

BILL GALVANO
President of the Senate



JOSE R. OLIVA
Speaker of the House



Joint Legislative Auditing Committee

Senator Jeff Brandes, Chair
Representative Jason Fischer, Vice Chair

Meeting Packet
Thursday, January 24, 2019
1:30 p.m. to 3:30 p.m.
110 Senate Office Building

AGENDA

JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: Thursday, January 24, 2019

TIME: 1:30 p.m. to 3:30 p.m.

PLACE: Room 110, Senate Office Building

MEMBERS:

Senator Jeff Brandes, Chair

Representative Jason Fischer, Vice Chair

Senator Dennis Baxley

Senator Tom Lee

Senator Bill Montford

Senator Kevin Rader

Representative Michael Caruso

Representative Chip LaMarca

Representative Sharon Pritchett

Representative Bob Rommel

Representative Jackie Toledo

Representative Patricia Williams

Introduction of Members and Staff

Discussion of Committee responsibilities

Overview of the Office of the Auditor General

Overview of the Office of Program Policy Analysis and Government Accountability (OPPAGA)

Presentation: Reading and understanding a financial statement audit report and an operational audit report

1 Introduction

JOINT LEGISLATIVE AUDITING COMMITTEE

2018 – 2020

COMMITTEE MEMBERS

Senator Jeff Brandes, Chair
Representative Jason Fischer, Vice Chair
Senator Dennis Baxley
Representative Michael Caruso
Representative Chip LaMarca
Senator Tom Lee
Senator Bill Montford
Representative Sharon Pritchett
Senator Kevin Rader
Representative Bob Rommel
Representative Jackie Toledo
Representative Patricia Williams

COMMITTEE STAFF

Kathryn H. DuBose
Deborah E. White, CPA, Senior Legislative Analyst
Constance L. Ennis, Administrative Assistant

COMMITTEE OFFICE

Room 876, Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1400

Telephone: (850) 487-4110
Facsimile: (850) 922-5667

E-mail: jlac@leg.state.fl.us

Website: www.leg.state.fl.us/committees/jlac
(can access from House and Senate Committee Pages and Online Sunshine)

2 Committee Responsibilities

Joint Legislative Auditing Committee Overview

The Committee is established by joint rule and its membership consists of between five and seven members from each house.¹ [J.R. 4.1(1)(c) & (3)]

In general, the responsibilities of the Committee relate to oversight of state and local governments, educational entities, and state funds appropriated to non-governmental entities. A summary of the Committee's responsibilities follows.

Committee Responsibilities Related to the Auditor General

- Required to appoint the Auditor General, appointment subject to confirmation by Legislature² [s. 11.42(2) F.S.]
- Authorized to review the performance of the Auditor General [J. R. 4.5(3)]
- Authorized to establish general policies for the Office of the Auditor General [s 11.45(2), F.S.]
- Authorized to direct the office to conduct an audit, review, or examination of any entity described in s. 11.45(2) or (3), F.S.³ [J.R. 4.5(1)]
- Authorized to investigate any matter within the scope of an audit, review, or examination completed or being conducted by the Auditor General [s. 11.40(1), F.S.]

Committee Responsibilities Related to the Office of Program Policy Analysis and Government Accountability (OPPAGA)

- Authorized to direct the office to conduct an audit, review, or examination of any entity described in s. 11.45(2) or (3), F.S.⁴ [J.R. 4.5(1)]
- Authorized to investigate any matter within the scope of a review completed or being conducted by OPPAGA [s. 11.40(1), F.S.]

Committee Responsibilities Related to Local Governmental Entities

- Authorized to direct the Department of Revenue and the Department of Financial Services to withhold revenue from counties and municipalities that fail to: (1) file financial reports required by ss. 218.32(1) and 218.39(1), F.S.; (2) provide significant items missing from audit reports, as required by s.11.45(7)(b), F.S.; (3) pay the full cost of an audit requested by a county or municipality, which has been conducted by the Auditor General, as required by s. 11.45(6), F.S. (see also s. 11.45(5), F.S., regarding the failure to fully pay for a petition audit of a municipality); (4) provide to the Division of Bond Finance specified information related to bonded obligations, or verify such information, required by s. 218.38, F.S.; or (5) comply with investment policies, as specified in s. 218.415, F.S. [s. 11.40(2), F.S.]
- Authorized to hold a public hearing, if certain conditions are met, and direct the Department of Economic Opportunity to proceed with legal action against special districts that fail to: (1) file financial reports required by ss. 218.32(1) and 218.39(1), F.S.; (2) provide significant items missing from audit reports, as required by s.11.45(7)(b), F.S.; (3) pay the full cost of an audit requested by a special district, which has been conducted by the Auditor General, as required by s. 11.45(6), F.S.; (4) comply with investment policies as specified in s. 218.415, F.S.; or (5) inform the Governor of action being taken to address financial emergency condition(s), as required by s. 218.503(3) F.S. [s. 11.40(2), F.S.]
- Required to be notified when a local governmental entity meets or is expected to meet a condition of a financial emergency [ss. 218.503(2) and 11.45(7)(e), F.S.]
- Authorized to direct audits or reviews of local governments [J.R. 4.5(1)]
- Authorized to investigate any matter within the scope of an audit, examination, or review of a local governmental entity conducted by the Auditor General or OPPAGA [s. 11.40(1), F.S.]
- Authorized to take a series of steps when a local government has failed to take full corrective action in response to a recommendation included in the two preceding financial audit reports [s. 218.39(8), F.S.]

¹ From 1967 until March 2011 the Committee was created in law. During 2011, the Legislature passed a reform package which included revisions to laws and joint rules related to the Committee. Chapter 2011-34, *Laws of Florida*, repealed the statutory creation of the Committee.

² The Committee is not required to appoint an Auditor General unless there is a vacancy in the position.

³ These entities include any governmental entity created or established in law; non-governmental entity that receives state financial assistance; and non-governmental agency, corporation, or person that receives an appropriation by the Legislature.

⁴ *Id.*

Committee Responsibilities Related to State Agencies

- Within six months of the release of an Auditor General audit or OPPAGA review, most state agencies are required to provide the Committee with the status of corrective action taken in response to audit/review report findings [s. 20.055(5)(h), F.S.]
- Authorized to direct an audit or review of state agencies [J.R. 4.5(1)]
- Authorized to investigate any matter within the scope of an audit, examination, or review of a state agency conducted by the Auditor General or OPPAGA [s. 11.40(1), F.S.]

Committee Responsibilities Related to State Universities and Florida College System Institutions

- Authorized to direct an audit or review of universities and colleges [J.R. 4.5(1)]
- Authorized to investigate any matter within the scope of an audit, examination, or review of a university or college conducted by the Auditor General or OPPAGA [s. 11.40(1), F.S.]
- Authorized to take a series of steps when a university or college has failed to take full corrective action in response to a recommendation included in the two preceding financial or operational audit reports [s. 11.45(7)(j), F.S.]

