHEREAS, the average age of the Martin County School District's schools (weighted by permanent student stations) is over 20 years; and,*

*WHEREAS, the Martin County School District needs sufficient capital funds to maintain and improve its high quality schools; and,*

*WHEREAS, the current capital funds generated from the Legislature allowed maximum fixed capital outlay millage of 1.5 mills is insufficient to repair or renovate existing district-owned school buildings; and,*



**Exhibit 6-1 (Continued)**  
**Martin County School District**  
**Resolution for Surtax Referendum**

*WHEREAS, in the absence of additional capital revenue generated by a levy of a half-cent per dollar school sales surtax, the Martin County School District will face a shortfall that will result in an unsafe and unhealthy learning environment for the students of Martin County; and,*

*WHEREAS, the Martin County School Board desires to limit the financial impact of its capital outlay projects on local property owners by minimizing the use of ad valorem taxes to pay the cost of such improvements; and,*

*WHEREAS, the sales surtax levied by this Resolution shall be collected, administered and paid to the*

*Martin County School Board by the Department of Revenue pursuant to the terms of Section 212.054(4) (a), Florida Statutes or as otherwise provided by law; and,*

*WHEREAS, the proceeds of the levy and collection of the sales surtax and any interest accrued thereto shall be expended by the School Board for fixed capital expenditures or fixed capital costs associated with the renovation or construction of school facilities, and campuses, for security, technology and other school purposes, which have a useful life expectancy of five (5) or more years, and any land improvement, design and engineering costs related thereto, and for the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district; and,*

*WHEREAS, none of the proceeds of the School Sales Surtax, or any interest earned thereon, will be used for operational expenses of the District; and,*

*WHEREAS, Section 212,055(6), Florida Statutes, authorizes the Martin County School Board to levy a discretionary sales surtax not to exceed one-half cent per dollar on all taxable transactions subject to approval by a majority vote of the electors of Martin County; and,*

*WHEREAS, a levy of a half-cent per dollar school sales surtax is projected to generate approximately \$112 million through the seven year period ending on January 31, 2026; and,*

*WHEREAS, the School Board has determined that it is in the best interests of the students of Martin*

*County to submit to the voters the question of a levy of a half-cent per dollar school sales surtax for critical capital needs for a seven year period beginning February 1, 2019, to provide security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair and renovate district-owned school buildings; with annual reporting to the county's citizens to ensure fiscal stewardship*



**Exhibit 6-1 (Continued)**  
**Martin County School District**  
**Resolution for Surtax Referendum**

*NOW, THEREFORE, BE IT RESOLVED by the School Board of Martin County, Florida, in a public meeting duly called and assembled this 17th day of April 2018:*

- 1. That pursuant to Section 212.055, Florida Statutes, the Board of County Commissioners of Martin County is directed to call an election to be held on November 6, 2018 for the qualified electors of Martin County, Florida to vote on the levy of a half-cent per dollar school sales surtax for critical capital needs.*
- 2. That the half-cent per dollar school sales surtax shall begin on February 1, 2019, and shall expire on January 31, 2026.*
- 3. That the School Board of Martin County confirms and pledges that the revenues generated by the half-cent per dollar school sales surtax for critical capital needs shall be used to provide security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair and renovate district-owned school buildings; as described in School Board Resolution 18-02.*
- 4. That the sales surtax referendum and the ballot title shall read:*

**BALLOT TITLE:**  
**MARTIN COUNTY SCHOOL DISTRICT**  
**LEVY OF HALF-CENT PER DOLLAR SALES SURTAX FOR CRITICAL CAPITAL**  
**NEEDS**

**BALLOT LANGUAGE:**

*Shall a half-cent per dollar school sales surtax for critical capital needs be levied for a seven year period beginning February 1, 2019, to provide security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate district-owned school buildings; with annual reporting to the county's citizens to ensure fiscal stewardship?*

- ☐ *For the half-cent per dollar school sales surtax*  
☐ *Against the half-cent per dollar school sales surtax*

- 5. That provided the sales surtax for the Martin County School District is approved, the Martin County School District shall prepare an Annual Financial Report of expenditures of the revenues generated by the half-cent per dollar school sales surtax which shall be presented at a regular School Board Meeting, posted on the District website, and published in the newspaper for review and comment by the citizens of Martin County to ensure fiscal stewardship of the funds.*

**PASSED AND DULY ADOPTED this 17th day of April, 2018.**

**SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**

Source: Martin County School District, June 2018.





## Exhibit 6-2

### Statutory School Capital Outlay Requirements

Statutory Requirement	District Response
The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the Surtax.	<p>Ballot language appears to comply with requirements and was approved for inclusion on the November Ballot by the Martin County Commissioners on May 22, 2018:</p> <p><i>BALLOT LANGUAGE:</i>  <i>Shall a half-cent per dollar school sales surtax for critical capital needs be levied for a seven year period beginning February 1, 2019, to provide security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate district-owned school buildings; with annual reporting to the county's citizens to ensure fiscal stewardship?</i>  <i>___ For the half-cent per dollar school sales surtax</i>  <i>___ Against the half-cent per dollar school sales surtax.</i></p>
The statement shall conform to the requirements of s. 101.161 and shall be placed on the ballot by the governing body of the county.	Ballot language includes only acceptable uses of the surtax:... <i>to provide security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate district-owned school buildings...</i>
The resolution providing for the imposition of the surtax <u>shall set forth a Plan for use of the surtax proceeds for fixed capital expenditures or fixed capital costs</u> associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, and any land acquisition, land improvement, design, and engineering costs related thereto.	At the time of this writing, the District had no published plan outlining specific uses of funds or providing the estimated costs related to each project. A plan is being formulated with Board approval expected in August 2018.
Additionally, the Plan shall include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district.	Technology is not specifically mentioned in the ballot language, however; some of the “security upgrades and enhancements” could have technology related components – which are an acceptable use of the funds.
Surtax revenues may be used for the purpose of servicing bond indebtedness to finance projects authorized by this subsection, and any interest accrued thereto may be held in trust to finance such projects.	The District has not expressly stated whether debt will be used to finance the stated projects; however, due to the condition of the two schools requiring replacement and the immediate security needs, issuing debt for some of the construction projects would be considered an acceptable use of Surtax proceeds.
Neither the proceeds of the Surtax nor any interest accrued thereto shall be used for operational expenses.	No operating expenditures are included in the envisioned projects.

Source: Compiled by Evergreen, June 2018.





**Exhibit 6-3**  
**Referendums in Last 10 Years**  
**in Comparison School Districts**

District	Referendum (Yes/No)	# of Referenda	Issues	Years	Amount
Martin County School District	August 2018 (0.5 millage); November 2018 (Surtax). One rejected in 2014	PENDING	<i>Security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate district-owned school buildings</i>	Surtax 2019-26	Surtax Estimated \$112 million
Charlotte County School District	No; one rejected in 2007. Another one in November 2018.	PENDING	School security, teacher pay raises and recruitment, and music/art/career programs.	Vote in November 2018 for 2019-23.	Estimated \$17 million
Citrus County School District	No; one rejected in 2016				
Hernando County School District	Yes - 2003 and 2015 (Half-cent Sales Tax)	2	Additional schools; school maintenance improvements.	Voted in March 2004 for 2004-14.  Voted in September 2015 for 2016-26.	Estimated \$65 million; Estimated \$85 million
Indian River County School District	Yes (0.6 in 2012) and 0.5 in 2013	2	Retain teachers, upgrade technology and infrastructure, implement/ maintain technical programs.	Voted in August 2012 for 2013-17.  Voted in September 2016 for 2017-21.	The 0.60 Millage generated \$7.9 million in 2013-14 fiscal year and \$8.3 million 2014-15 fiscal year. The 0.50 millage is expected to generate approximately \$8 million annually.

