

DON GAETZ
President of the Senate



WILL WEATHERFORD
Speaker of the House



Joint Legislative Auditing Committee

Representative Lake Ray, Chair
Senator Joseph Abruzzo, Vice Chair

Meeting Packet
Monday, January 13, 2014
1:00 P.M. to 3:00 P.M.
301 Senate Office Building

AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: January 13, 2014

TIME: 1:00 p.m. to 3:00 p.m.

PLACE: 301 Senate Office Building

MEMBERS:

Representative Lake Ray, Chair
Senator Joseph Abruzzo, Vice Chair

Senator Rob Bradley
Senator Alan Hays
Senator Jeremy Ring
Senator Wilton Simpson

Representative Daphne D. Campbell
Representative Gayle B. Harrell
Representative Daniel D. Raulerson
Representative Ray Rodrigues
Representative Cynthia A. Stafford

Discussion and consideration of recommendations related to the Transparency Florida Act, s. 215.985, F.S.

Presentation of the Auditor General's Operational Audit of the Manatee County District School Board (may also include discussion of the District's financial and Federal audit)

The Committee is expected to consider taking action, pursuant to s. 11.40(2), F.S., against local governments that have failed to file an annual financial report and/or annual financial audit (if required) due June 30, 2013, or earlier

**Transparency Florida Act
Recommendations and Guidelines
January 2014**

Recommendations suggested by Committee members:

- **Florida College System institutions:** Add employee salary information to the [Florida Has a Right to Know](#) website for employees of all colleges. Note: currently, the website provides salary information for employees of the state (People First data), the State Board of Administration, and state universities.
- **Water Management Districts:** Add financial-related information for the five water management districts as part of Transparency Florida. No specific information requested.

Questions to consider for further recommendations:

- Should the scope of the [Transparency Florida website](#) be expanded to include information from any of the following entities?
 - State universities
 - Florida College System institutions
 - School districts (Note: selected information, primarily summary reports, is now available on the website for school districts)
 - Charter schools and charter technical career centers
 - County offices (Board of County Commissioners, Clerk of Circuit Courts, Property Appraiser, Sherriff, Supervisor of Elections, and Tax Collector)
 - Municipalities
 - Special Districts

If so:

- 1) Which entities should be included?
- 2) What type of information should be included?

For example:

- a) Financial information selected entities are currently required to post on their websites. This includes monthly financial statements for water management districts and budget documents for local governments (including water management districts) and school districts.
- b) Information prepared during the normal course of business, such as financial statements, budget documents, audit reports, contracts and related information.
- c) New information that provides transaction-level information for revenues and expenditures.

**Transparency Florida Act
Recommendations and Guidelines
January 2014**

3) How should the information be provided or transmitted for public access?

For example:

- a) Should these entities provide all or some of the information on their websites with links also provided on the Transparency Florida website to access the data?
 - b) If transaction-level detail is recommended, should these entities be responsible for: (1) posting this information on their own website, or (2) transmitting the raw financial data via file transfer protocol (FTP) to the State with the State assigned responsibility for designing and building a system for displaying the information?
- If you recommend that entities should be responsible for posting information on their websites, with access provided on the Transparency Florida website:
 - 1) Should the display and access be required to be uniform between entities?
 - 2) How many years worth of information should be retained on the website once new fiscal year information is posted?
 - If you recommend that the State should design and build a system for displaying the information:
 - 1) What State entity should be assigned the responsibility to either design and build the system or to procure the services to do so?
 - 2) Once operational, what State entity should be responsible for receiving the non-state information and ensuring that it is made available to the public on the Transparency Florida website?
 - 3) How frequently should the different types of information be updated (i.e., daily, weekly, monthly, quarterly, or annually)?
 - 4) When should the information be included, by type of entity?

For example:

- a) Should information from all entities you are recommending for inclusion be added over a specified period of time?
- b) If so, in what order should each type of entity be added to the website?

Note: If specific dates are recommended, items to consider are: (1) time for the passage of possible legislation and the Governor's review, and (2) time that will be required by the State and the non-state entities to comply with the reporting requirements.

5) What format should be used to display the information?

**Transparency Florida Act
Recommendations and Guidelines
January 2014**

Single Website

In addition to the [Transparency Florida](#) website previously discussed, the single website also provides access to the following websites:

- [Transparency Florida](#) (State Finances; provided by the Chief Financial Officer);
- [Florida Has a Right to Know](#) (owned by the Governor; information provided by the Department of Management Services);
- [Florida Accountability Contract Tracking System](#) (FACTS; provided by the Chief Financial Officer);
- [Florida Fiscal Portal](#) (provided by the Governor’s Office in cooperation with the appropriations committees); and,
- [Florida Government Program Summaries](#) (provided by OPPAGA).

The Act requires the Committee to provide “recommendations for enhancement of the content and format of the [single] website and related policies and procedures.”¹

- Do you recommend any revisions to the single website and the websites that may be accessed from it?

For example, do you recommend:

- any additional information on a specific website? (i.e., include salary information for water management districts or other entities on the Florida Has a Right to Know website.)
- any modifications to make the information more user-friendly?
- any formatting changes to any of the websites?
- any new websites to be created/included?

¹ Section 215.985(13), F.S.

Transparency Florida: Potential Entities and Examples of Information for Possible Inclusion on the Website
Recommendation to be determined by the Joint Legislative Auditing Committee

Potential Entities		Documents generally prepared during the normal course of business <i>(Under current law some entities are already required to post some of these documents on their website)</i>			Likely to require staff time and resources to prepare for many entities			Will require substantial staff time and resources for most entities		
Type of Entity (Non-State)	Total Number	Audit Reports <i>(External and Internal)</i> <i>Note: Smaller entities may not be required to obtain an annual financial audit</i>	Budget Documents <i>(Tentative, Approved, Amendments)</i>	Monthly Financial Statements	Salaries <i>(Employee name, annual or hourly rate of pay, position)</i>	Purchase Order Information <i>(P.O.s above a specified threshold; vendor, product or service description, date, amount)</i>	Contract Information <i>(Contracts above a specified threshold; vendor, product or service description, dates, amount)</i>	Contract Documents <i>(With confidential information redacted)</i> <i>If considered, may want to establish a minimum threshold, for example contracts for \$10,000 or greater</i>	Detailed Expenditures <i>(Transaction level, such as an electronic checkbook that is searchable and downloadable)</i>	Other Financial Information
<i>Note: No specific entities are required to be included in your recommendation</i>										
School Districts	67									
Charter Schools and Charter Technical Career Centers	622 ¹									
State Universities	12									
Florida College System Institutions	28									
Counties <i>(including County Constitutional Offices if they prepare such documents)</i>	67 ²									
Municipalities	410									
Water Management Districts <i>(special districts)</i>	5									
Other Special Districts	1623 active ³									
Regional Planning Councils	11									
Metropolitan Planning Organizations	26									
Entities affiliated with Universities and Colleges <i>(such as the Moffitt Cancer Center)</i>	Unknown									

¹ As reported by the Department of Education on January 8, 2014.

² While there are 67 counties within the State, there are many more independent reporting entities since many of the constitutional officers operate their own financial management/accounting systems. The 38 counties that responded to a 2009 survey by the Florida Association of Counties reported 193 independent reporting entities.

³ Current as of January 8, 2014.

***Transparency Florida: Potential Entities and Examples of Information for Possible Inclusion on the Website
Recommendation to be determined by the Joint Legislative Auditing Committee***

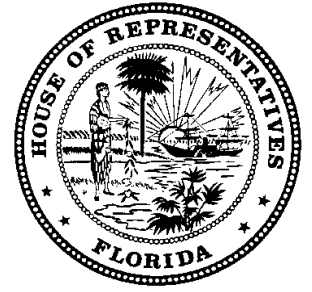
Possible consideration for report recommendations:

- (1) Require specified entities (as determined by the Committee) that have an official website to provide access to all required documents (also, as determined by the Committee) on a single webpage of the entities' official website. A link to such webpage shall be provided on *Transparency Florida*.
 - (a) Require access to current documents, such as audits, budget documents, and monthly financial statements; require access to these documents to then be retained on the webpage as new documents become available. Over time, require both the current document and documents for three prior years to be accessible (perhaps require one year of historical monthly financial statements). If salary information is recommended, require it to be updated either twice per year or annually. A minimum threshold is suggested for reporting information related to purchase orders and contracts. If purchase order and/or contract information is required, you may wish to require it to be updated either monthly or quarterly.
 - (b) If you recommend transaction-level expenditures (such as an electronic checkbook), and possibly contract documents to be accessible, you may want to establish a threshold based on revenues and/or expenditures in order to exempt smaller entities. A \$10 million threshold was previously used in the Transparency Florida Act to exempt smaller municipalities and special districts from Transparency Act related requirements. This amount could be revised, as you determine, or used as a starting point. If contract documents are recommended, you may wish to establish a minimum threshold based on the contract amount for those that will be required to be provided. If these two specific requirements are recommended, and especially if related bill language is filed, representatives of the effected entities may not support these requirements due to the potential impact on staff time and resources.
 - (c) Require that, once each entity has provided access to the single webpage and the required information, it submit the link to the Governor's Office. Require the Governor's Office to provide a link on *Transparency Florida*. Links should be organized by type of entity and then alphabetically. (Note: the Governor's Office focuses on state agency data; however, it previously provided access to school districts' information on the website.)
 - (d) Unless there is a change in law, the Committee is required to make recommendations to improve *Transparency Florida* on an annual basis. You may choose to require some base documents at the present time, with the recommendation that additional documents should be considered by the Committee during the next or a future review.

DON GAETZ
President



WILL WEATHERFORD
Speaker



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**TRANSPARENCY FLORIDA
STATUS AND RECOMMENDATIONS**

**Joint Legislative Auditing Committee
January 2014**

Joint Legislative Auditing Committee

Representative Lake Ray, Chair
Senator Joseph Abruzzo, Vice Chair

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TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

SCOPE

As required by s. 215.985(7), F.S., this report from the Joint Legislative Auditing Committee (Committee) provides recommendations related the possible expansion of the Transparency Florida website,¹ including whether to expand the scope to include educational, local governmental, and other non-state governmental entities. Also, as required by s. 215.985(13), F.S., this report provides the progress made in establishing the single website required by the Transparency Florida Act and recommendations for enhancing the content and format of the website and related policies and procedures.