Committee Responsibilities Related to District School Boards, Charter Schools, and Charter Technical Career Centers

- Authorized to direct the Department of Revenue and the Department of Financial Services to withhold revenue from district school boards that fail to: (1) file financial audits required by s. 218.39(1), F.S.; (2) provide significant items missing from audit reports, as required by s.11.45(7)(b), F.S.; (3) comply with investment policies, as specified in s. 218.415, F.S.; or (4) inform the Commissioner of Education of action being taken to address financial emergency condition(s), as required by s. 218.503(3), F.S. [s. 11.40(2), F.S.]
- Authorized to notify the appropriate sponsoring entity of a charter school or charter technical career center for charter schools and charter technical career centers that fail to: (1) file financial audits required by s. 218.39(1), F.S.; or (2) provide significant items missing from audit reports required by s.11.45(7)(b), F.S. The sponsoring entity is then authorized to terminate the charter pursuant to ss. 1002.33 and 1002.34, F.S. [s. 11.40(2)(c), F.S.]
- Required to be notified when a district school board, charter school, or charter technical career center meets or is expected to meet a condition of a financial emergency [ss. 218.503(2) and 11.45(7)(e), F.S.]
- Authorized to direct an audit or review of district school boards,⁵ charter schools, and charter technical career centers [J.R. 4.5(1)]
- Authorized to investigate any matter within the scope of an audit, examination, or review of a district school board, charter school, or charter technical career center conducted by the Auditor General or OPPAGA [s. 11.40(1), F.S.]
- Authorized to take a series of steps when a district school board, charter school, or charter technical career center has failed to take full corrective action in response to a recommendation included in the two preceding financial audit reports (also includes the two preceding operational audit reports for district school boards) [ss. 11.45(7)(j) and 218.39(8), F.S.]

Committee Responsibilities Related to Audits of Lobbying Firm Compensation Reports

- Required to develop a system to randomly select lobbying firms for audit, develop procedures for the selection of auditors, create and maintain a list of not less than 10 auditors approved to conduct the audits, and develop guidelines to conduct the audits [s. 11.40(3), F.S.]

Committee Responsibilities Related to Transparency Florida Website

- Required to report annually on the progress in establishing the website, make recommendations for enhancement of the content and format of the website, and develop a schedule for adding additional information [ss. 215.985(7) and (13), F.S.]

Other Committee Responsibilities and Activities

- Authority to take under consideration any matter within the scope of the duties of the Taxation and Budget Reform Commission [s. 286.036(6), F.S.]
- Numerous entities are required to submit reports to the Committee [various sections of law]
- Staff assist government officials and citizens with concerns regarding potential misuse of public funds and other complaints

⁵ The Auditor General is required by law to conduct an annual financial audit of district school boards in counties with a population less than 150,000 and every three years in counties with a larger population; in addition, the Auditor General is required by law to conduct an operational audit of every district school board at least once every three years.

JOINT RULE FOUR OF THE FLORIDA LEGISLATURE JOINT COMMITTEES

4.1—Standing Joint Committees

(1) The following standing joint committees are established:

- (a) Administrative Procedures Committee.
- (b) Committee on Public Counsel Oversight.
- (c) Legislative Auditing Committee.

(2) No other joint committee shall exist except as agreed to by the presiding officers or by concurrent resolution approved by the Senate and the House of Representatives.

(3) Appointments to each standing joint committee shall be made or altered and vacancies shall be filled by the Senate and the House of Representatives in accordance with their respective rules. There shall be appointed to each standing joint committee no fewer than five and no more than seven members from each house.

(4) (a) The President of the Senate shall appoint a member of the Senate to serve as the chair, and the Speaker of the House of Representatives shall appoint a member of the House of Representatives to serve as the vice chair, for:

1. The Legislative Auditing Committee and the Committee on Public Counsel Oversight, for the period from the Organization Session until noon on August 1 of the calendar year following the general election.

2. The Administrative Procedures Committee for the period from noon on August 1 of the calendar year following the general election until the next general election.

(b) The Speaker of the House of Representatives shall appoint a member of the House of Representatives to serve as the chair, and the President of the Senate shall appoint a member of the Senate to serve as the vice chair, for:

1. The Legislative Auditing Committee and the Committee on Public Counsel Oversight, for the period from noon on August 1 of the calendar year following the general election until the next general election.

2. The Administrative Procedures Committee for the period from the Organization Session until noon on August 1 of the calendar year following the general election. 18

(c) A vacancy in an appointed chair or vice chair shall be filled in the same manner as the original appointment.

4.2—Procedures in Joint Committees

The following rules shall govern procedures in joint committees other than conference committees:

(1) A quorum for a joint committee shall be a majority of the appointees of each house. No business of any type may be conducted in the absence of a quorum.

(2) (a) Joint committees shall meet only within the dates, times, and locations authorized by both the President of the Senate and the Speaker of the House of Representatives.

(b) Joint committee meetings shall meet at the call of the chair. In the absence of the chair, the vice chair shall assume the duty to convene and preside over meetings and such other duties as provided by law or joint rule. During a meeting properly convened, the presiding chair may temporarily assign the duty to preside at that meeting to another joint committee member until the assignment is relinquished or revoked.

(c) Before any joint committee may hold a meeting, a notice of such meeting shall be provided to the Secretary of the Senate and the Clerk of the House of Representatives no later than 4:30 p.m. of the 7th day before the meeting. For purposes of effecting notice to members of the house to which the chair does not belong, notice to the Secretary of the Senate shall be deemed notice to members of the Senate and notice to the Clerk of the House shall be deemed notice to members of the House of Representatives. Noticed meetings may be canceled by the chair with the approval of at least one presiding officer.

(d) If a majority of its members from each house agree, a joint committee may continue a properly noticed meeting after the expiration of the time called for the meeting. However, a joint committee may not meet beyond the time authorized by the presiding officers without special leave granted by both presiding officers.

(3) The presiding officers shall interpret, apply, and enforce rules governing joint committees by agreement when the rule at issue is a joint rule. Unless otherwise determined or overruled by an agreement of the presiding officers, the chair shall determine all questions of order arising in joint committee meetings, but such determinations may be appealed to the committee during the meeting. 19

(4) Each question, including any appeal of a ruling of the chair, shall be decided by a majority vote of the members of the joint committee of each house present and voting.

4.3—Powers of Joint Committees

(1) A joint committee may exercise the subpoena powers vested by law in a standing committee of the Legislature. A subpoena issued under this rule must be approved and signed by the President of the Senate and the Speaker of the House of Representatives and attested by the Secretary of the Senate and the Clerk of the House.

(2) A joint committee may adopt rules of procedure that do not conflict with the Florida Constitution or any law or joint rule, subject to the joint approval of the President of the Senate and the Speaker of the House of Representatives.

(3) A joint committee may not create subcommittees or workgroups unless authorized by both presiding officers.

4.4—Administration of Joint Committees

(1) Within the monetary limitations of the approved operating budget, the expenses of the members and the salaries and expenses of the staff of each joint committee shall be governed by joint policies adopted under Joint Rule 3.2.

(2) Subject to joint policies adopted under Joint Rule 3.2, the presiding officers shall appoint and remove the staff director and, if needed, a general counsel and any other staff necessary to assist each joint committee. All joint committee staff shall serve at the pleasure of the presiding officers. Upon the initial adoption of these joint rules in a biennium, each joint committee staff director position shall be deemed vacant until an appointment is made.

4.5—Special Powers and Duties of the Legislative Auditing Committee

(1) The Legislative Auditing Committee may direct the Auditor General or the Office of Program Policy Analysis and Government Accountability to conduct an audit, review, or examination of any entity or record described in s. 11.45(2) or (3), Florida Statutes.