Source: Phone calls to Comparison Districts, June 2018.

A review of the Martin County School District's website found no reference to the November referendum. Other Florida school districts, such as the Lee County School District, posted information on their website months in advance of the referendum, including a description of why a half-cent sales tax is the best approach over impact fees, obligation bonds, property tax increases, or additional cuts in spending. The MCSD website currently lacks any reference to the Surtax referendum; however, the Leadership Team said this was intentional as they are asking voters to approve both a millage increase as well as the Surtax. Information regarding the



millage is being distributed now, and information on the Surtax will be forthcoming after the August 28, 2018 millage vote is final.

According to senior administrators, a public relations firm is working on referendum informational materials and these will be placed on the District's website as soon as they are available. **Exhibit 6-4** shows the front and back of a pamphlet that the District shared relating to the Millage Referendum and the Surtax Referendum. The required TRIMS publication—relating to millage and this pamphlet were provided to Board members and are available to the public, but at this time, this information is not on the website.

**Exhibit 6-4**  
**Pamphlet for Two Referenda**  
**Martin County School District**

**AUGUST 28, 2018**  
**0.5 Mills for Operating Expenses**

**MARTIN COUNTY SCHOOL DISTRICT**  
**ONE-HALF MILL AD VALOREM TAX**  
**FOR ESSENTIAL OPERATING EXPENSES**

Shall the Martin County School District increase ad valorem millage by one-half mill per year, beginning July 1, 2018, and ending June 30, 2022, to fund essential operating expenses for: school safety and security for all schools, mental health programs, recruiting and retaining highly qualified teachers, professional development for teachers and staff, and academic initiatives; with annual reporting to the county's citizens to ensure fiscal stewardship?

☐ Yes, for additional millage  
☐ No, against additional millage

**Martin County Property Owner:**  
For Martin County Property with a Taxable Value of \$250,000  
(Taxable Value, not the Appraised Value, After all Exemptions),  
the additional cost is **\$125 per year** (for four years)

**Martin County School District:**

- **All funds raised will STAY IN MARTIN COUNTY**
- Estimated Annual Revenue \$11.2 million (for four years)
- Annual reporting to county's citizens
- 2018-19 Funding designated for:
  - ◊ 5 add'l School Safety Officers (at high schools & Pre-K, all 4 yrs)
  - ◊ 3 schools AVID conversion (Advancement Via Individual Determination)
  - ◊ 3 add'l High School Guidance Counselors (graduation & career paths; all 4 yrs)
  - ◊ Foundational Reading Skills Program (for early Elementary literacy)
  - ◊ Student Mental Health Programs
  - ◊ Money for Teachers (77% of funds raised; all 4 yrs)
  - ◊ Certified Nursing Assistant training (all school based Health Assistants)
  - ◊ Employee training (\$100,000)
  - ◊ Money for Non-Instructional Employees (\$1,000,000; all 4 yrs)
  - ◊ Grant Writer
  - ◊ Attendance at Recruitment Fairs

CLRD718

**NOVEMBER 6, 2018**  
**1/2 Cent Sales Tax for Capital Expenses**

**MARTIN COUNTY SCHOOL DISTRICT**  
**HALF-CENT PER DOLLAR SALES SURTAX LEVY**  
**FOR CRITICAL CAPITAL NEEDS**

Shall a half-cent per dollar school sales surtax for critical capital needs be levied for a seven-year period beginning February 1, 2019, to provide security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate district-owned school buildings; with annual reporting to the county's citizens to ensure fiscal stewardship?

☐ For the half-cent tax  
☐ Against the half-cent tax

**Consumer purchasing Taxable Goods in Martin County:**  
For a Consumer purchasing \$2,000 per month of  
taxable goods (not housing or food) in Martin County,  
the additional cost is **\$120 per year** (for seven years).

**Martin County School District:**

- **All funds raised will STAY IN MARTIN COUNTY**
- Estimated Annual Revenue \$16 million (for seven years)
- Funding MUST be spent on:
  - ◊ Security upgrades and enhancements
  - ◊ Replacement of Jensen Beach Elementary & Palm City Elementary Schools (Estimated at \$32 million each)
  - ◊ Repair or renovate district-owned school buildings (backlog of \$98 million)
- District Five Year Capital Plan 2018-19 to 2022-23:
  - ◊ Approved in September 2018 after public hearing
  - ◊ Will identify specific proposed Sales Tax expenditures
- Annual reporting to county's citizens

CLRD618

Source: Martin County School District, July 2018.



As shown, the pamphlet does not provide a detailed list of the projects and costs relating to the Surtax. Leadership indicated that the final list of projects that will be addressed by the Surtax proceeds may need to be adjusted—depending on the outcome of the millage vote.

Oversight is addressed in the final statement where the District promises annual reporting to the county's citizens. At the August 21, 2018 Martin County School Board Meeting, Superintendent Gaylord confirmed to the School Board and the public that, for the Revenue and Expenditures of the Surtax Referendum, there would be monthly reports to the School Board and the public as was previously discussed at Board Workshops.

Some school boards have appointed a group of residents with expertise in the various subject areas to serve on an Independent Oversight Committee for the Surtax with complete access to all records necessary to ensure that the money is being spent as promised.

## **RECOMMENDATION**

### **Recommendation 6-1:**

**Publish a more detailed list of proposed uses of the Surtax proceeds, and appoint an Oversight Committee for the Martin County School District to monitor Surtax expenditures and report back to the Board and community on at least a quarterly basis.**

## **OBSERVATION**

Evergreen's observation of the facilities confirms many of the needs and concerns expressed by the MCSD Board and administrators.

As part of its referendum, MCSD requested \$112 million for security upgrades and enhancements at all schools, replacement of Jensen Beach Elementary and Palm City Elementary, and repair or renovations to district-owned school buildings, including a backlog of maintenance needs estimated at roughly \$98 million.

The Florida Department of Education (FLDOE) requires that school districts undergo a Castaldi Study to determine the feasibility of doing a school rebuild or modernizing its existing structures. In the case of Jensen Beach Elementary, the Castaldi Report recommended demolition of three of its four permanent buildings and demolition of the portable facilities. For Palm City Elementary, the Castaldi Report recommends demolition of nine of its 12 buildings, remodeling of the remaining three and removal of a portable facility. Approval from FLDOE is pending.

The Evergreen Team visited five sites in Martin County accompanied by the Director of Facilities and Planning. Those sites included:

- J. D. Parker Elementary School
- Jensen Beach High School
- Jensen Beach Elementary School
- Citrus Grove Elementary School
- Palm City Elementary School



**The following are observations made at each school visited.**

**(1) J. D. Parker Elementary School**

Built in 2004.

When construction was complete on the new J. D, Parker Elementary, the administration converted the old facility into what is now called the Stuart Learning Center complex where Facilities and Planning, Educational Technology, and some other administrative departments are now located.

Entry: J. D. Parker, like every school in the district now has cameras and an electronic entry system on the front door. Once inside the lobby at J.D. Parker, however, there is direct access to the corridors that lead to the classrooms. Classrooms are all required to be locked.