BACKGROUND

Overview of the Transparency Florida Act

The “Transparency Florida Act (Act),”² an act relating to transparency in government spending, requires several websites for public access to government entity financial information.

The Act, as originally approved in 2009,³ required a single website to be established by the Executive Office of the Governor (EOG), in consultation with the appropriations committees of the Senate and the House of Representatives. Specified information relating to state expenditures, appropriations, spending authority, and employee positions and pay rates was required to be provided on the website.

Responsibilities assigned by law to the Committee included:

- oversight and management of the website;⁴
- propose additional state fiscal information to be included on the website;
- develop a schedule for adding information from other governmental entities to the website;⁵
- coordinate with the Financial Management Information Board in developing any recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8); and,
- prepare an annual report detailing progress in establishing the website and providing recommendations for enhancement of the content and format of the website and related policies and procedures.

In 2011, the Act was revised to require the Chief Financial Officer (CFO) to provide public access to a state contract management system that provides information and documentation relating to the contracting agency.⁶ Other revisions included: (1) requiring the State’s five water management districts to provide

¹ Refers to the website established by the Executive Office of the Governor, in consultation with the appropriations committees of the Senate and the House of Representatives, which provides information related to the approved operating budget for the State of Florida.

² Chapter 2013-54, L.O.F.

³ Chapter 2009-74, L.O.F.

⁴ Section 11.40(4)(b), F.S. (2009)

⁵ These entities included any state, county, municipal, special district, or other political subdivision whether executive, judicial or legislative, including, but not limited, to any department, division, bureau, commission, authority, district, or agency thereof, or any public school district, community college, state university, or associated board.

⁶ Chapter 2011-49, L.O.F.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

monthly financial statements to their board members and to make such statements available for public access on their website, (2) exempting municipalities and special districts with total annual revenues of less than \$10 million from the Act's requirements, and (3) several technical and clarifying changes.⁷ Also, a revision to s. 11.40, F.S., removed the Committee's responsibility to manage and oversee the Transparency Florida website.⁸

Further revisions to the Act were adopted in 2013.⁹ In addition to the two websites previously required, the Act now also requires the following websites:

- The EOG, in consultation with the appropriations committees of the Senate and the House of Representatives, is required to establish and maintain a website that provides information relating to fiscal planning for the State. Minimum requirements include the Legislative Budget Commission's long-range financial outlook; instructions provided to state agencies relating to legislative budget requests; capital improvements plans, long-range program plans and legislative budget requests (LBR) submitted by each state agency or branch of state government; any amendments to LBRs; and, the Governor's budget recommendation submitted pursuant to s. 216.163, F.S.
- The Department of Management Services is required to establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, or the State Board of Administration. Minimum requirements include providing the names of employees and their salary or hourly rate of pay; position number, class code, and class title; and employing agency and budget entity.
- The EOG, in consultation with the appropriations committees of the Senate and the House of Representatives, is required to establish and maintain a single website that provides access to all other websites (four) required by the Act.

Additional revisions include:

- The minimum requirements for the Act's original website (information relating to state expenditures, appropriations, spending authority, and employee positions) were expanded to include balance reports for trust funds and general revenue; fixed capital outlay project data; a 10-year history of appropriations by agency; links to state audits or reports related to the expenditure and dispersal of state funds; and links to program or activity descriptions for which funds may be expended.
- The Committee is no longer required to recommend a format for collecting and displaying information from governmental entities, including local governmental and educational entities. Rather, the Committee is required to recommend: (1) whether additional information from these entities should be included on the website, and (2) a schedule and a format for collecting and displaying the additional information.
- Language related to the contract tracking system required to be posted by the CFO is expanded to: (1) provide timelines, (2) require each state entity to post information to the contract tracking system, (3) address confidentiality and other legal issues, (4) provide definitions, and (5) authorize Cabinet members to post the required contract tracking information to their own agency-managed websites in lieu of posting on the CFO's tracking system.

Additional details relating to the Act in its current form may be found in Appendix A.

⁷ Ibid.

⁸ Chapter 2011-34, L.O.F.

⁹ Chapter 2013-54, L.O.F.

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Previous Committee Effort

The Committee has issued two previous reports related to the Act. A brief summary of the recommendations of each report follows.

2010 Committee Report

The act, as originally written, required the Committee to develop a plan to add fiscal information for other governmental entities, such as municipalities and school districts, to the website. Although the Committee was authorized to also make recommendations related to state agency information, much of that information was specified in statute and was being implemented by the EOG, in consultation with the appropriations committees of the Senate and the House of Representatives. The Committee's initial focus was on school districts due to the consistency of financial information required of the State's 67 school districts. Specific recommendations and timeframes for adding school district fiscal information to *Transparency Florida*¹⁰ were provided. Also, general recommendations were provided for adding fiscal information for other governmental entities, including state agencies, universities, colleges, counties, municipalities, special districts, and charter schools/charter technical career centers.

The Committee recommended the use of three phases for the addition of school district financial information to *Transparency Florida*. The Committee wanted citizens who visit either the home page of a school district's website or *Transparency Florida* to have the ability to easily access the school district's financial information that was located on the school district's website, the Department of Education's (DOE) website, and *Transparency Florida*.

The overall approach was to recommend that information which was readily available, with minimal effort and cost, to be included for school districts during the first phases of implementation. Most of the information should be located on the DOE's website with links to access it on *Transparency Florida*. This information included numerous reports prepared by the school districts, the DOE, and the Auditor General. The Committee expected that the first two phases could be accomplished without the need for additional resources.

Ultimately, once all phases were implemented, the goal was to provide transaction-level details of expenditures. Stakeholders expressed concern about the school districts' ability to provide this level of detail. School districts' accounting systems have the ability to capture expenditures at the sub-function and the sub-object levels.¹¹ These systems do not usually capture details of the amount spent on specific supplies, such as pencils or paper, or on a roofing project. Stakeholders also had concerns about the school districts' ability to provide this information on their websites, primarily due to cost and staffing issues. Their preference was for the State to build a data-system and require the school districts to upload via FTP (File Transfer Protocol) a monthly summary of expenditures at the sub-function and sub-object levels to *Transparency Florida*. Although Committee members were interested in more detailed information, this approach was agreed to with the idea that it was a starting point. In addition, the Committee recommended that the school districts provide vendor histories, to include details of expenditures for each vendor.

¹⁰ For the purpose of this report, *Transparency Florida* refers to www.transparencyflorida.gov/, the original website created pursuant to the Transparency Florida Act.

¹¹ For example, sub-function categories include costs associated with K-12, food services, and pupil transportation services; sub-object categories include costs associated with classroom teachers, travel, and textbooks.

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Although both the State and the school districts would incur costs, the main financial burden of the project would fall on the State. Rough estimates of the State's cost ran into the millions of dollars. Due to the uncertainty of the cost estimates, the Committee members voted to recommend to delay this phase until further information is available.

2011 Committee Report

The initial Committee report, discussed above, recommended deferring implementation related to detailed school district financial transactions until the Committee had additional information and could further discuss the issues and potential costs involved. The premise was that the school districts would transmit monthly data to the State for display on *Transparency Florida*. As explained, the cost was expected to be in the millions of dollars, but only a rough estimate was available.

In light of the continued financial difficulties being faced by the State, the Committee decided to abandon this approach and recommend an alternative. The new focus was to keep local information at the local level and for the State to provide access to it on *Transparency Florida*.

Although the Committee understood that the goal of the project was to provide more financial transparency at all levels of government, it recognized that local governments¹² know best what information their citizens want available for review. The Committee did not believe that it was the State's responsibility to design and build a system to collect and display local governments' information. Rather, the Committee recommended that the State work in partnership with local governments, as they increase transparency on their websites, so that the full financial burden did not fall on the local governments.

The Committee recommended that representatives for each type of entity develop suggested guidelines for the type of financial information and the level of detail that should be included. Each local government should be responsible for providing its financial information on its own website. A link should be included on *Transparency Florida* for each entity that implements the suggested guidelines in order to provide a central access point.

The Committee suggested that the guidelines include a uniform framework to display the information in a well-organized fashion so as to provide easy, consistent access to all online financial information for all local governments. When developing the suggested guidelines, some of the financial information that the Committee recommended for consideration included a searchable electronic checkbook, plus various documents that are prepared during the normal course of business, such as budget documents, monthly financial statements, audit reports, and contracts and related information. The Committee's intent was to provide an opportunity for increased financial transparency for Florida's citizens, by providing guidance and flexibility to local governments, without causing a financial burden in the process.

Transparency-Related Legislation

During the 2010 Legislative Session, the Legislature adopted proviso language to implement the Committee's recommendations related to school districts for the first two phases. The DOE was required to provide access to existing school district financial-related reports on its website, create a working group to develop recommendations to provide school-level data in greater detail and frequency, and publish a

¹² Local government in this context referred to all non-state entities subject to the requirements of the Transparency Florida Act at the time of the Committee's recommendation.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

report of its findings by December 1, 2010. School districts were required to provide a link to *Transparency Florida* on their website. Links to the DOE and other website information were provided on *Transparency Florida*. The requirements assigned to the DOE and school districts were fulfilled.

In 2011, two bills were passed which, although not directly related to the Act, relate to efforts to provide more financial transparency to Florida's citizens. Senate Bill 1292 (2011)¹³ requires the Chief Financial Officer to conduct workshops with state agencies, local governments, and educational entities and develop recommendations for uniform charts of accounts. The final report is due in January 2014. An entity's charts of accounts refers to the coding structure used to identify financial transactions. Most of the non-state entities are currently authorized to adopt their own charts of accounts. The school districts are the exception; the chart of accounts that they are required to use is specified by the DOE. During discussions related to determining recommendations for its first required report required by the Act, the Committee understood that the various charts of accounts used by entities across the state was an obstacle for providing financial data that could be compared from one entity to another.