(2) The Legislative Auditing Committee may receive requests for audits and reviews from legislators and any audit request, petition for audit, or other matter for investigation directed or referred to it pursuant to general law. The committee may make any appropriate disposition of such requests or referrals and shall, within a reasonable time, report to the requesting party the disposition of any audit request.

(3) The Legislative Auditing Committee may review the performance of the Auditor General and report thereon to the Senate and the House of Representatives.

The remaining language in Joint Rule Four (4.6 and 4.7) is not included. It relates to special powers and duties of the Administrative Procedures Committee and the Committee on Public Counsel Oversight.

3 Auditor General

AUDITOR GENERAL OVERVIEW

LEGISLATIVE AUDITING COMMITTEE
JANUARY 24, 2019



THE AUDITOR GENERAL IS

- A Constitutional Officer
- A Legislative Officer
- A Certified Public Accountant
- The State's Independent Auditor



OUR VISION & MISSION

Excellence in auditing for the benefit of Floridians.

To provide unbiased, timely, and relevant information that the Legislature, Florida's citizens, public entity management, and other stakeholders can use to promote government accountability and stewardship and improve government operations.

ANNUAL FINANCIAL AUDIT ENGAGEMENTS

State of Florida

- State of Florida Reporting Entity, Including Audit of Federal Awards
- State Universities
- State Colleges
- Florida Retirement System Pension Plan and Other State-Administered Systems
- Florida School for the Deaf and the Blind
- Local Government Surplus Funds Trust Fund (Florida PRIME)
- Department of the Lottery (at LAC direction)

School Districts, Including Audits of Federal Awards

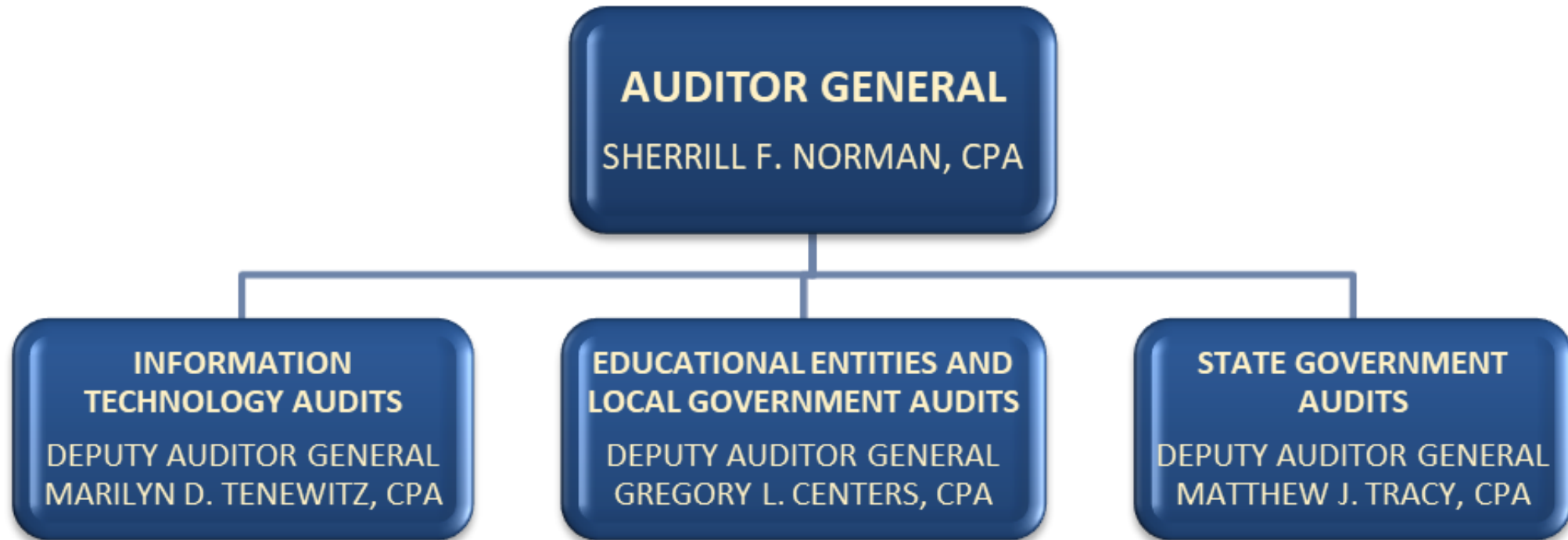
OPERATIONAL AND PERFORMANCE AUDIT ENGAGEMENTS

- State Agencies
- Executive Office of the Governor
- State Board of Administration
- Triumph Gulf Coast, Inc.
- Florida Housing Finance Corporation
- Citizens Property Insurance Corporation
- Judicial-Related Entities
- Department of Revenue Administration of Ad Valorem Tax Laws
- State Universities
- State Colleges
- School Districts
- Florida Bright Futures Scholarship Program
- Water Management Districts
- Scholarship Funding Organizations
- Selected Local Governmental Entities
- Local Government Financial Reporting System
- Information Technology Audits of State and Local Governmental Entities

ATTESTATION ENGAGEMENTS AND OTHER ACCOUNTABILITY ACTIVITIES

- Florida Education Finance Program (FEFP) Examinations
- Quality Assessment Reviews of Inspectors General Internal Audit Activities
- Annual Reviews of Audit Reports for:
 - Charter Schools and Technical Career Centers
 - School Districts (for years not audited by the Auditor General)
 - Local Governmental Entities
 - Certain Nonprofit and For-Profit Entities
- Compilations of Significant Findings and Financial Trends
- Per Diem Cost Certifications (Upon Request of the Department of Management Services or Department of Corrections)
- Technical Advice and Rule and Guideline Maintenance

OUR OFFICE



OUR OFFICE

- Audit positions are located in Tallahassee and in various field offices throughout the State.



OUR PEOPLE

- Many of our 360 full-time positions are held by audit professionals with various professional accounting and audit-related certifications.
- As of October 31, 2018, our audit professionals included:
 - 165 Certified Public Accountants
 - 17 Certified Information Systems Auditors
 - 18 Certified Fraud Examiners

AUDIT PROCESS





NOVEMBER 1, 2017, THROUGH OCTOBER 31, 2018

AUDITOR GENERAL ANNUAL REPORT

- RECOMMENDED STATUTORY AND FISCAL CHANGES
- OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES
- PROJECTED 2-YEAR WORK PLAN
- LIST OF REPORTS (ISSUED AND SCHEDULED TO BE ISSUED)
- AUDITOR GENERAL CONTACT INFORMATION

RECOMMENDED STATUTORY AND FISCAL CHANGES

- Compilation of recommendations that were either included in our audit reports during the past few audit cycles or arose during the course of performing the duties assigned to the Auditor General.
- A member of the Auditor General management team is referenced with each recommendation.

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

During the period November 1, 2017, through October 31, 2018, our dedicated team of audit professionals and support staff issued over 230 reports.



OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

STATE GOVERNMENT

Total asset values upon which financial statement opinions were rendered	\$579.2 billion
Total revenues upon which financial statement opinions were rendered	\$201.3 billion
Total Federal awards expenditures for major programs audited	\$25.4 billion
Total number of major Federal awards programs audited	20
Number of audit reports issued:	22
Attestation	1
Financial	5
Financial and Federal Awards	1
Operational	15
Number of audit findings	170

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

SCHOOL DISTRICTS

Total asset values upon which financial statement opinions were rendered	\$16.2 billion
Total revenues upon which financial statement opinions were rendered	\$10.2 billion
Total Federal awards expenditures for major programs audited	\$337.5 million
Number of audit reports issued:	71
Financial and Federal Awards	47
Operational	24
Number of audit findings	200

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

FLORIDA EDUCATION FINANCE PROGRAM

Total FTE Student Enrollment reported upon which compliance opinions were rendered	1,453,683
Total FTE Student Enrollment funding for entities examined	\$3.9 billion
Total Student Transportation funding for entities examined	\$213 million
Number of compliance examination reports issued	25
Number of reports disclosing material noncompliance	25

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

STATE UNIVERSITIES AND STATE COLLEGES

Total asset values upon which financial statement opinions were rendered	\$33.2 billion
Total revenues upon which financial statement opinions were rendered	\$17.9 billion
Number of audit reports issued:	56
Financial	40
Operational	16
Number of audit findings	106

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

INFORMATION TECHNOLOGY

Number of audit reports issued:	16
State Agencies and Related Entities	9
Educational and Related Entities	7
Number of audit findings:	64
Application-Level General	18
Security Management	14
Access	11
Business Process	11
Configuration Management	5
Contingency Planning	5

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

LOCAL GOVERNMENT AUDITS

REPORT NO.	REPORT TOPIC
2018-038	City of North Miami
2018-080	Hillsborough County Aviation Authority – Tampa International Airport – 2012 Master Plan Capital Projects
2018-208	South Florida Water Management District
2019-001	Southwest Florida Water Management District
2018-076	Florida Clerks of Court Operations Corporation
2019-003	City of Starke Follow-Up
2019-011	Health Care District of Palm Beach County Follow-Up

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

- Reviews of Audit Reports
 - 1,335 Local Governmental Entity Financial Audit Reports for the 2016-17 Fiscal Year (Report No. 2019-096)
 - 240 Nonprofit, For-Profit, and Other Entities (Report No. 2019-023)
 - 649 District School Boards and Charter Schools and Technical Career Centers (Report No. 2019-005)
 - Significant Findings and Financial Trends Reports
- Quality Assessment Reviews
 - 25 Reports
- Professional Activities



PROJECTED WORK PLAN

- Projected 2-Year Work Plan Required by Section 11.45(7)(h), Florida Statutes.
- Covers the 2019-20 and 2020-21 fiscal years.
- Included in Annual Report as **EXHIBIT A**.



COMMITTEE-DIRECTED ENGAGEMENTS UNDERWAY

- East Flagler Mosquito Control District
- City of Opa-locka
- City of Gulf Breeze
- City of Palm Bay
- City of Palatka Follow-Up on Report No. 2017-107
- Walton County Follow-Up on Report No. 2017-123
- Putnam County Follow-Up on Report No. 2017-198



FLORIDA AUDITOR GENERAL
SHERRILL F. NORMAN, CPA



[ABOUT](#) [REPORTS](#) [RULES](#) [TECHNICAL GUIDANCE](#) [CAREERS](#) [CONTACT](#)

REPORTS ISSUED BY THE AUDITOR GENERAL

REPORTS SUBMITTED TO THE AUDITOR GENERAL

Make A Difference!

Improving State and local government

EXPLORE CAREERS >

WELCOME

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AUDITOR GENERAL WEB SITE



FLORIDA AUDITOR GENERAL
SHERRILL F. NORMAN, CPA



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REPORTS ISSUED BY THE AUDITOR GENERAL

[STATE OF FLORIDA FINANCIAL AND FEDERAL AWARDS AUDIT REPORTS](#)

[TYPES OF ENGAGEMENTS](#)

[LISTING OF OLDER REPORTS](#)

SEARCHABLE LISTING OF REPORTS

Fiscal Year: Entity Type: Entity Audited: Engagement Type:

Number	Title	Audit Period	Date Issued
2019-102	Schedules of Employer Allocations and Pension Amounts by Employer for the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program - Cost-Sharing Multiple Employer Defined Benefit Pension Plans	FYE 06/30/2018	01/16/2019
2019-101	Department of Children and Families - Regulation of Child Care Providers		01/14/2019



**AUDITOR GENERAL
SHERRILL F. NORMAN, CPA**

(850) 412-2722

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*R. Philip Twogood,
Coordinator*
(850) 488-0021
twogood.philip@oppaga.fl.gov



*Kara Collins-Gomez,
Deputy Coordinator*
(850) 717-0503
collins-gomez.kara@oppaga.fl.gov



*Janet Tashner,
General Counsel*
(850) 717-0526
tashner.janet@oppaga.fl.gov



*Claire K. Mazur,
Staff Director
Criminal Justice*
(850) 717-0575
mazur.claire@oppaga.fl.gov



*David Summers,
Staff Director
Education*
(850) 717-0555
summers.david@oppaga.fl.gov



*Emily Leventhal,
Staff Director
Government Operations*
(850) 717-0525
leventhal.emily@oppaga.fl.gov



*Mary Alice Nye,
Staff Director
Health and Human Services*
(850) 717-0567
nye.maryalice@oppaga.fl.gov



*Justin Graham,
Methodology*
(850) 717-0508
graham.justin@oppaga.fl.gov

OPPAGA

The Legislature's Program Review Office

A Presentation to the Joint Legislative Auditing Committee

Philip Twogood, PhD
Coordinator



OPPAGA

Office of Program Policy Analysis and Government Accountability

JANUARY 24, 2019

Background on OPPAGA

What is OPPAGA?

- Non-partisan legislative agency that provides data, evaluative research, and objective analyses to assist legislative budget and policy deliberations
- Created in 1994 by the Government Performance and Accountability Act
- Representative of a widely recognized legislative support profession

Who determines OPPAGA's research projects?

- Currently authorized under Joint Rule Three
- Conducts research as directed by state law, the presiding officers, or the Joint Legislative Auditing Committee

The People at OPPAGA

- Wide variety of degrees and professional experiences
- Most analysts hold graduate degrees; 12 hold PhDs or JDs
- Skill sets complement other legislative staff
- Hiring reflects legislative demands for information
- Contact information in packet

OPPAGA Conducts Research in 4 Policy Areas With Support From Methodology



How Does OPPAGA Contribute?