Exterior: Brick – appears clean but must be power washed regularly – all schools have pressure washers to keep exterior mold and dirt in check.

School is very well maintained inside. Floors and walls clean, no wax build up, etc. Grounds are also manicured.

**(2) Jensen Beach High School (Drive by only)**

Built in 2003-04 for approximately \$80 million. Debt issued for cost.

Although the core facility was built with a capacity for 1,800 students, there is only space in the permanent facility for approximately 1,300 students. Classrooms can be added without concern about the infrastructure, since the core was built for that, but because the school was opened under capacity, they did build out full classroom capacity. Space is now needed and portables are being added.

Entry: The only entrance is through the front and the wall of the building is the barrier. There is an internal courtyard where the students can move about freely. Like the other schools, there is an entry locking system, but once inside there is no secondary barrier.

Exterior: Brick

NOTE: All schools also have a panic button in the reception area that the secretary can push for help. The alarm sounds at the Sheriff's office and the central administrators (key people) are immediately notified.

Building and grounds are well-maintained; external appearance is impressive.



**(3) Jensen Beach Elementary School  
(Castaldi Report approved by Board and submitted to FLDOE for approval to replace)**

Built in 1970.

Highest vandalized school in the District.

Exterior is flat stucco; multiple buildings and walkways between classrooms. Drainage issues apparent. Due to date of construction, the abatement of asbestos in walls, ceilings and other areas is probable and will be costly. Covering on walkways have apparent drainage issues. Attempts to repair have improved the overflow, but not sufficient to prevent children from getting wet in rainy weather.

Interior is well-maintained; floors are buffed to a high shine, with no wax build up. Restrooms and classrooms are clean, with no apparent damage to walls. Some ceiling tiles need replacing where roof damage occurred.

Mold is no longer apparent, by sight or smell; campus staff stated that recently a major project was undertaken during which all air handlers were disassembled and cleaned.

There is only a single access in front of the school for buses and cars. To get emergency services in, the Facilities and Planning Director said they hardened some of the ground around the playground as a quasi-roadway for emergency vehicles.

The play field area is large, and the plan is to construct the new facility in that location. When completed, the plan is to raze the old building and create playgrounds and fields where the old facility stood.

Grounds are well-maintained.

**(4) Citrus Grove Elementary School (Drive by only)**

Built 2009.

Land acquired from Developer – Developer went under, but homes are moving into the area and school is being fully used. Portables are being added this year to handle growth.

Exterior: Brick; Prototype design of JD Parker Elementary; similarity is apparent.

Clearly defined two entrances for buses and cars. Grounds are well-maintained.

Central Energy Plant is very cost effective.





**(5) Palm City Elementary School  
(Castaldi Report approved by Board and submitted to FLDOE for approval to replace)**

Built 1958-59.

Exterior: Concrete façade. Façade fell off one of the buildings – District staff removed what was left of the façade and painted. Maintenance has not been able to keep up with the deterioration; the exterior that has been repaired is apparent, whereas the original buildings exteriors are rough and crumbling can be seen throughout. New flashing recently added on the outside of the building as it was totally corroded. Contrast between the new flashing and the older façade is striking.

Due to date of construction, the abatement of asbestos in walls, ceilings and other areas is probable and will be costly.

Interior flooring in the cafeteria was in bad shape so they removed it and did polished concrete; appearance is not polished, but could be the result of a summer program in progress. Concrete is pitted, which may indicate that the original slab is deteriorating.

Entry: appears secure with gates and fences surrounding the outside. Single drive for cars and buses.

Buildings are dispersed throughout the campus, with walkways between. Portables appeared to be falling apart and workers were onsite rebuilding and attempting to stabilize the underpinning.

Outdoor covered play facility was condemned due to roof deterioration, fixed and used for a while before being condemned again. Roof appears to be caving in on one side.

Interior rooms are small but well-maintained. Interior court yards have produced a swimming pool of sorts, as there are concrete walkways on four sides. Maintenance cut the concrete to make a run off area for water, but when water comes fast, it floods.

Playfield is large and will be where the new facility is built. A road will need to be cut along the outer edge as only a single entrance for cars and buses. According to the Director, there are four to five older schools with single entrances. Cones and other measures are taken to separate bus and car traffic to be in compliance with state guidelines.

## **6.2 PROJECT LEVEL COMPLIANCE**

Evergreen asked MCSD administrators and legal staff for the key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures that would need to be complied with when addressing the projects outlined in the referendum.



**Exhibit 6-5** provides a list of the general compliance categories with information regarding the individuals or groups responsible for oversight.

**Exhibit 6-5**  
**Legal Compliance Responsibilities and Tools**  
**Martin County School District**

Type of Legal Compliance	Individual(s) or Group(s) Primarily Responsible for Monitoring
OSHA 1910 General Industry Standards	Safety Manager
OSHA 1910 Construction Standards	Safety Manager
State Requirements for Educational Facilities (SREF)	Safety Manager, Director of Facilities and Planning, Construction Manager, Architects and Engineers
Florida Fire Protection Code	Safety Manager
National Fire Protection Code	Safety Manager
Life Safety Code	Safety Manager
Florida Building Code	Safety Manager Building Official Assigned Project Manager personnel)
Playground Safety Guidelines from Consumer Product Safety Commission	Safety Manager
Florida Department of Environmental Protection	Safety Manager
Florida Department of Health	Safety Manager Maintenance and Operations
Florida Administrative Code	Staff Attorney Neola Board Policy Service
State and Local Procurement Requirements	Director and Supervisor of Purchasing, Board, Superintendent, Board and Staff Attorney

*Source: Compiled by Evergreen Solutions from materials gathered as part of the review process, July 2018.*

## OBSERVATION

Although the chart provides the position titles that have primary responsibility, the responsibility is shared by a number of staff and outside experts. When a project is envisioned, the Construction Manager will prepare an agenda item for the Board. When approved by the Board, the Construction Manager will work with the Purchasing Department to begin the competitive procurement process.

State Requirements for Educational Facilities (SREF) stipulates the type of external experts that must be brought in depending on the size of the project. The Staff Attorney is involved in the procurement processes and assists in the required notifications and publications. When award recommendations are placed on the Board agenda, the Board Attorney or a member of the firm will review the contracts prior to presenting them to the Board for approval.

Once the design team is in place, staff and external experts meet. If a prototype design is being used, the Architects and Engineers will make requested modifications to meet new safety standards and the like, and are responsible for compliance with building codes and design



requirements. If a new design is being used, the Safety Manager will be even more deeply involved in the design process to ensure that all state and federal guidelines and requirements are met, including but not limited to SREF, OSHA, ADA, and fire.

The Building Official is involved throughout—from issuing a temporary occupancy permit through the final sign off on the project and the issuance of a Certificate of Occupancy. The Construction Manager and/or the assigned Project Manager are responsible for monitoring compliance with contract terms, continually inspecting the work of contractors throughout the project, and for signing off on progress payments.

The Construction Manager at Risk (CMR) has a responsibility for ensuring that design specifications are followed, building codes are adhered to, and that other terms and conditions of the contract are met. At the end of the project, the CMR is responsible for gathering all data needed for warranties, permits, handing punch lists, and working with the Building Official to ensure that a final Certificate of Occupancy can be issued.

Before the final payment is made to the CMR, the Construction Manager or the assigned Project Manager complete a Close Out Checklist and gather all of the supporting documentation. The Finance Office reviews the documentation and approves the final payment.