Senate Bill 224 (2011)¹⁴ requires counties, municipalities, special districts, and school districts to post their tentative budgets, final budgets, and adopted budget amendments on their official websites within a specified period of time. If a municipality or special district does not have an official website, these documents are required to be posted on the official website of a county or other specified local governing authority, as applicable. Another provision requires each local governmental entity to provide a link to the DFS' website to view the entity's annual financial report (AFR). The AFR presents a financial snapshot at fiscal year-end of the entity's financial condition. It includes the types of revenue received and expenditures incurred by the entity. The format and content of the AFR is prescribed by the DFS.¹⁵ See Appendix B for the specific requirements of the bill.

In 2013, a provision in House Bill 5401 (2013),¹⁶ the bill which revised the Act, created the User Experience Task Force. Its purpose is to develop and recommend a design for consolidating existing state-managed websites that provide public access to state operational and fiscal information into a single website. The task force is comprised of four members, with one member each designated by the Governor, Chief Financial Officer, President of the Senate, and Speaker of the House. The task force's work plan is required to include a review of: (1) all relevant state-managed websites, (2) options for reducing the number of websites without losing detailed data, and (3) options for linking expenditure data with related invoices and contracts. The recommendations are due March 1, 2014, and must include: (1) a design that provides an intuitive and cohesive user experience that allows users to move easily between varied types of related data, and (2) a cost estimate for implementation of the design.

The Legislature did not address the recommendations made in the Committee's 2011 report.

PRESENT SITUATION

Status of Single Website

The requirements of s. 215.985(3), F.S., have been met. The single website titled "Florida Sunshine: Guiding you to the right financial source" provides external links to all other websites required by the Act

¹³ Chapter 2011-44, L.O.F.

¹⁴ Chapter 2011-144, L.O.F.

¹⁵ See s. 218.32, F.S.

¹⁶ Chapter 2013-54, L.O.F.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

and is available at <http://floridasunshine.gov/>. It provides access to: (1) Transparency Florida (State Finances), (2) Transparency Florida (State Budget), (3) Florida Has a Right to Know, (4) Florida Accountability Contract Tracking System (FACTS), (5) Florida Fiscal Portal, (6) Florida Government Program Summaries, and a recent addition (7) Transparency Florida Act User Experience Task Force.

Status of the Website Related to the Approved Operating Budget for State Government

The requirements of s. 215.985(4), F.S., have been met. The website titled “[Transparency Florida](#)” includes detailed financial-related information for state agencies and other units of state government for the fiscal years 2008-09 through the current fiscal year, 2013-14. School district information is also available. The website includes the Transparency Florida Tour, a video overview of the website; a training overview which provides general information about the financial data, as well as tips on how to navigate the website; an agency contact list; a glossary of terms and definitions; and, frequently asked questions.

Summary of State Information Available on *Transparency Florida*

The main focus of *Transparency Florida* has been to provide current financial data related to the State’s operating budget and daily expenditures made by the state agencies. Such financial data is updated nightly as funds are released to the state agencies, transferred between budget categories, and used for goods and services.

Details of the operating budget are available in either agency/ledger or bill format. The agency/ledger format allows users to select a specific state agency, including the legislative branch and the state courts system, to view the fiscal year budget and the number of employee positions. The current fiscal year, 2013-14, is the default; however, users may view information for any fiscal year from 2008-09 through the current year by selecting from a drop-down menu. By clicking on the hyperlinks, users may drill down to view agency information broken down by program. The bill format displays the information as it appears in the General Appropriations Act. Again, users may drill down to view more detailed information by clicking on the hyperlinks. Both views provide detailed information for positions and the daily status of appropriations for each program. Hyperlinks also allow users to view disbursements by object and an organizational schedule of allotment balances. By continuing to drill down, the name of each vendor associated with an expenditure is provided. Since the State does not have electronic invoicing, images of invoices are not provided; however, the statewide document number is provided, and users may contact the specified agency contact to request further information or a copy of an invoice.

Various reports relating to the operating budget, appropriations/disbursements, fixed capital outlay, reversions, general revenue, and trust funds can be generated from *Transparency Florida* and include:

- Operating budget by expenditure type, fund source, or program area;
- Comparison of operational appropriations for two fiscal years by state agency and/or category;
- Comparison of operational appropriations to disbursements made within one fiscal year by state agency and/or category;
- Comparison of operational disbursements for two fiscal years by state agency, category, and/or object code;
- Disbursements by line item;
- Fixed capital outlay appropriations and disbursements by category and/or state agency;

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

- Operating budgets by expenditure type, fund source, or program area;
- Schedule of Allotment Balances;
- Annual operational reversions by fiscal year;
- Comparison of operational reversions by fiscal year;
- Fixed capital outlay appropriations, reversions, and outstanding disbursements by fiscal year;
- Five-year history of operational reversions;
- General Revenue Fund cash balance, cash receipts, and cash disbursements, by month and by year;
- Trust fund balances; and,
- Ten-Year History of Appropriation Reports

In addition, *Transparency Florida* provides links to various reports, websites, and other documents related to the state budget as follows:

- Fiscal Analysis in Brief: an annual report prepared and published by the Legislature that summarizes fiscal and budgetary information for a given fiscal year;
- Long-Range Financial Outlook 3-Year Plan: an annual report prepared and published by the Legislature that provides a long-range picture of the State's financial position by integrating projections of the major programs driving annual budget requirements with revenue estimates;
- The Chief Financial Officer's [Transparency Florida](#): a webpage which includes links to:
 - State Budget Information;
 - Florida State Contract Search (FACTS);
 - Vendor Payments;
 - State Cash Balances;
 - Estimated state taxes paid based on income;
 - State Contract Audits;
 - State Spending Reports and Graphs;
 - State Financial Reports;
 - Local Government Financial Reporting; and,
 - State Employee Data (Florida Has a Right to Know).
- Reports on State Properties and Occupancy Rates: information from the Department of Management Services' Division of Real Estate Development and Management on state-owned buildings and occupancy rates; and,
- Government Program Summaries: encyclopedia of descriptive information on over 200 major state programs compiled by the Office of Program Policy Analysis and Government Accountability.

EOG staff have indicated that planned revisions to the website include: (1) providing the amount of cash receipts, and (2) revising the look of the website. Some individuals have indicated that the website is difficult to navigate. Effort is being made to provide a simpler interface for users who may not be familiar with the state appropriations process and terminology, yet retain the depth of information for the more knowledgeable users.

Presently, *Transparency Florida* includes all information required by the Act.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Background and Summary of School District Information Accessible from *Transparency Florida*

To date, the only non-state financial-related information that is accessible from *Transparency Florida* relates to school districts. As previously discussed, the Committee's focus for its 2010 report was on the addition of school district information to the website. Proviso language in the 2010 General Appropriations Act¹⁷ was based on the Committee's 2010 recommendations and required the DOE to:

- Coordinate, organize, and publish online all currently available reports relating to school district finances, including information generated from the DOE's school district finance database;
- Coordinate with the EOG to create links on *Transparency Florida* to school district reports by August 1, 2010;
- Publish additional finance data relating to school districts not currently available online, including school-level expenditure data, by December 31, 2010;
- Work with the school districts to ensure that each district website provides a link to *Transparency Florida*; and
- Establish a working group to study issues related to the future expansion of school finance data available to the public through *Transparency Florida*, develop recommendations regarding the establishment of a framework to provide school-level data in greater detail and frequency, and publish a report of its findings by December 1, 2010.

The DOE met the proviso language requirements and the EOG, working in consultation with the appropriations committees of the Senate and the House of Representatives, provided access to the related school district information on *Transparency Florida*. As a result, the following reports and links are now accessible:

- School District Summary Budget
- School District Annual Financial Report
- School District Audit Reports Prepared by the Auditor General
- School District Audit Reports Prepared by Private CPA Firms
- School District Program Cost Reports
- Return on Investment (ROI)/School Efficiency Measures
- Financial Profiles of School Districts
- Florida Education Finance Program (FEFP) Calculations
- Five-Year Facilities Work Plan
- Public School District Websites

A description of these reports is provided in Appendix C.¹⁸

In addition, the websites of many school districts include a link to *Transparency Florida*, although in some cases the links are not working properly. Generally, the link is located on the homepage of the school district's website; however, some school districts have included the link only on the webpage for their finance or business services department. The proviso language that required school districts to post

¹⁷ Proviso language for Specific Appropriations 116 through 130 of Ch. 2010-152, L.O.F.

¹⁸ Links to school district reports on *Transparency Florida* are located at <http://transparencyflorida.gov/LinkInfo.aspx>.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

the link to *Transparency Florida* on their home page was in effect for the 2010-11 fiscal year. Currently, there is no such requirement.

The DOE established the workgroup required by the proviso language to address the expansion of school district information available on *Transparency Florida*. The School District Working Group's report, published in December 2010,¹⁹ recommended:

- Providing school-level data at the sub-function (i.e., K-12, food services, and pupil transportation services) and sub-object (i.e., classroom teachers, travel, and textbooks) levels;²⁰ and,
- Uploading school district data to *Transparency Florida* via file transfer protocol (FTP) on a monthly basis.

The sub-function and sub-object levels were recommended as the most cost effective method due to the variety of accounting packages used by the school districts. These report recommendations align with the Committee's 2010 recommendations for phase three of school district implementation. The goal of this phase was to provide more frequent and detailed information than had been recommended in the two earlier phases. The Committee's 2011 recommendation, however, was to require local entities, including school districts, to post their financial information on their own website. The Committee reversed the earlier recommendation which required entities to submit data to the State and the State bearing the responsibility to design and build a system to receive and display the information on *Transparency Florida*.

Status of the Website Related to Fiscal Planning for the State

The requirements of s. 215.985(5), F.S., have been met. The website titled "[Florida Fiscal Portal](#)" includes budget-related information for the fiscal years 2000-2001 through 2014-2015. Publications available include: (1) planning and budgeting instructions provided to state agencies, (2) agency legislative budget requests, (3) the Governor's recommended budget, (4) appropriations bills, (5) the approved budget, (6) the final budget report (prepared after year-end), (7) agency long-range program plans, (8) agency capital improvement plans, (9) fiscal analysis in brief, (10) long-range financial outlook 3-year plan, and other documents for selected years.