- Design and carry out complex, original research
- Analyze large and often confidential data sets, integrating data from multiple agencies
- Maintain policy area and methodological expertise
- Provide the Legislature the independent capacity to assess effects of programs and policies, including longitudinal studies
- Contract management

Research Skills

OPPAGA uses a wide variety of qualitative and quantitative research tools

Qualitative

- Interviews with agency and program officials, clients, stakeholders – Florida and multi-state
- Site visits
- Surveys
- Focus groups

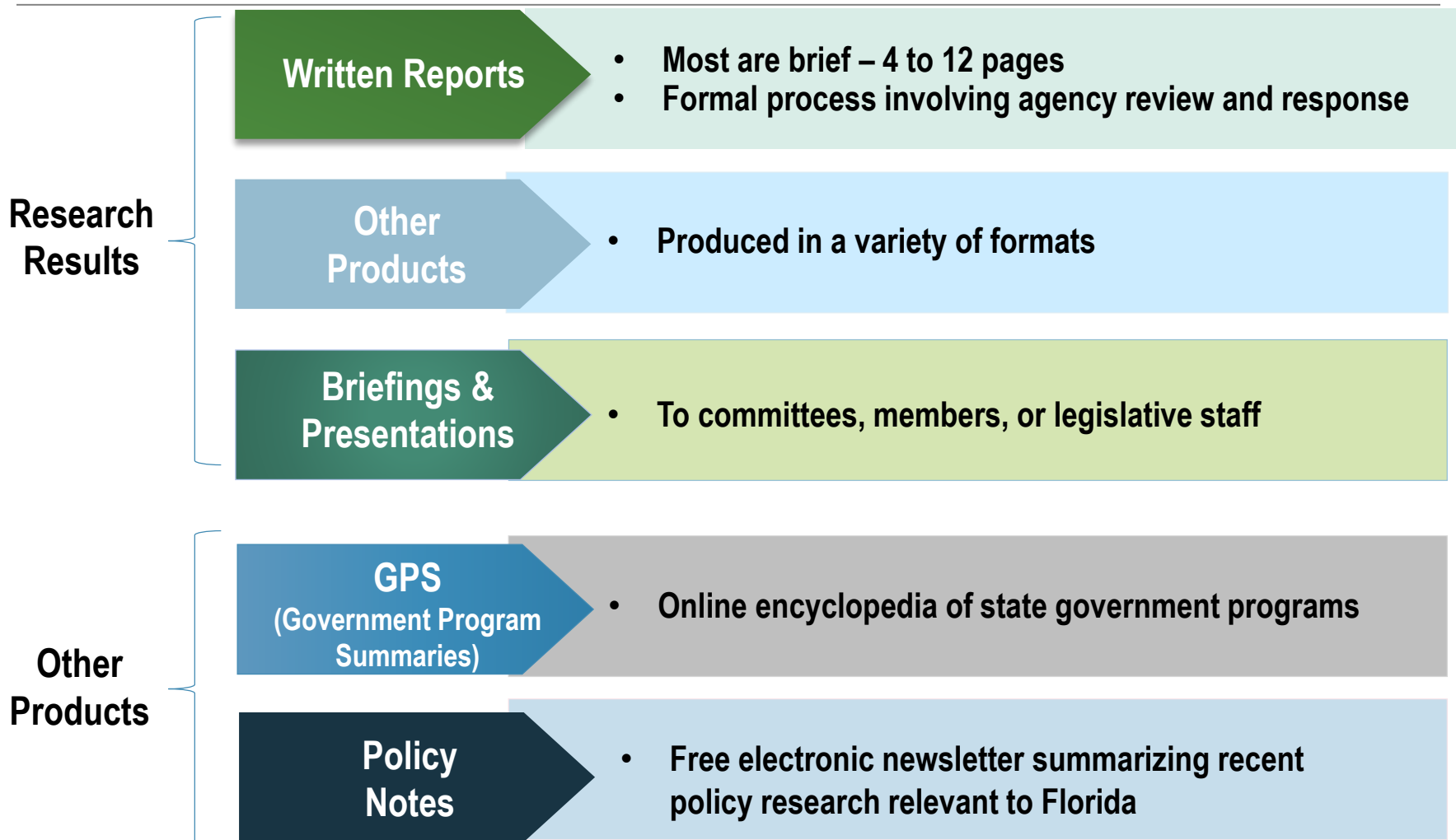
Quantitative

- Primary data through surveys
- Secondary data through agencies and outside entities
- Statistical analysis and modeling

Examples of Recent Research



OPPAGA Products



THE FLORIDA LEGISLATURE



GPS

GOVERNMENT PROGRAM SUMMARIES

Office of Program Policy Analysis & Government Accountability

SEARCH

[OPPAGA Home](#)
[GPS Home](#)

Navigate

- [Agency](#)
- [Topic](#)
- [Sitemap](#)

Government Program Summaries (GPS) is a free resource for legislators and the public providing descriptive information on over 200 state government programs. For fiscal data, GPS links to Transparency Florida, the Legislature's website that includes continually updated information on the state's operating budget and expenditures by state agencies.

[Using GPS](#)

[State of Florida
Organizational Chart](#)

[Transparency Florida](#)

IN THIS ISSUE:

January 11, 2019

CRIMINAL JUSTICE

[Victims of Identity Theft, 2016](#)

[Domestic Violence Outcome Measures Project](#)

[Juvenile Probation Transformation](#)



CRIMINAL JUSTICE

[Victims of Identity Theft, 2016](#)

In 2016, 10% of persons age 16 or older had been victims of identity theft during the prior 12 months. For 85% of identity-theft victims, the most recent incident involved the misuse or attempted misuse of only one type of existing account, such as a credit card or bank account. One percent of persons age 16 or older had experienced the opening of a new account or misuse of personal information apart from misuse of an existing credit card or bank account or other existing account. An estimated 12% of identity-theft victims had out-of-pocket losses of \$1 or more; 88% either had no out-of-pocket losses or had losses of less than \$1. More than half (55%) of identity-theft victims who resolved associated financial or credit problems did so in one day or less.

Source: Bureau of Justice Statistics, U.S. Department of Justice

EDUCATION

[Parent and Student Expectations of Highest Education Level](#)

[2018-2019 Annual Infrastructure Report](#)

GOVERNMENT OPERATIONS

[Red Light Camera Summary Report Fiscal Year 2017-18](#)

[Critical Issues in Transportation 2019](#)

[How Chicago and Cook County Can Leverage Opportunity Zones for Community Benefit](#)

[Domestic Violence Outcome Measures Project](#)

The Domestic Violence Outcome Project had a two-fold purpose: first, to identify the long-term outcomes and needs of those who receive services from domestic violence agencies, and second, to establish procedures for on-going evaluation within agencies. Working closely with 15 agencies that are members of the Chicago Metropolitan Battered Women's Network, the researchers developed a survey to evaluate services and identify client needs. This report begins with a brief introduction to how the project came about and a description of research methods. Next, the report presents the current needs reported by participants along with differences in needs among participants by race/ethnicity, education and income resources, and whether or not


HEALTH AND HUMAN SERVICES

Questions?

Contact Information

R Philip Twogood, PhD

Coordinator

 (850) 488-0021

 twogood.philip@oppaga.fl.gov

FLORIDA LEGISLATURE OFFICE OF PROGRAM POLICY ANALYSIS
& GOVERNMENT ACCOUNTABILITY

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations.

5 Understanding Audit Reports

OPERATIONAL AUDIT REPORTS

LEGISLATIVE AUDITING COMMITTEE

JANUARY 24, 2019



OPERATIONAL AUDIT REPORT CONTENTS

Most operational audits have 7 sections:

1. Summary
2. Background
3. Findings and Recommendations
4. Prior Audit Follow-Up
5. Objectives, Scope, and Methodology
6. Authority
7. Management's Response

OPERATIONAL AUDIT REPORTS

SUMMARY: Describes the focus of the operational audit and provides a listing of the summarized report findings.

BACKGROUND: Provides information about the entity subject to audit and may also provide information about the particular topic areas included in the scope of the audit.

OPERATIONAL AUDIT REPORTS

FINDINGS AND RECOMMENDATIONS: Describes the deficiencies we noted during the audit. Each finding includes the criteria, condition, cause, and effect of the finding and a recommendation for corrective action.

PRIOR AUDIT FOLLOW-UP: Refers to the status of the prior audit findings that are significant to the scope of the operational audit.