On an ongoing basis, the Safety Manager conducts the required fire, air quality and other inspections; issues required reports; and ensures that all local, state and federal regulations are met.

## **OBSERVATION**

Ensuring vendor compliance with contract terms and conditions is a critical piece of the District's controls over compliance in general, since the contracts often pass some of the compliance monitoring functions as well as the risks to the contractor. According to Purchasing staff, however, encouraging schools and departments to document vendor performance or poor performance has been a struggle.

Purchasing is responsible for handling vendor non-compliance with guidance from the Staff Attorney. Purchasing, however, said that they seldom hear about problems from the schools, and are often not involved until the schools have run out of options. Some departments, on the other hand, told Purchasing staff and the Staff Attorney that they are reluctant to document poor performance because they felt they could be held liable if they did.

The **Administrators Guide to Procurement Services Manual** contains the following statement regarding vendor performance (**Exhibit 6-6**).





**Exhibit 6-6**  
**Excerpt from Administrators Guide to Procurement Services**

**Vendor Performance****General**

All contracts and purchase orders contain vendor performance requirements. These requirements typically include price, quantity, quality, delivery location, and delivery date. An important part of the purchasing cycle is to ensure that the vendor's performance is consistent with these requirements.

**Noncompliance**

If vendors fail to meet their contractual obligations, administrators should notify the Purchasing Department immediately. This office will assume responsibility for trying to resolve the problem and for documenting the situation in the contract file if warranted by the circumstances. If a vendor consistently fails to perform, it may result in cancellation of the contract. Under certain circumstances, vendors may be suspended or debarred by the Purchasing Department from doing business with the School District.

*Source: Administrators Guide to Procurement Services Manual, 2018.*

There is, however, clear evidence that when a vendor issue is identified and documented, that the Purchasing staff and the Staff Attorney have stepped in to handle the issue. The documentation trail used to notify the software vendor of non-compliance is a prime example of how the process should work:

- non-compliance with contract terms and conditions is thoroughly documented;
- demands are made for compliance based on the terms and conditions of the contract;
- dialog is held with the vendor seeking resolution and thoroughly documented; and
- if resolution cannot be reached, the contract is terminated.

Liability should only be an issue if the findings are not based on verifiable facts. Further, documentation of performance—both good and bad—should be thoroughly documented in project files. Should a problem arise in the future, the documentation provides factual dates, and incident descriptions that can help to pinpoint the origin of the problem.

Additionally, when schools attempt to handle issues on their own, allowing the problems to escalate, those attempts may make it more difficult for the legal staff to take action—particularly if the action taken by the schools is done outside of the terms and conditions of the contract.

Department heads and principals, at a minimum, require training on the legal handling of contracts and the documentation requirements. Florida Statute, Chapter 287.057 (14), which does not specifically apply to school districts, but is a good practice for all governmental entities, states:

*(14) For each contractual services contract, the agency shall designate an employee to function as contract manager who is responsible for enforcing performance of the contract terms and conditions and serve as a liaison with the contractor.*



*(a) Each contract manager who is responsible for contracts in excess of the threshold amount for CATEGORY TWO [\$35,000] must, at a minimum, complete training conducted by the Chief Financial Officer for accountability in contracts and grant management. The Chief Financial Officer shall establish and disseminate uniform procedures pursuant to s. 17.03(3) to ensure that contractual services have been rendered in accordance with the contract terms before the agency processes the invoice for payment. The procedures must include, but need not be limited to, procedures for monitoring and documenting contractor performance, reviewing and documenting all deliverables for which payment is requested by vendors, and providing written certification by contract managers of the agency's receipt of goods and services.*

This section of law also addresses larger contracts, but the spirit of the law is clear. Creating forms and guidelines for the proper method of documentation and the appropriate time to notify Purchasing that an issue exists, and conducting training for appropriate personnel could ensure that vendor issues are dealt with in a legal and timely manner.

## RECOMMENDATION

### Recommendation 6-2:

**Prepare training materials and conduct training for key staff on procedures for monitoring and documenting contractor performance, reviewing and documenting all deliverables for which payment is requested by vendors, and providing written certification by contract managers of the agency's receipt of goods and services. (Note: Training should be conducted by the Staff Attorney, Chief Financial Officer, and/or Purchasing staff.).**

## 6.3 ROLE OF LEGAL COUNSEL AND OTHER EXTERNAL EXPERTS

The Martin County School District employs a Staff Attorney and contracts for the services of a Board Attorney. Each attorney serves a different role.

### Staff Attorney

The Staff Attorney's job description provides a long list of duties, including the handling of labor relations. The following list contains excerpts from the Staff Attorney's job description that pertain specifically to the program areas under review:

- Provide legal advice to district and school-based staff.
- Keep the Superintendent informed of potential problems and unusual events.
- Supervise staff or consultants as designated by the Superintendent.
- Process Public Record Requests according to state law and School Board policies.



- Assist the School Board Attorney in the review and approval of all real estate, construction and service agency contracts.
- Assist in the development, review and update of School Board Policy on a regularly scheduled basis.
- Interpret Federal Statutes, State Statutes, and State Board of Education Rules and Regulations, including PERC, Fair Labor Standards Act (FLSA), Americans with Disabilities Act (ADA), Age Discrimination in Employment Act (ADEA) and federal antidiscrimination laws enforced by the EEOC.
- Develop and review appropriate employee handbooks and manuals.
- Interpret Sunshine Law, Public Records Act, Student Code of Conduct, Ethics Law, and the Administrative Procedures Act.
- Coordinate and cooperate with law enforcement agencies as needed.
- Respond on behalf of Martin County School Board to all Equal Employment Opportunity Commission and Florida Commission on Human Rights complaints.
- Represent the Superintendent in unfair labor practice proceedings, fact findings, grievances, arbitration and employee hearings.
- Conduct labor/management meetings.
- Assist and advise Risk Management with regard to Worker's Compensation.
- Serve on district, state or community councils or committees as assigned or appropriate.
- Conduct training, inservice and workshops on relevant legal matters.

### **Board Attorney**

Rather than seeking the services of a single attorney to represent the Board, the MCSD Board contracts for the services of the Fox, Wackeen, Dungey, Beard, Bush, Goldman, Waters, Robison, van Vanna, & McCluskey, LLP law firm. The firm provides legal guidance to the Board, provides litigation services as needed, reviews and approves real estate, construction, service agency, and any other contracts. A firm representative attends monthly Board meetings, reviews agenda items, including contracts, prior to the agenda item going to the Board for review and approval. By contract, the services of the firm are billed monthly at an hourly rate, depending on the type of services rendered and whether an attorney or paralegal are providing the service.