Status of the Website Related to Employee Positions and Salary

The requirements of s. 215.985(6), F.S., have been met. The website titled "[Florida Has A Right To Know](#)," allows users to search payroll data from the State of Florida People First personnel information system. The database includes information from all Executive Branch agencies, the Lottery, the Justice Administrative Commission (including state attorneys and public defenders) and the State Courts System (including judges). In addition, spreadsheets provide information related to employees of the State Board of Administration and all 12 of the state universities.

Information available includes: (1) name of employee, (2) salary or other rate of pay,²¹ (3) employing agency or entity, (4) budget entity, (5) position number, (6) class code, and (7) class title. The People First

¹⁹ The report can be viewed at <http://www.fldoe.org/fefp/pdf/TransparencyFloridaWorkingGroup.pdf>.

²⁰ The level of detail required by *Financial and Program Cost Accounting and Reporting for Florida Schools*. Known as the Red Book, this is the uniform chart of accounts required to be used by all Florida school districts for budgeting and financial reporting (see Sections 1010.01 and 1010.20, F.S., and Rule 6A-1.001, F.A.C.).

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

information is updated weekly, the university information is updated twice per year, and the State Board of Administration information is reportedly updated quarterly.

Status of the Contract Management System

The requirements of s. 215.985(14), F.S., have been substantially met. The CFO established the [Florida Accountability Contract Tracking System \(FACTS\)](#), which provides online public access to information related to contracts executed by state agencies. It includes contracts for executive branch agencies, including the Department of Legal Services and some documents for the Department of Agriculture and Consumer Services;²² the state court system; the Justice Administrative Commission, including state attorneys, public defenders; and, the Public Service Commission. To date, contracts that have been procured following ch. 287, F.S., or similar requirements are included in the system. Information available includes: (1) the contract short title, (2) agency name, (3) vendor name, (4) contract ID, (5) total contract amount, (6) commodity/service type, (7) contract type, and (8) DFS contract audits, if applicable. Users may search for contracts by agency name, contract ID, beginning and/or ending dates of contracts, vendor name, contract dollar value, and commodity/service type. By selecting a specific contract and drilling down, users may access detailed information related to the contract, such as its statutory authority and whether there were any legal challenges to the procurement; a schedule of deliverables; a record of payments made; and, an image of the contract, if available. State agencies are required to redact confidential information prior to posting the contract document image online. Due, in part, to the length of time necessary to review contracts to ensure that all confidential information has been redacted, not all required images have been posted yet. At a minimum, the images of each agency's five largest contracts, based on total contract amount, are reportedly available on FACTS. Remaining contracts are in the process of being redacted and added to the system.

FACTS has been enhanced to allow agencies to post information related to grant agreements and purchase orders. However, due to the volume of contracts included in these categories, it will likely require considerable time before complete information is accessible on FACTS.

Status of Water Management District Information

The requirements of s. 215.985(11), F.S., have been met. All five of the state's water management districts indicated that they provide monthly financial statements to their governing board members. Also, three or more recent monthly financial statements were posted on the website of each water management district.

Potential Entities Subject to Transparency Florida Act Requirements

A governmental entity, as defined in the Act, means any state, regional, county, municipal, special district, or other political subdivision whether executive, judicial, or legislative, including, but not limited to, any department, division, bureau, commission, authority, district, or agency thereof, or any public school district, community college, state university, or associated board. As originally passed, the Act

²¹ Universities provide the amount paid per term for Other Personnel Service (OPS) employees; the remaining entities provide the hourly rate of pay for OPS employees.

²² An exemption for these two Cabinet agencies, provided in s. 215.985(14)(i), F.S., authorized each to create its own agency-managed website for posting contracts in lieu of posting such information on the CFO's contract management system. Although some documents for the Department of Agriculture and Consumer Services are included on FACTS, the Department has created its own contract management system which is similar to FACTS.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

required the Committee to recommend a format for displaying information from these entities on *Transparency Florida*. Smaller municipalities and special districts, defined as those with a population of 10,000 or less, were exempt from the Act. Entities that did not receive state appropriations were also exempt. Later, the Act was revised to provide an exemption based on revenues rather than population. Municipalities and special districts with total annual revenues of less than \$10 million were then exempt from the Act's requirements. In addition, the exemption for entities that did not receive state appropriations was removed.

Subsequent to a major revision in 2013, current law does not require specific non-state entities to be included in the Committee's recommendations or provide an exemption to any of these entities. The Committee is required to recommend "additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida college system institutions, school districts, charter schools, charter technical career centers, local government units, and other governmental entities."²³ The following table shows the number of non-state entities of each type that could potentially be recommended for inclusion:

Type of Entity (Non-State)	Total Number
School Districts	67
Charter Schools and Charter Technical Career Centers	622 ²⁴
State Universities	12
Florida College System Institutions	28
Counties	67 ²⁵
Municipalities	410
Special Districts	1628 active ²⁶
Regional Planning Councils	11
Metropolitan Planning Organizations	26
Entities affiliated with Universities and Colleges, such as the Moffitt Cancer Center	Unknown

To date, only school districts have been assigned responsibility related to the Transparency Florida Act. As previously discussed, the DOE was directed to work with the school districts to ensure that each district's website provided a link to *Transparency Florida*. This requirement was based on proviso language and was applicable for the 2010-11 fiscal year.

²³ Section 215.985(7)(a), F.S.

²⁴ As reported by the Department of Education on January 8, 2014.

²⁵ While there are 67 counties within the State, there are many more independent reporting entities since many of the constitutional officers operate their own financial management/accounting systems. The 38 counties that responded to a 2009 survey by the Florida Association of Counties reported 193 independent reporting entities.

²⁶ Current as of January 8, 2014.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

RECOMMENDATIONS

To Be Determined.

DRAFT

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix A

Requirements of the Transparency Florida Act		
Entity	Section of Law	Requirement
Joint Legislative Auditing Committee	215.985(7)	By November 1, 2013, and annually thereafter, the Committee shall recommend to the President of the Senate and the Speaker of the House of Representatives: <ul style="list-style-type: none"> • Additional information to be added to a website, such as whether to expand the scope of the information provided to include state universities, Florida College System institutions, school districts, charter schools, charter technical career centers, local government units, and other governmental entities. • A schedule for adding information to the website by type of information and governmental entity, including timeframes and development entity. • A format for collecting and displaying the additional information.
Joint Legislative Auditing Committee	215.985(13)	Prepare an annual report detailing progress in establishing the single website and providing recommendations for enhancement of the content and format of the website and related policies and procedures. Report shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1.
Joint Legislative Auditing Committee	215.985(9)	Coordinate with the Financial Management Information Board in developing recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8) . ²⁷
Executive Office of the Governor (EOG), in consultation with the appropriations committees of the Senate and the House of Representatives	215.985(3)	Establish and maintain a single website that provides access to all other websites required by the Transparency Florida Act. These websites include information relating to: <ul style="list-style-type: none"> • The approved operating budget for each branch of state government and state agency; • Fiscal planning for the state; • Each employee or officer of a state agency, a state university, or the State Board of Administration; and, • A contract tracking system. Specific requirements include compliance with the American Disabilities Act, compatible with all major web browsers, provide an intuitive user experience to the extent possible, and provide a consistent visual design, interaction or navigation design and information or data presentation.
EOG, in consultation with the appropriations committees of the Senate and the House of Representatives	215.985(4)	Establish and maintain a website that provides information relating to the approved operating budget for each branch of state government and state agency. Information must include: <ul style="list-style-type: none"> • Disbursement data and details of expenditure data, must be searchable; • Appropriations, including adjustments, vetoes, approved supplemental appropriations included in legislation other than the General Appropriations Act (GAA), budget amendments, and other actions and adjustments; • Status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved, and disbursed balances. • Position and rate information for employees; • Allotments for planned expenditures and the current balance for such allotments; • Trust fund balance reports;

²⁷ The Financial Management Information Board, comprised of the Governor and Cabinet, has not met in a number of years.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Requirements of the Transparency Florida Act		
Entity	Section of Law	Requirement
EOG, in consultation with the appropriations committees of the Senate and the House of Representatives (Continued)		<ul style="list-style-type: none"> • General revenue fund balance reports; • Fixed capital outlay project data; • A 10-year history of appropriations by agency; and Links to state audits or reports related to the expenditure and dispersal of state funds.
EOG, in consultation with the appropriations committees of the Senate and the House of Representatives	215.985(5)	Establish and maintain a website that provides information relating to fiscal planning for the state: <ul style="list-style-type: none"> • The long-range fiscal outlook adopted by the Legislative Budget Commission; • Instructions to agencies relating to the legislative budget requests, capital improvement plans, and long-range program plans; • The legislative budget requests submitted by each state agency or branch of state government, including any amendments; • The Capital improvement plans submitted by each state agency or branch of state government; • The long-range program plans submitted by each state agency or branch of state government; and • The Governor’s budget recommendation submitted pursuant to s. 216.163, must be searchable by the fiscal year, agency, appropriation category, and keywords. The Office of Policy and Budget in the EOG shall ensure that all data added to the website remains accessible to the public for 10 years.
Department of Management Services (DMS)	215.985(6)	Establish and maintain a website that provides current information relating to each employee or officer of a state agency, a state university, or the State Board of Administration. Information to include: <ul style="list-style-type: none"> • Name and salary or hourly rate of pay of each employee; • Position number, class code, and class title; • Employing agency and budget entity. Information must be searchable by state agency, state university, and the State Board of Administration, and by employee name, salary range, or class code and must be downloadable in a format that allows offline analysis.
Manager of each website described in 215.985(4), (5), and (6). This refers to the three preceding websites and to staff of the EOG and DMS	215.985(8)	Submit to the Joint Legislative Auditing Committee information relating to the cost of creating and maintaining such website, and the number of times the website has been accessed.
Chief Financial Officer	215.985(14)	Establish and maintain a secure contract tracking system available for viewing and downloading by the public through a secure website. Appropriate Internet security measures must be used to ensure that no person has the ability to alter or modify records available on the website
Each State Agency	215.985(14)(a)	Post contract related information on the CFO’s contract tracking system within 30 days after executing a contract. Information to include names of contracting entities, procurement method, contract beginning and ending dates, nature or type of commodities or services purchased, total compensation to be paid or received, all payments made to the contractor to date, and applicable contract performance measures. If competitive solicitation was not used, justification must be provided. Information must be updated within 30 days of any contract amendments.
Water Management Districts	215.985(11)	Provide a monthly financial statement to its governing board and make such statement available for public access on its website.