OPERATIONAL AUDIT REPORTS

OBJECTIVES, SCOPE, AND METHODOLOGY:

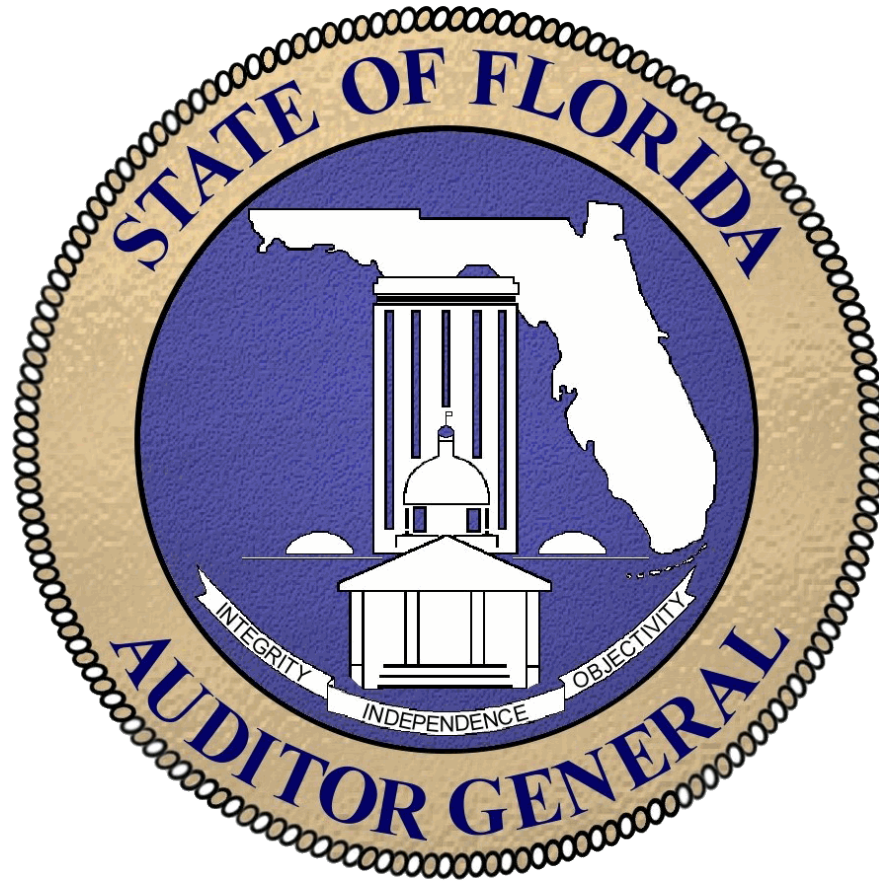
- States that we conducted our audit in accordance with *Government Auditing Standards*.
- Describes our overall audit objectives and the topics included in the scope of the audit.

In this section, as applicable, we discuss what we tested, how we tested it, the amount we tested relevant to the population, and the objectives of our audit procedures.

OPERATIONAL AUDIT REPORTS

AUTHORITY: The authority section cites the statutory reference providing our authority to conduct the audit.

MANAGEMENT'S RESPONSE: Provides a copy of management's response to our findings and recommendations, including any corrective actions taken or planned.



Legislative Auditing Committee

Financial Audit Reports

January 24, 2018

Overview - Financial Audit Reports



- Audit Requirements
- Basic Financial Statements
- Required Supplementary Information
- Financial Condition Assessment Procedures



Audit Requirements

- State law requires the State and each local government to obtain an annual financial audit.
- The audits must be conducted in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*.



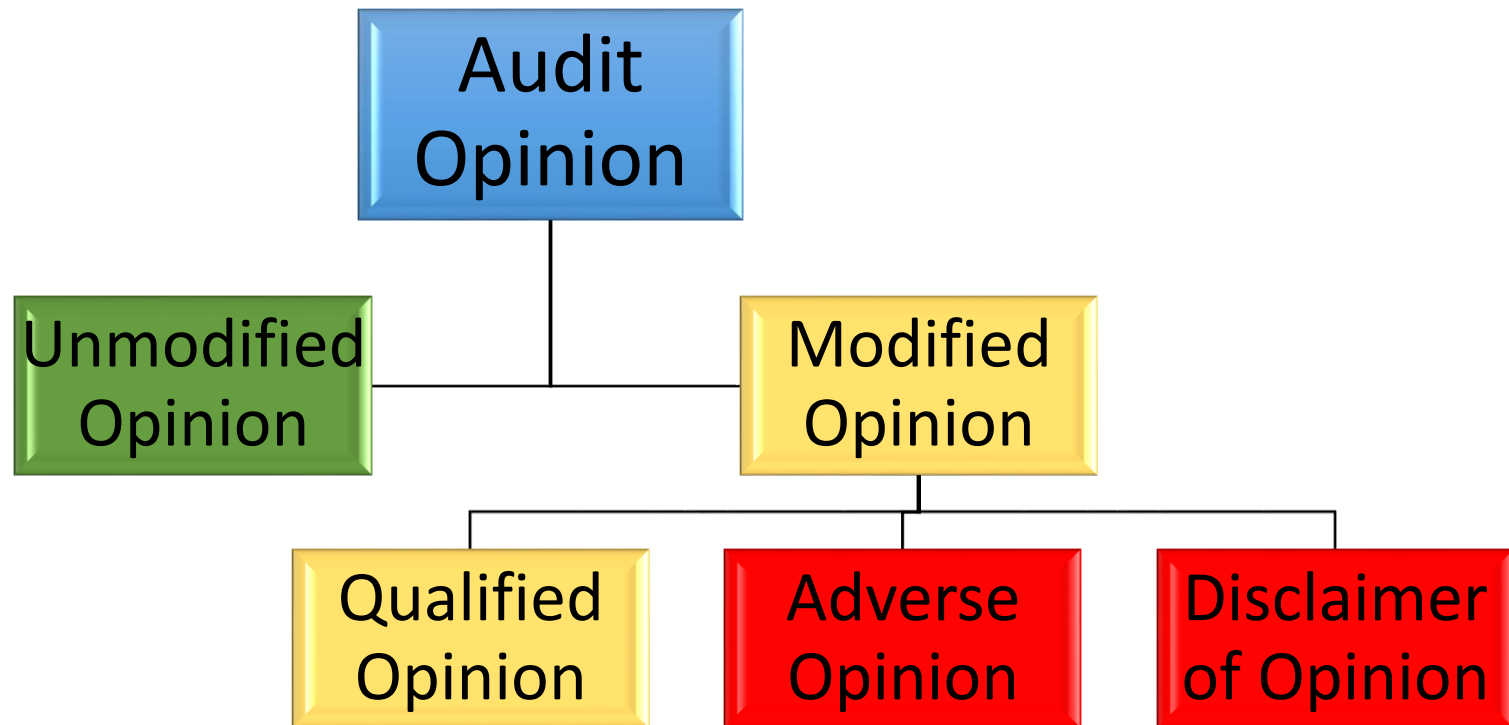
Audit Requirements

Government Auditing Standards require financial auditors to issue:

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



Audit Requirements





Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General and major special revenue funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1.O. to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported for the 2017-18 fiscal year with amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

Except for the matter described in the Basis of Disclaimer of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified audit opinions.