The Martin County School District Policy Manual does not include a policy on the Board nor Staff Legal Counsel. In contrast, other districts have such policy. An excerpt from the Lee County School District Policy Manual (Policy 1.15) states:



*The School Board of Lee County believes that highly qualified legal counsel ensures appropriate representation and advice for the School Board and the District.*

*(1) Legal Counsel - Board*

*The School Board of Lee County shall obtain an attorney, from outside its own membership, who shall act as legal advisor to the School Board and the Superintendent. The School Board shall provide a written contract for its attorney which shall specify duties and responsibilities for the duration of the contract with renewal and termination provisions and compensation to be paid. The School Board Attorney is authorized to accept service of pleadings on behalf of the School Board.*

*(2) Legal Counsel - Superintendent*

*The Superintendent shall have the authority to obtain, at School Board expense, an attorney to represent him or her in any legal matter regarding the performance of his or her duties, with the exception of disputes with the School Board concerning the Superintendent's employment contract, when special counsel is needed beyond the service normally rendered by the School Board Attorney.*

*(3) Legal Counsel - Employees*

*The School Board shall provide legal services for any School Board member or employee who is sued for any action arising out of or in the course of employment by the District. Legal services for School District employees shall be provided only upon the Superintendent's determination that the employee was at the assigned place of duty and was not guilty of willful neglect of duty, gross negligence, or improper conduct.*

*(4) Outside Counsel*

*The School Board Attorney, with approval from the Superintendent or the Superintendent's designee, may obtain outside counsel to assist in any litigation or other matter. Such services shall be approved by the Board when the amount of the expenditure requires such. In determining whether a matter is referred to outside counsel, the following criteria shall be applied:*

- Expertise of in-house counsel in the relevant matter*
- Pending workload of in-house counsel*
- Cost of referring the matter to outside counsel*
- Level of expertise needed in the relevant matter*
- Approval of use of outside counsel by the relevant insurance carrier*

*In those matters of litigation defense managed by the School District's third party administrator, counsel will be assigned by the third party administrator with approval from the School Board Attorney and the Superintendent or Superintendent's designee. The criteria listed above shall be used by the third party administrator in deciding whether to assign outside counsel to such cases.*



Another Florida school district, Hillsborough County Public Schools, also has a detailed policy on legal counsel as shown in **Exhibit 6-7**.

## RECOMMENDATION

### Recommendation 6-3:

**Create a detailed policy on the role of the Board and Staff Attorneys to include in the Martin County School District Board Policy Manual.**

## OBSERVATION

The Board Attorney is drafting an alternative contract template for design and construction projects to better meets the needs of the District.

**Exhibit 6-7**  
**Hillsborough County Public School**  
**Board Policy on Legal Counsel**

### **Policy 0156**

The Board will select and employ a person or firm to be the Board attorney to act as general counsel to the Board. The Board attorney will serve at the pleasure of the Board.

The Board attorney is authorized to represent the Board in all legal matters.

In all matters in which the Board attorney is unable to provide representation because of the need for specialized representation, or when it is otherwise in the best interests of the Board, the Board attorney shall assign the case to a law firm that has been approved by the Board.

After requesting proposals, the Board may select one or more attorneys or law firms to provide legal representation in matters that require specialized representation which the Board attorney cannot provide.

Nothing contained herein will prohibit the Board from retaining any attorney or law firm of its choosing for representation in a particular matter, or from requesting that the Board attorney and Superintendent search for attorneys or firms other than those listed for representation in a particular matter.

The Board attorney's client is the Board, not individual members of the Board, the Superintendent, or District staff.

The Superintendent and staff may utilize the services of the Board attorney as the Superintendent deems appropriate in the interest of the Board.

Individual Board members may contact the Board attorney directly to seek information and opinions concerning matters affecting the Board members in their official capacities or in matters concerning the Board, and the District. In the event a request from an individual Board member requires a substantial investment of time or resources in order to respond, the Board attorney shall advise the member that the matter should be brought up at the next regular Board meeting to see if a majority of the Board authorizes the attorney to proceed.



The Board attorney and attorneys or firms who are assigned to represent the Board pursuant to this policy are authorized to approve expenditures for ancillary costs of litigation including, but not limited to court reporters, travel expenses, expert witnesses for amounts not to exceed \$6,000 per item. The Board approval is required for expense items greater than \$6,000. If an emergency exists which adversely affects the Board's legal position prior to being able to obtain Board approval, the Board attorney is authorized to approve the expenditure after notifying individual Board members in advance of the expenditure. The matter shall be presented at the next regular Board meeting for a determination of whether to continue the action.

No legal or administrative complaint, appeal, or other action may be initiated or defended on behalf of the Board without prior Board approval. If Board approval is not obtained prior to the expiration of the time limits for such action, or the Board's legal position will be adversely affected by a delay, the Board attorney may authorize the initiation of the action after notifying the Board Chair. In such a case the matter will be presented at the next regular Board meeting for a determination whether to continue the action or defense. Board action is not required for the defense of property or casualty claims.

F.S. 1001.32(3)

Source: <https://www.sdhc.k12.fl.us/policymanual/detail/7>, 2018.

MCSD currently uses American Institute of Architects (AIA) contract templates for design and construction projects, which requires the District to pay a service fee. The Board Attorney is currently drafting a new template or series of templates for these contracts that will better meet the District's needs and will eliminate the need to pay a fee for the use of the contract template.

## OBSERVATION

The Martin County School District is making use of continuing contracts for external expertise needed on a project-by-project basis, rather than incurring the cost of employing individuals with this level of expertise on a full-time basis.

As discussed in the three case studies conducted as part of this study, MCSD uses an array of external experts, as needed to assist in the timely and efficient completion of major projects.

The District used its Public Procurement Process issuing Request for Qualifications (RFQ) to Architectural and Engineering firms to competitively solicit architectural and engineering services. A Public School Advisory Committee (PSAC) ranked and interviewed the architectural and engineering services firms for recommendations to the School Board for approval. Once continuing contracts are approved by the Board, these firms can be used for various projects based on the terms and conditions of the continuing contract. For the three case studies shown in **Chapter 1** of this report, MCSD used the following firms:

### **Martin County High School - New Administrations/Science/ESE/Vocation Building & Site Renovations**

- Architect: Harvard Jolly, Inc.



- Civil Engineer: Klima Weeks
- Structural Engineer: Andrew Morgan Services
- Mechanical/Electrical/Plumbing/Fire Protection Engineers: Johnson, Levinson, Ragan, Davia, Inc.

**Indiantown Middle School - Administrative & Media Center Building & Site Renovations**

- Architect: Harvard Jolly, Inc.
- Civil Engineer: Klima Weeks
- Structural Engineer: Andrew Morgan Services
- Mechanical/Electrical/Plumbing/Fire Protection Engineers: Johnson, Levinson, Ragan, Davia, Inc.

**South Fork High School - Roof Replacement**

- Architect: Harvard Jolly, Inc.
- Civil Engineer: Klima Weeks
- Mechanical/Electrical/Plumbing/Fire Protection Engineers: Johnson, Levinson, Ragan, Davia, Inc.

A structural engineer was not needed for the South Fork High School project; therefore, those services were not used. By bringing in external expertise on an as-needed basis, the District avoids the need to employ a full-time architect or engineers with multiple types of expertise, and can instead focus staff attention on managing the contracts to ensure timely, quality completion of the work.