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix B

Summary of Senate Bill 224 (2011) Requirements Related to Financial Transparency <i>Documents That Entities Are Required to Post on Their Official Websites</i>				
Type of Entity	Tentative Budget <i>(must be posted online)</i>	Final Budget <i>(must be posted online)</i>	Adopted Budget Amendments <i>(must be posted online)</i>	If No Official Website
Board of County Commissioners	2 days before public hearing	Within 30 days after adoption	Within 5 days after adoption	N/A
Municipality	2 days before public hearing	Within 30 days after adoption	Within 5 days after adoption	The municipality must, within a reasonable period of time as established by the county or counties in which the municipality is located, transmit the tentative and final budget to the manager or administrator of such county or counties who shall post the budget on the county's website
Special District (excludes Water Management Districts)	2 days before public hearing	Within 30 days after adoption	Within 5 days after adoption	The special district must, within a reasonable period of time as established by the local general-purpose government or governments in which the special district is located or the local governing authority to which the district is dependent, transmit the tentative budget or final budget to the manager or administrator of the local general-purpose government or the local governing authority. The manager or administrator shall post the tentative budget or final budget on the website of the local general-purpose government or local governing authority.
Property Appraiser	N/A	Within 30 days after adoption	N/A	Must be posted on the county's official website
Tax Collector	N/A	Within 30 days after adoption	N/A	Must be posted on the county's official website
Clerk of Circuit Court <i>(budget may be included in county budget)</i>	N/A	Within 30 days after adoption	N/A	Must be posted on the county's official website
Water Management District	2 days before public hearing	Within 30 days after adoption	N/A	N/A
District School Board	2 days before public hearing	Within 30 days after adoption	Within 5 days after adoption	N/A
Additional Requirement				
Each local governmental entity website must provide a link to the DFS website to view the entity's AFR submitted; if an entity does not have an official website, the county government website must provide the link.				

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Appendix C

Transparency Florida Links: Reports and Other Information Available for School Districts <i>(As recommended in the Committee's 2010 report)</i>	
Title of Report / Other Information	Summary Description of Report / Other Information
School District Summary Budget	<i>At the beginning of each fiscal year, each district school board formally adopts a budget. The District Summary Budget is the adopted budget that is submitted to the DOE by school districts. The budget document provides millage levies; estimated revenues detailed by federal, state, and local sources; and estimated expenditures.</i>
School District Annual Financial Report	<i>The Annual Financial Report is the unaudited data submitted to the DOE by school districts after the close of each fiscal year. It includes actual revenues detailed by federal, state, and local sources, and actual expenditures.</i>
School District Audit Reports Prepared by the Auditor General	<i>The Auditor General provides periodic financial, federal, and operational audits of district school boards. The Auditor General also provides periodic audits of district school boards to determine whether the district: 1) complied with state requirements governing the determination and reporting of the number of full-time equivalent students under the Florida Education Finance Program and 2) complied with state requirements governing the determination and reporting of the number of students transported.</i>
School District Audit Reports Prepared by Private CPA Firms	<i>The Auditor General maintains copies of district school board financial and federal audit reports, which are prepared on a rotational basis by private certified public accounting firms.</i>
School District Program Cost Reports	<i>The Program Cost Report data is submitted to the DOE by school districts after the close of each fiscal year. Actual expenditures by fund type are presented as either direct costs or indirect costs, and are attributed to each program at each school. A total of nine separate reports are produced from the cost reporting system.</i>
Return on Investment (ROI)/ School Efficiency Measures http://roi.fldoe.org/index.cfm	<p> <i>Two major categories of information are provided at the state and school district level. Much of the information is also provided on an individual school level.</i> </p> <p> <i>Student/Staff Indicators include: School and District Demographics, School and District Staff, School and District Student Performance, School Students in Special Programs/School Discipline, School and District Graduation Follow-up, District School Readiness, and District Community Information. Financial Indicators include: School Return on Investment Index, School Total Costs Per Students, District Revenues, District Expenditures, District Financial Margins and Reserves, District Taxes, and District Debt.</i> </p> <p> <i>The ROI website allows users to evaluate measures of performance in light of the resources allocated to the individual schools and school districts.</i> </p>

TRANSPARENCY FLORIDA STATUS AND RECOMMENDATIONS

Transparency Florida Links: Reports and Other Information Available for School Districts <i>(As recommended in the Committee's 2010 report)</i>	
Title of Report / Other Information	Summary Description of Report / Other Information
Financial Profiles of School Districts http://www.fldoe.org/fefp/profile.asp	<i>The Financial Profiles of School Districts reports provide detailed summary information about revenues and expenditures of the school districts – revenues by source and expenditures by function and object.</i>
Florida Education Finance Program (FEFP) Calculations http://www.fldoe.org/fefp/offrfefp.asp	<i>The FEFP is the primary mechanism for funding the operating costs of the school districts, and calculations are made five times throughout each school year to arrive at each year's final appropriation. The amount allocated to each of the components of the FEFP funding formula is shown for each school district.</i>
Five-Year Facilities Work Plan http://www.fldoe.org/edfacil/workplanlibrary.asp	<i>Each school district must annually prepare a Five-Year Facilities Work Plan that includes long-range planning for its facilities needs over 5-, 10-, and 20-year periods.</i>
Public School Websites	<i>Provides a link to the homepage of each school district. The homepage of many school districts includes a link to Transparency Florida.</i>

Manatee County District School Board



Operational Audit Report
No. 2014-079
January 2014

Audit Focus and Results

- **Our audit focused primarily on management's performance in establishing and maintaining internal controls and in administering assigned responsibilities in accordance with applicable laws, rules, and grant agreements. Our audit also included a determination of whether management had taken corrective actions for findings included in previous audit reports.**
- **Our audit results disclosed that the District could improve operations in 13 areas as discussed on the following slides.**

Finding No. 1

Financial Condition

- The District's General Fund total assigned and unassigned fund balance declined 109 percent from a deficit of \$4.1 million at June 30, 2012, to a deficit of \$8.6 million at June 30, 2013, representing a reduction of \$4.5 million.

Finding Nos. 2 and 3

Cash Controls

- Three of the monthly main operating account bank reconciliations were performed untimely (i.e., averaged 69 days after month-end).
- Outdated information was noted in investment agreements as certain former employees could authorize electronic funds transfers (EFTs) and change accounts designated to receive EFTs, and inappropriate separation of duties existed as certain employees could initiate and authorize EFTs.

Finding Nos. 4 and 5

Cash Controls

- Food service (FS) cashiers voided transactions without documented supervisory review and approval; FS collections were sometimes transferred between employees without documented evidence of amounts transferred; and FS collections at one school were kept in an unsecured location.
- For miscellaneous cash collections, inappropriate separation of recordkeeping and cash receipting duties existed and collections were sometimes transferred between employees without documented evidence of the amounts transferred.

Finding Nos. 6, 7, and 8

Capital Outlay Funding

- Use of capital outlay funding is generally limited to restricted purposes set forth by Florida Law. Our audit noted questioned expenditures from the following capital outlay sources:
 - Sales Surtax (\$4.1 million),
 - Ad Valorem Tax (\$1.4 million),
 - Qualified School Construction Bond (\$616,000),
 - State Board of Education bonds (\$197,000),
 - Capital Outlay and Debt Service (\$185,000), and
 - Public Education Capital Outlay (\$17,000).

Finding No. 9

Capital Outlay Funding

- The District retained \$729,000 of a 2008-09 fiscal year Public Education Capital Outlay appropriation that was subject to reversion to the State as of February 1, 2011, pursuant to Section 216.301(2), Florida Statutes.
- These funds had remained unexpended and were not committed under the terms of a binding contract or otherwise committed to be expended.

Finding Nos. 10 and 11

Personnel and Payroll

- The Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.
- Terminal leave overpayments were made to 10 employees, ranging from \$86 to \$14,200, totaling \$29,400, because accumulated vacation leave was not limited to the 60-day limit set by Section 1012.65, Florida Statutes.

Finding Nos. 12 and 13

Personnel and Payroll

- The District classified a community involvement coordinator as an independent contractor rather than a District employee, although the worker appears to be an employee based on Internal Revenue Service guidelines.
- Two bus drivers drove school buses (one from September 2012 to November 2012, and the other from March 2013 to October 2013), without appropriate licenses.

Finding Nos. 14 and 15

Personnel and Payroll

- The District did not timely obtain required background screenings for 12 contracted workers.

Restricted Resources

- The District did not allocate E-payable and purchasing card program rebates generated by restricted resources to the appropriate District funds.

Finding Nos. 16 and 17

Procurement

- The Board opted to contract for certain professional services through competitive selection processes; however, District records did not evidence the basis for selecting from firms that submitted service proposals or why the process was discontinued for certain services.
- Controls over contractual payment processing needed to be enhanced as supporting documentation was not always verified before payments were made.

Finding No. 18

Direct-Support Organization

- District records did not evidence the basis upon which the District allowed employees of a former direct-support organization to participate in the Florida Retirement System and the District's health insurance programs.

Finding No. 19

Facilities Administration and Monitoring

- The District had not established formal committees to consider stakeholder input for construction projects, written policies and procedures for evaluating the various construction methods or maintenance-related job techniques, or written goals to address accountability for the facility and maintenance departments.

Finding No. 20

Confidential Information

- Controls could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes, regarding notifying individuals of the need for and use of social security numbers.

Finding No. 21

Insurance

- The District received an independent verification from a third party administrator (TPA) of its workers' compensation claims expenses through October 2012; however, District records did not evidence an independent assessment of the TPA's claim's process, or District tests of workers' compensation claim expenses, for the remainder of the 2012-13 fiscal year.

Finding No. 22

Insurance

- The workers' compensation, property, and general liability self-insurance plan had an ending deficit net position balance of \$1.7 million at June 30, 2013, resulting in significantly less resources for emergencies and unforeseen situations of the self-insurance plan.