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

During the 2016-17 fiscal year, the Board sponsored two charter schools: Crossroad Academy Charter School and Galloway Academy Foreign Language Immersion Charter School (Galloway Academy Charter School). The financial statements of Galloway Academy Charter School have not been audited, and we were not engaged to audit these financial statements as part of our audit of the Gadsden County District School Board's basic financial statements. Although required to be included in the aggregate discretely presented component units on the accompanying basic financial statements, the District did not report Galloway Academy Charter School financial statement information because the information was not audited. In July 2017, the Commissioner of Education terminated the Galloway Academy Charter School and the Galloway Academy Charter School ceased operations.

Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the Gadsden County District School Board. Accordingly, we do not express an opinion on these financial statements.

Basis for *Qualified Opinions* on the Aggregate Remaining Fund Information

Audits of the school and activity funds, commonly called the school internal funds, are performed by other auditors pursuant to State Board of Education Rule 6A-1.087, Florida Administrative Code. The auditors of the school internal funds reported that the District was unable to provide complete and sufficient documentary evidence to support the revenues at one school. As a result, the auditors qualified their opinion on the school internal funds.

Page 2

Report No. 2018-124
March 2018

***Qualified Opinion* on the Aggregate Remaining Fund Information**

In our opinion, based on our audit and the report of other auditors, except for the possible effects of the matter described in the “Basis for Qualified Opinion on the Aggregate Remaining Fund Information” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining funds information of the Gadsden County District School Board, as of June 30, 2017, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gadsden County District School Board, as of June 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



Audit Requirements

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* describes:

- Significant deficiencies and material weaknesses in government controls over financial reporting.
- Material noncompliance with provisions of laws, rules, regulations, contracts, and grant agreements that could have a direct and material effect on the determination of financial statement amounts.
- Additional matters.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Polk County District School Board, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2018, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Basic Financial Statements

The Government Accounting Standards Board (GASB) requires that state and local government basic financial statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements



Government-Wide Financial Statements Help Users:

- Assess the finances of the government in its entirety, including the year's operating results.
- Determine whether the government's overall financial position improved or deteriorated.
- Evaluate whether the government's current-year revenues were sufficient to pay for current-year services.



Government-Wide Financial Statements Help Users:

- See how the government finances its programs—through user fees and other program revenues versus general tax revenues.
- Understand the extent to which the government has invested in capital assets, including buildings, tangible personal property, and other assets.
- Make better comparisons between governments.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Statement of Net Position

June 30, 2018

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
Assets		
Unrestricted:		
Cash and cash equivalents	\$ 76,792,883	\$ 658,248
Investments	127,165	-
Accounts receivable	566,593	10,860
Deposits	-	1,488
Due from other governmental agencies	2,387,637	1,274
Inventories	589,742	-
Prepaid items	48,026	4,500
Net Pension Asset	22,591	-

Portion due in more than one year:		
Notes payable	-	601,861
Obligations under capital lease	155,643	-
Bonds payable	4,326,000	-
Certificates of participation payable	27,557,615	-
Compensated absences payable	11,872,664	-
Net pension liability	100,353,806	-
Other postemployment benefits obligation	45,492,080	-
Total liabilities	204,595,458	658,603
Deferred inflows of resources		
Other postemployment benefits obligation	3,805,388	-
Pensions	8,221,547	-
Total deferred inflows of resources	12,026,935	-
Net position		
Net investment in capital assets	337,942,651	183,759
Restricted for:		
State required carryover programs	4,654,500	-
Capital projects	43,781,993	-
Debt service	127,165	-
Food service	2,980,690	-
Other	62,297	-
Unrestricted net position (deficit)	(108,557,428)	626,717
Total net position	\$ 280,991,868	\$ 810,476

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

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Statement of Activities

For the Fiscal Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instruction	\$ 103,965,867	\$ 323,184	\$ -	\$ -
Student support services	9,919,459	-	-	-
Instructional media services	2,035,807	-	-	-
Instruction and curriculum development services	3,755,736	-	-	-
Instructional staff training services	3,739,423	-	-	-
Instruction related technology	2,044,763	-	-	-
School board	655,107	-	-	-
General administration	1,032,663	-	-	-
School administration	10,115,289	-	-	-
Facilities services	20,657,069	-	-	307,403
Fiscal services	969,310	-	-	-
Food services	9,574,971	1,958,193	7,593,471	-
Central services	3,270,461	-	-	-
Student transportation services	7,863,478	464,648	-	-
Operation of plant	14,659,051	-	-	-

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instruction	\$ 103,965,867	\$ 323,184	\$ -	\$ -
Student support services	9,919,459	-	-	-
Instructional media services	2,035,807	-	-	-
Instruction and curriculum development services	3,755,736	-	-	-
Instructional staff training services	3,739,423	-	-	-
Instruction related technology	2,044,763	-	-	-
School board	655,107	-	-	-
General administration	1,032,663	-	-	-
School administration	10,115,289	-	-	-
Facilities services	20,657,069	-	-	307,403
Fiscal services	969,310	-	-	-
Food services	9,574,971	1,958,193	7,593,471	-
Central services	3,270,461	-	-	-
Student transportation services	7,863,478	464,648	-	-
Operation of plant	14,659,051	-	-	-
Maintenance of plant	4,427,980	-	-	456,571
Administrative technology services	714,295	-	-	-
Community services	3,296,315	3,591,924	-	-
Unallocated interest on long-term debt	2,206,284	-	-	1,348,904
Total primary government	\$ 204,903,328	\$ 6,337,949	\$ 7,593,471	\$ 2,112,878

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instruction	\$ 103,965,867	\$ 323,184	\$ -	\$ -
Student support services	9,919,459	-	-	-
Instructional media services	2,035,807	-	-	-
Instruction and curriculum development services	3,755,736	-	-	-
Instructional staff training services	3,739,423	-	-	-
Instruction related technology	2,044,763	-	-	-
School board	655,107	-	-	-
General administration	1,032,663	-	-	-
School administration	10,115,289	-	-	-
Facilities services	20,657,069	-	-	307,403
Fiscal services	969,310	-	-	-
Food services	9,574,971	1,958,193	7,593,471	-
Central services	3,270,461	-	-	-
Student transportation services	7,863,478	464,648	-	-
Operation of plant	14,659,051	-	-	-
Maintenance of plant	4,427,980	-	-	456,571
Administrative technology services	714,295	-	-	-
Community services	3,296,315	3,591,924	-	-
Unallocated interest on long-term debt	2,206,284	-	-	1,348,904
Total primary government	\$ 204,903,328	\$ 6,337,949	\$ 7,593,471	\$ 2,112,878