***APPENDIX A:***  
***GENERAL FUND EXPENDITURES***



## **APPENDIX A: GENERAL FUND EXPENDITURES**

**FY 2016 through FY 2018 YTD**

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>INSTRUCTIONAL SERVICES</b>								
SALARIES	\$60,171,064	\$59,521,034	\$62,532,724	\$60,502,473	\$63,328,846	\$62,307,532	5.2%	4.7%
BENEFITS	\$19,622,904	\$17,505,159	\$20,139,260	\$18,125,501	\$20,689,204	\$18,060,394	5.4%	3.2%
SERVICES	\$8,123,314	\$6,194,252	\$9,455,921	\$6,925,573	\$7,737,745	\$7,073,870	-4.7%	14.2%
CONSUMABLE	\$3,328,831	\$2,622,718	\$3,157,840	\$2,101,744	\$3,043,114	\$3,278,842	-8.6%	25.0%
CAPITAL OUTLAY	\$14,802	\$87,243	\$4,632	\$220,375	\$197,425	\$490,556	1233.8%	462.3%
OTHER	\$1,984,657	\$2,180,056	\$2,137,186	\$2,655,282	\$2,721,839	\$2,772,611	37.1%	27.2%
<b>SUBTOTAL</b>	<b>\$93,245,572</b>	<b>\$88,110,462</b>	<b>\$97,427,563</b>	<b>\$90,530,948</b>	<b>\$97,718,173</b>	<b>\$93,983,805</b>	<b>4.8%</b>	<b>6.7%</b>
<b>STUDENT PERSONNEL SERVICES</b>								
SALARIES	\$4,124,607	\$4,034,024	\$4,126,199	\$4,276,626	\$4,638,697	\$4,477,068	12.5%	11.0%
BENEFITS	\$1,306,551	\$1,285,259	\$1,340,009	\$1,246,445	\$1,504,405	\$1,356,132	15.1%	5.5%
SERVICES	\$750,765	\$747,049	\$763,155	\$759,058	\$818,977	\$768,789	9.1%	2.9%
CONSUMABLE	\$26,900	\$27,058	\$29,077	\$18,134	\$31,749	\$21,457	18.0%	-20.7%
OTHER	\$129	\$17,788	\$15,123	\$0	\$261	\$29,820	102.3%	67.6%
<b>SUBTOTAL</b>	<b>\$6,208,952</b>	<b>\$6,111,178</b>	<b>\$6,273,563</b>	<b>\$6,300,263</b>	<b>\$6,994,089</b>	<b>\$6,653,265</b>	<b>12.6%</b>	<b>8.9%</b>
<b>INSTRUCTIONAL MEDIA SERVICES</b>								
SALARIES	\$1,457,538	\$1,451,336	\$1,437,681	\$1,441,443	\$1,476,194	\$1,435,031	1.3%	-1.1%
BENEFITS	\$457,215	\$433,961	\$493,136	\$440,827	\$506,287	\$434,262	10.7%	0.1%
SERVICES	\$10,013	\$7,509	\$5,851	\$17,260	\$9,568	\$14,022	-4.4%	86.7%
CONSUMABLE	\$67,126	\$8,979	\$62,153	\$34,371	\$92,442	-\$123,027	37.7%	-1470.2%
CAPITAL OUTLAY	\$102,846	\$96,316	\$110,493	\$93,796	\$108,914	\$104,262	5.9%	8.2%
OTHER	\$1,099	\$4,912	\$2,591	\$4,020	\$98	\$2,178	-91.1%	-55.7%
<b>SUBTOTAL</b>	<b>\$2,095,837</b>	<b>\$2,003,013</b>	<b>\$2,111,905</b>	<b>\$2,031,717</b>	<b>\$2,193,503</b>	<b>\$1,866,729</b>	<b>4.7%</b>	<b>-6.8%</b>
<b>INSTRUCTION &amp; CURRICULUM DEVELOPMENT</b>								
SALARIES	\$1,637,102	\$1,404,031	\$1,473,305	\$1,360,862	\$1,220,884	\$1,428,625	-25.4%	1.8%
BENEFITS	\$487,985	\$445,281	\$486,233	\$416,847	\$391,378	\$435,212	-19.8%	-2.3%
SERVICES	\$25,341	\$10,332	\$23,700	\$11,103	\$25,219	\$19,710	-0.5%	90.8%
ENERGY					\$500	\$0	n/a	0.0%
CONSUMABLE	\$3,300	\$3,822	\$51,458	\$16	\$3,458	\$1,850	4.8%	-51.6%
CAPITAL OUTLAY	\$0	\$0	\$0	\$1,980	\$200	\$165	0.0%	n/a
OTHER	\$2,853	\$2,210	\$2,300	\$3,454	\$2,559	\$2,859	-10.3%	29.3%
<b>SUBTOTAL</b>	<b>\$2,156,581</b>	<b>\$1,865,676</b>	<b>\$2,036,996</b>	<b>\$1,794,262</b>	<b>\$1,644,198</b>	<b>\$1,888,420</b>	<b>-23.8%</b>	<b>1.2%</b>



## FY 2016 through FY 2018 YTD

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>INSTRUCTIONAL STAFF TRAINING</b>								
SALARIES	\$727,073	\$763,689	\$926,032	\$983,658	\$1,104,265	\$1,007,688	51.9%	32.0%
BENEFITS	\$316,878	\$182,466	\$238,689	\$238,499	\$298,821	\$257,059	-5.7%	40.9%
SERVICES	\$258,162	\$227,029	\$476,602	\$451,460	\$342,145	\$295,004	32.5%	29.9%
CONSUMABLE	\$106,545	\$112,511	\$126,287	\$104,327	\$209,918	\$71,206	97.0%	-36.7%
CAPITAL OUTLAY	\$4,205	\$0	\$1,256	\$0	\$1,370	\$0	-67.4%	0.0%
OTHER	\$11,502	\$9,730	\$10,330	\$9,875	\$10,553	\$14,520	-8.3%	49.2%
<b>SUBTOTAL</b>	<b>\$1,424,365</b>	<b>\$1,295,425</b>	<b>\$1,779,196</b>	<b>\$1,787,819</b>	<b>\$1,967,072</b>	<b>\$1,645,477</b>	<b>38.1%</b>	<b>27.0%</b>
<b>INSTRUCTION RELATED TECHNOLOGY</b>								
SALARIES	\$1,212,494	\$1,284,597	\$1,412,027	\$1,402,314	\$1,928,111	\$1,472,626	59.0%	14.6%
BENEFITS	\$358,888	\$370,689	\$412,692	\$392,718	\$580,423	\$403,870	61.7%	9.0%
SERVICES	\$112,500	\$80,782	\$123,401	\$76,730	\$154,405	\$124,262	37.2%	53.8%
CONSUMABLE	\$85,300	\$22,261	\$21,500	\$21,189	\$21,500	\$18,202	-74.8%	-18.2%
CAPITAL OUTLAY	\$172,828	\$0	\$550,099	\$323,771	\$204,963	\$3,770	18.6%	n/a
OTHER	\$550	\$0	\$500	\$0	\$500	\$0	-9.1%	n/a
<b>SUBTOTAL</b>	<b>\$1,942,560</b>	<b>\$1,758,329</b>	<b>\$2,520,219</b>	<b>\$2,216,722</b>	<b>\$2,889,902</b>	<b>\$2,022,731</b>	<b>48.8%</b>	<b>15.0%</b>
<b>SCHOOL BOARD</b>								
SALARIES	\$259,699	\$261,154	\$257,188	\$260,350	\$268,176	\$270,495	3.3%	3.6%
BENEFITS	\$138,315	\$135,926	\$136,879	\$134,541	\$150,077	\$145,324	8.5%	6.9%
SERVICES	\$238,052	\$108,303	\$236,200	\$146,999	\$257,043	\$206,630	8.0%	90.8%
CONSUMABLE	\$1,050	\$641	\$1,100	\$418	\$355	\$174	-66.2%	-72.8%
CAPITAL OUTLAY	\$0	\$165					0.0%	-100.0%
OTHER	\$31,000	\$32,013	\$30,000	\$27,421	\$27,447	\$28,856	-11.5%	-9.9%
<b>SUBTOTAL</b>	<b>\$668,116</b>	<b>\$538,202</b>	<b>\$661,367</b>	<b>\$569,729</b>	<b>\$703,098</b>	<b>\$651,480</b>	<b>5.2%</b>	<b>21.0%</b>
<b>GENERAL ADMINISTRATION</b>								
SALARIES	\$597,600	\$540,779	\$535,134	\$572,979	\$558,680	\$622,355	-6.5%	15.1%
BENEFITS	\$201,988	\$201,104	\$199,567	\$209,312	\$190,016	\$236,812	-5.9%	17.8%
SERVICES	\$86,769	\$59,582	\$73,150	\$118,416	\$110,264	\$99,114	27.1%	66.3%
ENERGY					\$0	\$485	0.0%	n/a
CONSUMABLE	\$7,000	\$4,754	\$7,500	\$4,409	\$3,979	\$5,388	-43.2%	13.3%
CAPITAL OUTLAY	\$0	\$250	\$0	\$591	\$591	\$0	n/a	n/a
OTHER	\$19,200	\$15,485	\$18,800	\$15,875	\$16,240	\$15,553	-15.4%	0.4%
<b>SUBTOTAL</b>	<b>\$912,557</b>	<b>\$821,954</b>	<b>\$834,151</b>	<b>\$921,582</b>	<b>\$879,770</b>	<b>\$979,707</b>	<b>-3.6%</b>	<b>19.2%</b>