Finding No. 23

Adult General Education

- The District over-reported a net total of 1,460 hours of contact hours for adult general education classes to the Florida Department of Education due, in part, to a programming design flaw, use of wrong student withdrawal dates, and incorrectly accumulated online class hours.

Finding Nos. 24 and 25

Virtual Instruction Program

- Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.
- VIP provider contracts lacked certain provisions required by State law, such as agreed-upon student-teacher ratios, responsibility for VIP debt, and minimum security controls to protect the confidentiality of sensitive education data.

Finding No. 26

Virtual Instruction Program

- The District is required to offer at least three VIP options to students (e.g., Florida Virtual School (FVS), a franchise of FVS, a DOE-approved provider, another school district, or a District virtual school). However, the District only offered full-time type virtual instruction for grades kindergarten through 5 and no part-time types. In addition, although full-time and part time types were provided for grades 6 through 12, only two options were provided.

Finding Nos. 27, 28, and 29

Virtual Instruction Program

- District records did not evidence that timely written notifications were provided to parents about student opportunities to participate in VIPs and open enrollment period dates.
- District records did not evidence that required background screenings were performed for VIP employees and contracted personnel.
- The District's procedures did not always require written documented verification that VIP students complied with compulsory attendance requirements.

Finding No. 30

Virtual Instruction Program

- The District had not established procedures to document that VIP students received necessary VIP instructional materials or ensure that VIP students and their parents are notified about the availability of computing resources and appropriately provided computing resources as required.

Finding Nos. 31, 32, and 33

Information Technology

- **Some inappropriate or unnecessary information technology (IT) access privileges existed.**
- **The District had not developed a written IT security incident response plan.**
- **District IT security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity needed improvement.**

Any Questions?

➤ Contact Information:

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**MANATEE COUNTY
DISTRICT SCHOOL BOARD**

Operational Audit



BOARD MEMBERS AND SUPERINTENDENTS

Board members and the Superintendents who served during the 2012-13 fiscal year are listed below:

	<u>District No.</u>
Barbara A. Harvey	1
Harry G. Kinnan to 11-19-12, Chair	
David Miner from 11-20-12	2
Julie B Aranibar, Vice Chair from 11-20-12	3
Robert C. Gause	4
Karen Carpenter, Vice Chair to 11-19-12, Chair from 11-20-12	5

Dr. Tim McGonegal, Superintendent to September 10, 2012
Robert Gagnon, Interim Superintendent from September 11, 2012 to October 14, 2012
Dr. David E. Gayler, Interim Superintendent from October 15, 2012 to March 19, 2013
Rick W. Mills, Superintendent from March 20, 2013

The audit team leader was Elba M. Guzik, CPA, and the audit was supervised by Karen J. Collington, CPA. For the information technology portion of this audit, the audit team leader was Earl Butler, CISA, CFE, and the supervisor was Heidi G. Burns, CPA, CISA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Director, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 412-2863.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

MANATEE COUNTY

District School Board

EXECUTIVE SUMMARY

Our operational audit disclosed the following:

FINANCIAL CONDITION

Finding No. 1: During the 2012-13 fiscal year, the District's General Fund total assigned and unassigned fund balance declined 109 percent from a deficit of \$4,127,328 at June 30, 2012, to a deficit of \$8,634,431 at June 30, 2013, representing a reduction of \$4,507,103. Under these circumstances, the District has significantly less resources for emergencies and unforeseen situations than other school districts of comparable size.

CASH CONTROLS

Finding No. 2: The District needed to enhance procedures to ensure timely bank account reconciliations.

Finding No. 3: Controls over electronic funds transfers could be enhanced.

Finding No. 4: Controls over food service collections could be improved.

Finding No. 5: Controls over miscellaneous cash collections could be enhanced.

CAPITAL OUTLAY FUNDING

Finding No. 6: District records did not evidence that sales surtax proceeds were used only for authorized purposes, resulting in \$4.1 million of questioned costs.

Finding No. 7: District records did not evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in \$1.4 million of questioned costs.

Finding No. 8: District records did not evidence that Qualified School Construction Bond, State Board of Education Bond, Capital Outlay and Debt Service, and Public Education Capital Outlay proceeds were used for authorized purposes, resulting in \$616,227, \$196,861, \$185,258, and \$16,498, respectively, of questioned costs.

Finding No. 9: The District retained \$728,815 of a 2008-09 fiscal year Public Education Capital Outlay appropriation that was subject to reversion to the State.

PERSONNEL AND PAYROLL

Finding No. 10: The Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

Finding No. 11: Controls over terminal leave payments needed enhancement.

Finding No. 12: The District classified one worker as an independent contractor rather than a District employee, although the worker appears to be an employee based on Internal Revenue Service guidelines.

Finding No. 13: Controls over monitoring school bus drivers could be enhanced.

Finding No. 14: The District did not timely obtain required background screenings for certain instructional and noninstructional contracted workers.

RESTRICTED RESOURCES

Finding No. 15: The District did not allocate E-payable and purchasing card program rebates generated by restricted resources to the appropriate District funds.

PROCUREMENT

Finding No. 16: Controls over the competitive selection of certain professional services could be enhanced.

Finding No. 17: Controls over contractual payment processing needed to be enhanced.

DIRECT-SUPPORT ORGANIZATIONS

Finding No. 18: District records did not evidence the basis upon which the District allowed employees of a former direct-support organization to participate in the Florida Retirement System and the District's health insurance programs.

FACILITIES ADMINISTRATION AND MONITORING

Finding No. 19: Controls over facilities construction and maintenance activities could be enhanced.

CONFIDENTIAL INFORMATION

Finding No. 20: Controls could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes, regarding notifying individuals of the need for and use of social security numbers.

INSURANCE

Finding No. 21: Controls over workers' compensation claims expenses could be enhanced.

Finding No. 22: The workers' compensation, property, and general liability self-insurance plan had an ending deficit net position balance of \$1.7 million at June 30, 2013, resulting in significantly less resources for emergencies and unforeseen situations of the self-insurance plan.

ADULT GENERAL EDUCATION

Finding No. 23: The District needed to strengthen its controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

VIRTUAL INSTRUCTION PROGRAM

Finding No. 24: Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.

Finding No. 25: VIP provider contracts were deficient in that contracts did not include all provisions required by State law.

Finding No. 26: Procedural enhancements were needed to ensure that the required number of VIP options is offered.

Finding No. 27: District records did not evidence that timely written notifications were provided to parents about student opportunities to participate in VIPs and the dates of the open enrollment periods.

Finding No. 28: District records did not evidence that required background screenings were performed for VIP employees and contracted personnel.

Finding No. 29: The District's procedures did not always require written documented verification that VIP students complied with compulsory attendance requirements.

Finding No. 30: The District had not established procedures to document that VIP students received necessary VIP instructional materials. In addition, procedures needed to be enhanced to ensure that VIP students and their parents are notified about the availability of computing resources and that qualified VIP students are provided computing resources.

INFORMATION TECHNOLOGY

Finding No. 31: Some inappropriate or unnecessary information technology (IT) access privileges existed.

Finding No. 32: The District had not developed a written IT security incident response plan.

Finding No. 33: District IT security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity needed improvement.

BACKGROUND

The Manatee County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Manatee County. The governing body of the District is the Manatee County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board.

During the 2012-13 fiscal year, the District operated 56 elementary, middle, high, and specialized schools; sponsored 11 charter schools; and reported 45,150 unweighted full-time equivalent students.

The results of our audit of the District’s financial statements and Federal awards for the fiscal year ended June 30, 2013, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Financial Condition

Finding No. 1: Financial Condition

In governmental funds, nonspendable, restricted, and committed accounts are used to indicate the portion of fund balance that is limited for specific purposes and not available for general appropriation by the Board, while the assigned and unassigned fund balance accounts are designed to serve as a measure of net current financial resources available for general appropriation by the Board. The assigned and unassigned portions represent the amount to be used with the most flexibility for emergencies and unforeseen situations.

Section 1011.051, Florida Statutes, requires that the District maintain a General Fund ending fund balance that is sufficient to address normal contingencies. If at any time the portion of the General Fund’s ending fund balance not classified as restricted, committed, or nonspendable (i.e., the total assigned and unassigned fund balances) in the District’s approved operating budget as a percent of General Fund total revenue (i.e., financial condition ratio) is projected to fall below 3 percent during the fiscal year, the Superintendent must provide written notification to the Board and the Florida Department of Education (FDOE). Further, if at any time the financial condition ratio is projected to fall below 2 percent, the Board should have a reasonable plan to avoid a financial emergency, or the FDOE will appoint a financial emergency board to implement measures to assist the Board in resolving the financial emergency. Also, Section 218.503(3), Florida Statutes, provides that the FDOE may determine whether a district school board needs State assistance to resolve or prevent a financial emergency condition.

In September 2012, the former Superintendent notified the Board and the FDOE of a \$3.4 million deficit total fund balance in the General Fund at June 30, 2012. The Board prepared a fiscal recovery plan, forecasting a \$6.6 million positive General Fund total fund balance at June 30, 2013, and, in October 2012, the FDOE approved the plan. The Board also approved a proposal for a forensic investigation to determine the cause of the deficit and, in January 2013, the Board accepted the forensic investigation report, which identified contributing factors that caused the deficit. The contributing factors included, in part, ineffective budgetary monitoring processes caused by errors in computer-generated and manually-prepared expenditure projections of employee salary and benefit costs, unbudgeted recurring expenditures for substitute teachers and overtime pay for plant operations personnel, and instructional personnel pay reductions that were not made.