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component
					Governmental Activities	Unit
Primary government:						
Governmental activities:						
Instruction	\$ 103,965,867	\$ 323,184	\$ -	\$ -	\$ (103,642,683)	\$ -
Student support services	9,919,459	-	-	-	(9,919,459)	-
Instructional media services	2,035,807	-	-	-	(2,035,807)	-
Instruction and curriculum development services	3,755,736	-	-	-	(3,755,736)	-
Instructional staff training services	3,739,423	-	-	-	(3,739,423)	-
Instruction related technology	2,044,763	-	-	-	(2,044,763)	-
School board	655,107	-	-	-	(655,107)	-
General administration	1,032,663	-	-	-	(1,032,663)	-
School administration	10,115,289	-	-	-	(10,115,289)	-
Facilities services	20,657,069	-	-	307,403	(20,349,666)	-
Fiscal services	969,310	-	-	-	(969,310)	-
Food services	9,574,971	1,958,193	7,593,471	-	(23,307)	-
Central services	3,270,461	-	-	-	(3,270,461)	-
Student transportation services	7,863,478	464,648	-	-	(7,398,830)	-
Operation of plant	14,659,051	-	-	-	(14,659,051)	-
Maintenance of plant	4,427,980	-	-	456,571	(3,971,409)	-
Administrative technology services	714,295	-	-	-	(714,295)	-
Community services	3,296,315	3,591,924	-	-	295,609	-
Unallocated interest on long-term debt	2,206,284	-	-	1,348,904	(857,380)	-
Total primary government	\$ 204,903,328	\$ 6,337,949	\$ 7,593,471	\$ 2,112,878	\$ (188,859,030)	\$ -
Component unit:						
Hope Center for Autism, Inc.	\$ 1,460,425	\$ 19,581	\$ 7,200	\$ 63,804	\$ -	\$ (1,369,840)
General revenues:						
Taxes:						
Property taxes, levied for operational purposes					108,967,735	1,398,694
Property taxes, levied for capital purposes					32,352,956	-
Grants and contributions not restricted to specific programs					52,784,580	147,910
Unrestricted investment earnings					1,027,372	227



Fund Financial Statements Help Users:

- Focus on information about the government's major governmental funds, including the general fund and other applicable funds, such as the special revenue, capital projects, and debt service funds.
- Understand information about a government's fiduciary funds and component units that are fiduciary in nature.
- Understand restrictions on the planned use of resources or to measure, in the short term, the revenues and expenditures arising from certain activities.
- Assess a government's accountability by assisting them in determining compliance with finance-related laws, rules, and regulations.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

Balance Sheet

Governmental Funds

June 30, 2018

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

Liabilities and fund balances

Liabilities:

Salaries and benefits payable	\$	5,615,806	\$	214,680
Accounts payable		2,153,408		39,430
Due to other funds		-		1,715,548
Unearned revenue		83,022		-
Total liabilities		<u>7,852,236</u>		<u>1,969,658</u>

Fund balances:

Nonspendable		436,711		-
Restricted		4,654,500		-
Assigned		-		-
Unassigned		19,687,081		-
Total fund balances		<u>24,778,292</u>		<u>-</u>

Total liabilities and fund balances	\$	<u>32,630,528</u>	\$	<u>1,969,658</u>
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The accompanying notes are an integral part of the basic financial statements.

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

	<u>General Fund</u>	<u>Special Revenue - Other Federal Programs Fund</u>
Revenues		
Federal direct	\$ 401,557	\$ 1,921,539
Federal through state and local	327,087	9,403,411
State	40,725,997	-
Local:		
Taxes	108,967,735	-
Charges for services - food services	-	-
Impact fees	-	-
Miscellaneous	7,905,470	-
Total revenues	<u>158,327,846</u>	<u>11,324,950</u>
Expenditures		
Current:		
Instruction	94,126,899	3,914,708
Student support services	6,674,064	3,149,177
Instructional media services	2,002,944	-
Instruction and curriculum development services	1,906,734	1,809,057
Instructional staff training services	1,643,195	2,062,150
Instruction related technology	2,022,120	-
School board	650,691	-
General administration	1,019,854	280,559



Notes to the Financial Statements Help Users:

- Understand information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements.
- Understand accounting procedures used by a government, as well as to divulge information that has occurred during and immediately after the close of the accounting period.
- Evaluate the government's significant accounting policies, cash deposits with financial institutions, investments, capital assets, long-term liabilities and various other disclosures about significant accounts and transactions.

Required Supplementary Information (RSI)



GASB also provides that the government's financial reporting include RSI, such as:

- Management's discussion and analysis (MD&A)
- Budgetary comparison schedules



Best Practices/Advisories

GFOA **Best Practices** identify specific policies and procedures that contribute to improved government management. They aim to promote and facilitate positive change or recognize excellence rather than merely to codify current accepted practice. GFOA has emphasized that these practices be proactive steps that a government should be taking. Best practices are applicable to all governments (both large and small). Best practices are approved by the GFOA executive board and represent the official position of the organization.

GFOA **Advisories** identify specific policies and procedures necessary to minimize a government's exposure to potential loss in connection with its financial management activities. For many advisories, GFOA will be providing specific recommendations on how to avoid risk or loss, either proactively or retroactively, in response to current events or trends. Advisories are approved by the GFOA executive board and represent the official position of the organization.

[Complete List of GFOA Best Practices and Advisories \(Alphabetical\)](#)

Click to Show  Best Practices Applicable to Canadian Governments

Reset

Best Practices by Topic

> [Financial Policies](#)

> [Accounting & Financial Reporting](#)

Recommendation:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.³ Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.⁴ In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, **GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.**⁵ The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.⁶ Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

Financial Condition Assessment



FLORIDA AUDITOR GENERAL
SHERRILL F. NORMAN, CPA



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FINANCIAL CONDITION ASSESSMENT INSTRUCTIONS

To assist auditors and local governments in making financial condition assessments, the Auditor General provides information such as financial data (indexed below), financial indicators, and benchmarks. Auditor General staff compile the information from audit reports and other sources. The Auditor General cannot certify the accuracy of the information provided since it originates from audit reports or other documents prepared by other organizations. Auditors and local government officials using the information will be responsible for reviewing the data for reasonableness; however, Auditor General staff will assist auditors and local government officials in determining why data may appear questionable. Example procedures for obtaining data for a particular entity and using the data to perform a preliminary financial condition assessment are provided below. Additional information may also be found in [Frequently Asked Questions](#).

APPENDIX A FINANCIAL INDICATORS

	<i>INDICATOR</i>	<i>APPLICABILITY</i>	<i>WARNING TREND</i>	<i>FORMULA **</i>
1	Change in Net Position / Beginning Net Position	Government Wide Statement of Activities (Governmental Activities)	The percent change in net position indicates how the government's position changed during the year (positive or negative) as a result of resource flow.	$1/2$
2	Unassigned and Assigned Fund Balance + Unrestricted Net Position (Constant \$)	Unassigned and Assigned Fund Balance & Unrestricted Net Position from all funds combined (except Special Revenue Fund)	Declining results may indicate that the local government could have difficulty maintaining a stable tax and revenue structure or adequate level of services. Deficits may indicate a financial emergency.	$(7+8+9+19)/38$
3	Unassigned and Assigned Fund Balance / Total Expenditures	General fund and Governmental funds separately	Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems for the local government even if the current fund balance is positive.	$7/14$ & $(7+8+9)/15$
4	Current Cash & Investments / Current Liabilities	General fund, Governmental Funds, and Proprietary funds separately	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	$3/5$ & $4/6$ & $17/18$
5	Current Cash & Investments/ Total Expenditures or Total Operating Expenses divided by 12	Governmental funds and Proprietary funds separately	Percentages decreasing over time may indicate that the local government has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs.	$4/(15/12)$ & $17/(22/12)$

Contact Information



AUDITOR GENERAL

Gregory L. Centers, CPA
Deputy Auditor General

Suite G74-N, Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

(850)412-2888
Fax (850)488-6975
gregcenters@aud.state.fl.us

FLAuditor.gov