## FY 2016 through FY 2018 YTD

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>SCHOOL ADMINISTRATION</b>								
SALARIES	\$7,127,531	\$7,227,818	\$7,676,666	\$7,476,139	\$7,656,111	\$7,558,845	7.4%	4.6%
BENEFITS	\$2,261,369	\$2,224,458	\$2,226,348	\$2,173,784	\$2,289,635	\$2,221,084	1.2%	-0.2%
SERVICES	\$19,412	\$13,654	\$20,119	\$20,900	\$37,945	\$19,292	95.5%	41.3%
CONSUMABLE	\$17,489	\$9,326	\$12,161	\$11,644	\$17,983	\$10,034	2.8%	7.6%
CAPITAL OUTLAY	\$4,247	\$581	\$3,601	\$66	\$5,129	\$260	20.8%	-55.3%
OTHER	\$1,437	\$435	\$1,191	\$429	\$1,394	\$209	-3.0%	-52.0%
<b>SUBTOTAL</b>	<b>\$9,431,485</b>	<b>\$9,476,272</b>	<b>\$9,940,086</b>	<b>\$9,682,962</b>	<b>\$10,008,197</b>	<b>\$9,809,723</b>	<b>6.1%</b>	<b>3.5%</b>
<b>FACILITIES ACQUISITION AND CONSTRUCTION</b>								
SALARIES	\$547,060	\$567,271	\$610,000	\$585,285	\$639,344	\$605,371	16.9%	6.7%
BENEFITS	\$155,311	\$165,581	\$175,391	\$169,792	\$176,659	\$173,814	13.7%	5.0%
SERVICES	\$10,750	\$8,614	\$13,805	\$10,937	\$16,700	\$11,351	55.3%	31.8%
CONSUMABLE	\$2,070	\$2,509	\$3,350	\$1,742	\$898	\$785	-56.6%	-68.7%
CAPITAL OUTLAY	\$6,000	\$5,920	\$0	\$0	\$0	\$1,275	-100.0%	-78.5%
OTHER	\$2,100	\$250	\$900	\$1,546	\$1,546	\$1,760	-26.4%	604.0%
<b>SUBTOTAL</b>	<b>\$723,291</b>	<b>\$750,145</b>	<b>\$803,446</b>	<b>\$769,302</b>	<b>\$835,147</b>	<b>\$794,356</b>	<b>15.5%</b>	<b>5.9%</b>
<b>FISCAL SERVICES</b>								
SALARIES	\$582,458	\$587,847	\$617,140	\$624,280	\$652,996	\$686,483	12.1%	16.8%
BENEFITS	\$190,034	\$175,917	\$186,660	\$184,312	\$200,332	\$196,911	5.4%	11.9%
SERVICES	\$30,000	\$31,698	\$52,010	\$24,824	\$63,983	\$15,736	113.3%	-50.4%
CONSUMABLE	\$9,500	\$7,132	\$6,800	\$7,992	\$10,915	\$7,831	14.9%	9.8%
OTHER	\$14,735	\$17,324	\$11,400	\$40,695	\$39,469	\$31,037	167.9%	79.2%
<b>SUBTOTAL</b>	<b>\$826,727</b>	<b>\$819,918</b>	<b>\$874,010</b>	<b>\$882,103</b>	<b>\$967,695</b>	<b>\$937,998</b>	<b>17.1%</b>	<b>14.4%</b>
<b>CENTRAL SERVICES</b>								
SALARIES	\$1,413,965	\$1,268,053	\$1,534,669	\$1,348,294	\$1,524,932	\$1,494,167	7.8%	17.8%
BENEFITS	\$3,982,837	\$3,540,776	\$2,709,996	\$2,491,382	\$1,649,147	\$1,848,651	-58.6%	-47.8%
SERVICES	\$523,363	\$394,994	\$529,330	\$296,069	\$390,085	\$267,724	-25.5%	-32.2%
ENERGY	\$500	\$236	\$500	\$241	\$241	\$80	-51.8%	-66.3%
CONSUMABLE	\$31,295	\$47,693	\$21,700	\$5,786	\$68,187	\$31,060	117.9%	-34.9%
CAPITAL OUTLAY	\$0	\$5,523	\$5,600	\$105	\$6,215	\$9,767	n/a	76.8%
OTHER	\$13,000	\$8,202	\$8,400	\$6,433	\$13,888	\$5,615	6.8%	-31.5%
<b>SUBTOTAL</b>	<b>\$5,964,960</b>	<b>\$5,265,477</b>	<b>\$4,810,195</b>	<b>\$4,148,310</b>	<b>\$3,652,695</b>	<b>\$3,657,064</b>	<b>-38.8%</b>	<b>-30.5%</b>