Although the Board established a fiscal recovery plan in October 2012, the District was unsuccessful in implementing the plan as it continued to experience a decline in its financial condition. During the 2012-13 fiscal year, the General Fund total assigned and unassigned fund balance declined 109 percent from a deficit of \$4,127,328 at June 30, 2012, to a deficit of \$8,634,431 at June 30, 2013, representing a \$4,507,103 increase in the deficit. A summary of the General Fund financial condition ratios for the past three fiscal years is shown below:

Fiscal Year Ended June 30	Total Assigned and Unassigned Fund Balance (A)	Total General Fund Revenues (B)	Financial Condition Ratio (A)/(B)
2011	\$ 4,974,102	\$ 300,722,362	1.65%
2012	(4,127,328)	295,243,037	-1.40%
2013	(8,634,431)	308,347,961	-2.80%

As noted above, the financial condition ratio had declined to negative 2.80 percent at June 30, 2013. Also, the fund balance may be further reduced, as follows:

- As discussed in Finding Nos. 6, 7, and 8, the District may be required to use General Fund moneys to restore questioned costs of certain restricted capital outlay resources, including \$4,081,829 of sales surtax proceeds, \$1,400,175 of ad valorem taxes, and \$1,014,844 of proceeds from the issuance of various bonds.
- As discussed in Finding No. 15, the District reported rebates of \$65,255, generated by purchases using restricted District moneys, in the General Fund and, in the future, such rebates may be required to be restored to other funds.
- As discussed in Finding No. 22, in the future, the Board may be required to contribute additional General Fund moneys to fund its Workers’ Compensation, Property, and General Liability Internal Service (WCPGL-IS) self-insurance program as the program had a deficit net position balance of \$1,712,448 at June 30, 2013.
- The District may be required to use General Fund moneys to restore Federal questioned costs disclosed by our separate audit of the District’s financial statements and Federal awards.

To comply with Section 1011.051, Florida Statutes, on June 10, 2013, the District submitted a fiscal recovery plan to the FDOE, which projected a General Fund total assigned and unassigned fund balance deficit at June 30, 2013. The District accounting manager confirmed that, as of June 30, 2013, the District was not in a state of financial emergency pursuant to Section 218.503, Florida Statutes, as the District had not failed to timely pay any of its financial obligations. As of that date, pursuant to Section 1011.09(2), Florida Statutes, the District’s General Fund temporarily borrowed \$19,342,358 from its health insurance program, \$7,261,363 from restricted Federal and State resources, and \$1,462,487 from its school internal accounts.

On June 27, 2013, the FDOE notified the Superintendent that the District’s fiscal recovery plan for the 2013-14 fiscal year was approved. The plan projected that if no recovery strategies were implemented, the General Fund total assigned and unassigned fund balance at June 30, 2014, would be a deficit \$4,448,289, or a negative 1.3 percent financial condition ratio. The plan identified certain recommended fiscal recovery strategies such as staffing reductions, closing a high school, eliminating the internal audit department, and decreasing energy and maintenance costs. The plan stated that, if implemented, these strategies would increase the projected General Fund total assigned and unassigned fund balance by \$14,702,251 to \$10,253,962 at June 30, 2014, or a positive 3.32 percent financial condition ratio.

A similar finding was noted in the 2011-12 fiscal year financial audit report.

Recommendation: The Board and Superintendent should continue to closely monitor the District’s budget and take the necessary actions to ensure that an adequate fund balance is maintained in the General Fund.

Cash Controls

Finding No. 2: Bank Account Reconciliations

Effective internal controls require that reconciliations of bank account balances to general ledger balances be performed on a timely, routine basis. Such reconciliations are necessary to provide reasonable assurance that cash assets agree with recorded amounts, permit prompt detection and correction of unrecorded or improperly recorded transactions or bank errors, and provide for the efficient and economic management of cash resources. During the 2012-13 fiscal year, the ending monthly cash balance of the District’s main operating account ranged from \$7.1 million to \$57.4 million, with an average ending monthly balance of \$14.8 million.

Our review disclosed that the bank account reconciliations for the months of October and November 2012 and June 2013 were completed from 53 to 83 days, or an average of 69 days, after month-end. District personnel indicated that the District established a schedule to timely complete bank account reconciliations, but due to extenuating circumstances, completion dates were not always met. Untimely bank account reconciliations increase the risk that errors or fraud could occur and not be promptly detected. A similar finding was noted in our report No. 2011-050.

Recommendation: The District should enhance its procedures to ensure that bank account reconciliations are timely completed, reviewed, and approved.

Finding No. 3: Electronic Funds Transfers

Section 1010.11, Florida Statutes, requires each school board to adopt written policies prescribing the accounting and control procedures under which funds are allowed to be moved by electronic transaction for any purpose including direct deposit, wire transfer, withdrawal, investment, or payment. This law also requires that electronic transactions comply with the provisions of Chapter 668, Florida Statutes, which discusses the use of electronic signatures in electronic transactions between school boards and other entities. In addition, State Board of Education (SBE) Rule 6A-1.0012, Florida Administrative Code (FAC), authorizes the District to make electronic funds transfers (EFTs), provided adequate internal control measures are established and maintained, such as a written agreement with a financial institution that contains manual signatures of employees authorized to initiate EFTs. SBE Rule 6A-1.0012, FAC, also requires the District to maintain documentation signed by the initiator and authorizer of EFTs to confirm the authenticity of EFTs.

During the 2012-13 fiscal year, the District regularly used EFTs to make electronic disbursements for debt service payments, workers’ compensation and self-insurance payments, purchases and sales of investments, and direct deposit of employee pay. According to District records, cash and cash equivalents and investments totaling \$32.4 million were available for electronic transfer at June 30, 2013. The Board established a bank agreement with one bank and five investment agreements with four financial institutions to provide various services, such as EFTs. Our review disclosed that controls over the EFT process could be enhanced, as follows:

- While the District had informal EFT processes, such as use of EFT control documents that identified employees who initiated and authorized EFTs, the Board had not adopted written policies prescribing the accounting and control procedures of EFTs, including the use of electronic signatures, contrary to Section 1010.11 and Chapter 668, Florida Statutes.
- As of October 2013, outdated information was in each of the five investment agreements as they continued to allow certain former employees and elected officials authorization in the EFT process. For example, the April 2008 investment agreement with one of the financial institutions authorized EFTs and changes in accounts designated to receive EFTs by:
 - An employee that discontinued EFT duties in November 2010.
 - A former assistant superintendent that discontinued District employment in February 2012.
 - A former director of finance that discontinued District employment in June 2013.
- The bank agreement, and a December 2009 investment agreement with one of the financial institutions, did not provide for an appropriate separation of duties as the bank agreement authorized the finance manager and the school accounting specialist to initiate and authorize EFTs, and the December 2009 investment agreement authorized the finance manager to initiate and authorize EFTs and make changes in accounts designated to receive EFTs. An appropriate separation of duties would restrict EFT initiation and account changes from the finance manager, who also authorized EFTs, and EFT authorization from the school accounting specialist, who also performed bank account reconciliations.

While the District had established certain controls over EFTs, such as supervisory review and approval of journal entries, and our tests did not disclose any EFTs for unauthorized purposes, the lack of specific guidance in the form of Board-approved written policies and procedures, EFT agreements containing outdated information, and inappropriate separation of duties increase the risk of misappropriation of funds without timely detection.

Recommendation: The Board should adopt written policies and procedures to address accounting and control procedures for EFTs, including the use of electronic signatures. Such policies and procedures should ensure that EFT agreements are timely updated for changes in personnel and appropriately separate the duties of initiating and authorizing EFTs.

Finding No. 4: Food Service Collections

The District reported local food service collections totaling \$6 million for 52 school cafeterias for the 2012-13 fiscal year. Food service collections at the District's schools are processed through a point-of-sale computer system that uses codes assigned to students to determine student payment status (full-price, reduced-price, or free) and to classify food sales collections. The system generates a daily summary for breakfast and lunch showing the type and number of meals served for Federal reimbursement purposes, cash received, voided transactions details, and other relevant information. Our review of 3 school cafeterias disclosed that controls over food service collections could be improved. Specifically, we noted the following:

- Food service records for October 2012 and February 2013 at the three schools disclosed that no transactions voided by cashiers were, of record, subjected to supervisory review and approval. Without such review and approval, there is an increased risk that errors or fraud, should they occur, may not be timely detected.
- Our tests of collections totaling \$14,810 for 30 serving days at the three schools disclosed collections totaling \$4,791 for 16 of 20 days tested at two schools were transferred between employees without documented evidence of the collections transferred. Without transfer documents, the District may be limited in its ability to fix responsibility should a loss of collections occur.
- The daily cash collections totaling \$62,754 for the 2012-13 fiscal year at one of three schools tested were not always kept in a secure location. Subsequent to audit inquiry, the cafeteria manager indicated that cash

collections would be secured in a locked location. Cash collections awaiting deposit are more susceptible to theft when stored in unsecure locations.

Although the District had prescribed food service collection procedures that required supervisory review and approval of voided transactions, transfer documents to establish responsibility for collections exchanged, and collections to be appropriately secured, District personnel did not consistently follow these procedures.

Recommendation: The District should enhance its procedures to ensure that school cafeterias follow prescribed cash collection procedures by documenting supervisory review and approval of voided transactions, establishing responsibility for collections through use of transfer documents, and appropriately securing collections.

Finding No. 5: Miscellaneous Cash Collections

The Manatee County Tax Collector and certain State agencies, such as the Florida Department of Education, wire transferred or directly deposited the majority of the District’s revenue into the Board’s depository accounts, and the District maintained correspondence from these agencies to support this revenue. Also, the District reported revenues totaling \$21 million for other collections received at the District office and various decentralized locations in the form of currency or checks for miscellaneous revenues such as adult education program fees, retiree insurance premiums, and fingerprinting and teacher certification fees. However, the District needed to enhance its controls over these miscellaneous collections, as follows:

- The District did not provide for an appropriate separation of recordkeeping and cash receipting duties as an accounting clerk recorded accounts receivable, prepared receivable invoices, and received and recorded collection of the receivables. In these circumstances, this employee had control over the transaction process such that errors or fraud, should they occur, may not be timely detected.
- The accounting clerk generally received cash and checks directly or through the mail, and provided the collections to the finance secretary. The secretary completed a daily cash deposit log which included the check number, check date, amount of check, and payor; however, transfer documents were not used to establish accountability for the collections from the initial point of receipt. Without transfer documents, the District may be limited in its ability to fix responsibility should a loss of collections occur.

While we confirmed the majority of the District’s revenue to amounts reported by remitting agencies, our procedures cannot substitute for the District’s responsibility to implement adequate controls over miscellaneous cash collections.