## FY 2016 through FY 2018 YTD

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>STUDENT TRANSPORTATION</b>								
SALARIES	\$2,830,959	\$2,979,779	\$2,837,457	\$3,230,438	\$3,081,115	\$3,321,849	8.8%	11.5%
BENEFITS	\$1,443,957	\$1,483,360	\$1,406,446	\$1,359,249	\$1,743,909	\$1,446,020	20.8%	-2.5%
SERVICES	\$520,184	\$588,195	\$719,177	\$842,676	\$790,570	\$565,481	52.0%	-3.9%
ENERGY	\$731,114	\$508,412	\$585,621	\$506,628	\$659,261	\$567,157	-9.8%	11.6%
CONSUMABLE	\$409,500	\$332,487	\$370,000	\$305,400	\$347,099	\$267,053	-15.2%	-19.7%
CAPTIAL OUTLAY	\$11,000	\$18,040	\$7,000	\$15,151	\$18,822	\$14,051	71.1%	-22.1%
OTHER	\$148,300	\$354,791	\$371,000	\$343,999	\$780	\$279,737	-99.5%	-21.2%
<b>SUBTOTAL</b>	<b>\$6,095,014</b>	<b>\$6,265,064</b>	<b>\$6,296,701</b>	<b>\$6,603,541</b>	<b>\$6,641,556</b>	<b>\$6,461,348</b>	<b>9.0%</b>	<b>3.1%</b>
<b>OPERATION OF PLANT</b>								
SALARIES	\$4,173,424	\$4,201,898	\$4,405,759	\$4,431,194	\$4,597,447	\$4,730,667	10.2%	12.6%
BENEFITS	\$2,276,361	\$2,213,067	\$2,391,770	\$2,158,260	\$2,494,131	\$2,281,137	9.6%	3.1%
SERVICES	\$2,074,107	\$2,297,642	\$2,990,172	\$2,400,552	\$2,714,369	\$2,991,627	30.9%	30.2%
ENERGY	\$4,652,445	\$4,915,615	\$4,861,433	\$4,290,807	\$4,927,598	\$4,473,119	5.9%	-9.0%
CONSUMABLE	\$357,677	\$315,631	\$358,457	\$308,211	\$349,966	\$333,518	-2.2%	5.7%
CAPITAL OUTLAY					\$0	\$2,395	0.0%	n/a
OTHER	\$45,000	\$25,118	\$30,400	\$62,256	\$0	\$28,066	-100.0%	11.7%
<b>SUBTOTAL</b>	<b>\$13,579,014</b>	<b>\$13,968,971</b>	<b>\$15,037,991</b>	<b>\$13,651,280</b>	<b>\$15,083,511</b>	<b>\$14,840,529</b>	<b>11.1%</b>	<b>6.2%</b>
<b>MAINTENANCE OF PLANT</b>								
SALARIES	\$2,629,271	\$2,742,343	\$2,625,805	\$2,671,153	\$2,937,058	\$2,852,973	11.7%	4.0%
BENEFITS	\$1,002,754	\$1,037,354	\$1,055,819	\$947,360	\$1,221,053	\$1,041,362	21.8%	0.4%
SERVICES	\$68,048	\$70,923	\$72,118	\$82,077	\$89,583	\$121,965	31.6%	72.0%
CONSUMABLE	\$245,321	\$173,280	\$246,020	\$249,867	\$290,459	\$251,947	18.4%	45.4%
CAPITAL OUTLAY	\$0	\$0	\$0	\$9,588	\$0	\$3,614	0.0%	n/a
OTHER	\$840	\$339	\$500	\$350	\$350	\$804	-58.3%	137.1%
<b>SUBTOTAL</b>	<b>\$3,946,234</b>	<b>\$4,024,239</b>	<b>\$4,000,262</b>	<b>\$3,960,395</b>	<b>\$4,538,503</b>	<b>\$4,272,665</b>	<b>15.0%</b>	<b>6.2%</b>
<b>ADMINISTRATIVE TECHNOLOGY SERVICES</b>								
SALARIES	\$470,955	\$515,377	\$515,152	\$476,015	\$517,674	\$553,339	9.9%	7.4%
BENEFITS	\$134,672	\$140,553	\$147,236	\$134,352	\$139,316	\$150,757	3.4%	7.3%
SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%
<b>SUBTOTAL</b>	<b>\$605,627</b>	<b>\$655,930</b>	<b>\$662,388</b>	<b>\$610,367</b>	<b>\$656,990</b>	<b>\$704,096</b>	<b>8.5%</b>	<b>7.3%</b>



## FY 2016 through FY 2018 YTD

DESCRIPTION	FY2016 ADOPTED BUDGET	ACTUAL Through 6/30/2016	FY 2017 ADOPTED BUDGET	ACTUAL Through 6/30/2017	FY 2018 ADOPTED BUDGET	ACTUAL Through 6/30/2018	% Change in Budget	% Change in Actual
<b>COMMUNITY SERVICES</b>								
SALARIES	\$1,718,650	\$1,893,828	\$1,807,154	\$1,804,483	\$1,792,949	\$1,925,479	4.3%	1.7%
BENEFITS	\$415,853	\$423,671	\$429,331	\$411,433	\$417,775	\$454,939	0.5%	7.4%
SERVICES	\$138,068	\$130,249	\$127,885	\$145,929	\$145,906	\$145,099	5.7%	11.4%
CONSUMABLE	\$222,709	\$197,732	\$270,513	\$213,961	\$225,000	\$208,205	1.0%	5.3%
CAPITAL OUTLAY	\$37,831	\$38,817	\$19,738	\$24,027	\$24,027	\$30,893	-36.5%	-20.4%
OTHER	\$258,024	\$345,477	\$311,025	\$417,941	\$385,702	\$519,908	49.5%	50.5%
<b>SUBTOTAL</b>	<b>\$2,791,135</b>	<b>\$3,029,774</b>	<b>\$2,965,646</b>	<b>\$3,017,774</b>	<b>\$2,991,359</b>	<b>\$3,284,522</b>	<b>7.2%</b>	<b>8.4%</b>
<b>OTHER CAPITAL OUTLAY</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TRANSFERS TO OTHER FUNDS</b>								
DEBT SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%
SPECIAL REVENUE	\$34,400	\$52,310	\$34,400	\$18,598	\$19,000	\$58,570	-44.8%	12.0%
	\$34,400	\$52,310	\$34,400	\$18,598	\$19,000	\$58,570	-44.8%	12.0%
<b>TOTAL APPROPRIATIONS/ EXPENDITURES/ AVAIL BALANCE</b>	<b>\$152,652,427</b>	<b>\$146,812,339</b>	<b>\$159,070,085</b>	<b>\$149,497,674</b>	<b>\$160,384,458</b>	<b>\$154,512,484</b>	<b>5.1%</b>	<b>5.2%</b>
<b>ENDING FUND BALANCE</b>	<b>\$13,447,389</b>		<b>\$16,979,231</b>		<b>\$18,321,084</b>		<b>36.2%</b>	
<b>TOTAL APPROPRIATIONS AND PROJECTED FUND BALANCE</b>	<b>\$166,099,816</b>		<b>\$176,049,316</b>		<b>\$178,705,542</b>		<b>7.6%</b>	

Source: Martin County School District Finance Office, July 2018



***APPENDIX B:***  
***MANAGEMENT RESPONSE TO PERFORMANCE AUDIT***



September 4, 2018

The School District of Martin County appreciated the opportunity to be audited by Evergreen Solutions on behalf of the Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA).

The audit, which was conducted in accordance with Florida Statute s. 212.055(10) for the purposes of placing a half-cent sales surtax on voters' ballots in November 2018, indicated that policies and internal control structures for District programs are "strong."

Additional audit results indicated the following:

- The District has used proven contracting and management techniques to bring [construction] projects in at or near originally estimated costs
- Purchasing policies, procedures and systems are operating effectively
- The District's website is robust, offering a significant amount of financial, procurement and performance information to the public

"The establishment of effective policies and procedures for budget monitoring and spending are a very important part of our work in the Martin County School District," said Superintendent Laurie J. Gaylord. "We appreciate the auditors for recognizing the work we put in to ensuring that we manage our funding appropriately and transparently."

Martin County voters will be asked in November 2018 to decide on whether or not to approve the levy of a half-cent sales surtax to fund critical capital needs, which include the complete replacement of Jensen Beach Elementary and Palm City Elementary, security upgrades and enhancements and addressing a \$98 million backlog for the repair and renovation of District-owned school buildings.

If approved by voters, the half-cent sales surtax would generate approximately \$16 million annually over the course of seven (7) years, with reporting on expenditures and project management being provided to taxpayers on an annual basis.

Additional information about the proposed half-cent sales surtax is available on the District's website, [www.martinschools.org](http://www.martinschools.org).