Recommendation: The District should enhance its controls over miscellaneous cash collections to ensure recordkeeping and cash receipting duties are appropriately separated and use of transfer documents to establish accountability for collections.

Capital Outlay Funding

Finding No. 6: Sales Surtax Proceeds

The District receives a discretionary sales surtax pursuant to Section 212.055(6), Florida Statutes, and accounts for these proceeds in a subfund of the Capital Projects - Other Funds. Proceeds from the discretionary sales surtax can be used for various purposes, such as construction, renovation, and refurbishment of educational facilities, including hardware and software for various District sites. Section 212.055(6), Florida Statutes, further provides that neither the proceeds of the surtax nor any interest accrued may be used for operational purposes.

The 2011-12 fiscal year financial audit report cited the District for using \$919,000 of sales surtax proceeds to pay copier lease operating costs, contrary to Section 212.055(6), Florida Statutes, and recommended restoration of all current and prior fiscal year costs. The District analyzed its records and identified \$4,081,829 of sales surtax proceeds expended on the copier lease for the 2005-06 through 2011-12 fiscal years; however, as of June 30, 2013, the District had not restored these costs to the sales surtax subfund. A similar finding was noted in our report No. 2011-050.

Recommendation: The District should restore the \$4,081,829 of questioned costs to the sales surtax subfund of the Capital Projects – Other Fund.

Finding No. 7: Ad Valorem Taxation

Section 1011.71, Florida Statutes, allows the District to levy ad valorem taxes for capital outlay related purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects, and maintenance, renovation, and repair of existing schools. Also, Section 1013.01(12), Florida Statutes, provides a definition of maintenance and repair that excludes custodial and groundskeeping functions. The District accounts for the ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement (LCI) Fund.

For the 2012-13 fiscal year, the District reported LCI Fund expenditures and transfers out to other funds totaling \$4,172,122 and \$29,885,720, respectively. We reviewed LCI Fund expenditures and transfers totaling \$20,476,845 to determine their propriety. Our review disclosed \$1,400,175 of LCI expenditures and transfers to the General Fund for purposes that did not appear to be authorized by Section 1011.71, Florida Statutes as follows.

Description	Amount
Expenditures:	
Groundskeeping (1)	\$ 407,233
Transfers to the General Fund for:	
Salaries and benefits for certain maintenance personnel (2)	318,896
Salaries and benefits of lawn equipment personnel and related expenditures (3)	230,054
Information Technology personnel (4)	150,343
Salaries and benefits of data management personnel and related expenditures (5)	151,592
Salaries and benefits of energy and recycling specialist and related expenditures (6)	67,177
Gasoline (7)	40,145
Groundskeeping supplies (8)	34,735
Total	\$ 1,400,175

Notes:

- (1) District records indicated that these groundskeeping costs included payments for services such as mowing, edging, tree trimming, maintenance of playground mulch and clay fields, and purchases of mulch for playgrounds, supplies, and fertilizer. District personnel indicated the maintenance of playground mulch and purchase of mulch for playgrounds are allowable for safety purposes. Also, District personnel indicated that costs to maintain clay fields are allowable to comply with safety standards and the special needs of athletic programs. However, these costs do not appear to represent allowable uses of ad valorem tax levy proceeds.

- (2) These costs represented the salaries and benefits of the director of maintenance and operations, secretary of maintenance and operations, two clerical assistants of maintenance and operations, and the accounting clerk of maintenance and operations. The maintenance and operations department included duties over groundskeeping, which is an unallowable use of ad valorem tax proceeds, and the District did not maintain records such as personal activity reports or other documentation to evidence the amount of time these employees spent on activities representing allowable uses of ad valorem tax levy proceeds.
- (3) These costs represented salaries and benefits totaling \$175,471 for 24 employees from the lawn equipment repair department and other expenditures such as supplies, oil, and grease totaling \$54,583. District personnel indicated that these costs were charged to ad valorem tax levy proceeds in error, and agreed that such charges were not allowable uses of these proceeds.
- (4) These costs represented allocations, ranging from 25 to 90 percent, of the salaries and benefits of a network supervisor, communications and technical systems manager, network manager, and 100 percent of the salaries and benefits of a communications associate. As the communications associate was responsible for maintaining records for the Federal E-Rate program and reviewing telephone service bills for appropriate charges, the salaries and benefits of this employee are not allowable uses of ad valorem tax proceeds. Further, District records such as personnel activity reports or other documentation were not maintained to evidence the amount of time the other three employees spent on activities representing allowable uses of ad valorem tax levy proceeds.
- (5) These costs represented salaries and benefits totaling \$150,899 for an analysis and improvement coordinator and an analysis and improvement analyst, and travel and printing charges of \$693. District personnel indicated that these costs were charged to ad valorem tax levy proceeds in error, and agreed that such charges were not allowable uses of these proceeds.
- (6) District records indicated that 100 percent of the salary and benefits totaling \$43,660 for the energy and recycling specialist and other recycling expenditures totaling \$23,517 were expended from ad valorem tax levy proceeds. District records did not evidence the allowability of these charges to ad valorem tax levy proceeds, and District personnel agreed that these costs were not allowable uses of these proceeds.
- (7) These costs represented fuel for vehicles and equipment such as lawnmowers, weed eaters, and other gas powered tools, although groundskeeping functions are unallowable uses of ad valorem tax levy proceeds.
- (8) These costs were for groundskeeping supplies such as pest control services, which are unallowable uses of ad valorem tax levy proceeds.

These costs represent questioned costs of ad valorem tax levy proceeds. Without adequate controls to ensure that ad valorem tax levy proceeds are expended only for authorized capital outlay related purposes, the risk is increased that the District will violate applicable expenditure restrictions. A similar finding was noted in our report No. 2011-050.

Recommendation: The District should enhance controls to ensure that expenditures of ad valorem tax levy proceeds are expended only for authorized purposes. Such controls should include District records, such as personnel activity reports or other documentation, to evidence the allowable activities funded from ad valorem tax levy proceeds. In addition, the District should document the allowability of the \$1,400,175 of questioned costs or restore that amount to the LCI Fund.

Finding No. 8: Qualified School Construction Bond, State Board of Education Bond, Capital Outlay and Debt Service, and Public Education Capital Outlay Proceeds

Pursuant to Board resolution, and certain provisions of Florida law, the District issued Qualified School Construction Bonds (QSCB), Series 2010A, for \$21,600,000. The proceeds can be used for the acquisition, construction, renovation, remodeling, and equipping of educational facilities included in the Board resolution, and the District accounts for these proceeds in the Capital Projects – ARRA Economic Stimulus Fund.

Also, Section 9(d) Article XII, of the Constitution of the State of Florida provides for the allocation of bonds and motor vehicle license revenue to school districts for funding capital outlay projects in priority order of need, as shown in a District-prepared survey. The FDOE Office of Educational Facilities *State Requirements for Educational Facilities – 2012 (SREF)*, Section 2.1(5) requires the District to prepare a project priority list as the basis for use of SBE Bonds and Capital Outlay and Debt Service (CO&DS) proceeds. The District accounts for these proceeds in the Capital Projects – SBE Bonds Fund and Capital Projects – CO&DS Fund, respectively.

In addition, the State allocates Public Education Capital Outlay (PECO) funds to the District on an annual basis. The District’s annual PECO allocation consists of specific State-defined project categories and appropriation amounts,

each of which has its own restrictions governing use, including remodeling, renovation, maintenance, repair or site improvement projects to expand or upgrade current educational plants. Further, the FDOE has provided guidance that software purchases using PECO funds is limited to those that make equipment operational. The District accounts for these proceeds in the Capital Projects - PECO Fund.

For the 2012-13 fiscal year, the District had Capital Project – ARRA Economic Stimulus Fund expenditures of \$786,614; Capital Projects - SBE Bonds Fund expenditures of \$206,241; Capital Projects - CO&DS Fund expenditures and transfers out to the Debt Service Fund of \$961 and \$185,258, respectively; and Capital Projects - PECO Fund expenditures of \$2,084,128. Our tests disclosed:

- The Board approved a resolution to use QSCB Series 2010A bond proceeds for the Manatee High School Davis Building Project; however, during the 2012-13 fiscal year, the District used \$616,227 of the bond proceeds for other Manatee High School projects, which included a storm water system alteration, cafeteria serving line renovation, and kitchen floor replacement. District personnel confirmed that these projects were not part of the Davis Building Project and no amendments to the Board resolution were made to authorize these expenditures. As such, these expenditures represent questioned costs of \$616,227.
- The District inadvertently used \$196,861 of SBE Bond, Series 2010-A, proceeds for an auditorium sound system upgrade at Lakewood Ranch High School, although the SBE Bond resolution did not list Lakewood Ranch High School as an approved project, resulting in SBE Bond questioned costs of \$196,861.
- The District inadvertently used \$185,258 of CO&DS proceeds for principal and interest payments for the Series 2009 Certificates of Participation, although the District's project priority list did not include lease payments for the Series 2009 Certificates of Participation, resulting in CO&DS questioned costs of \$185,258.
- The District used \$16,498 of PECO proceeds for software licenses, although such purchases are not allowable uses of PECO proceeds as they were not necessary to make equipment operational.

Without adequate controls to ensure that proceeds from restricted resources are expended only for authorized purposes, the risk is increased that the District will violate applicable expenditure restrictions.

Recommendation: The District should enhance controls to ensure that expenditures of QSCB bond, SBE bond, CO&DS, and PECO proceeds are expended only for authorized purposes. In addition, the District should document the allowability of the questioned costs or restore \$616,227 to the Capital Projects – ARRA Economic Stimulus Fund, \$196,861 to the Capital Projects - SBE Bonds Fund, \$185,258 to the Capital Projects - CO&DS Fund, and \$16,498 to the Capital Projects - PECO Fund.

Finding No. 9: Public Education Capital Outlay Appropriations

Section 216.301(2), Florida Statutes, provides that the unexpended balance of any appropriation for fixed capital outlay for an educational facility that is not contracted, or committed to be expended, prior to February 1 of the third fiscal year, shall revert on February 1 of such year to the fund from which it was appropriated. Consequently, the 2008-09 fiscal year fixed capital outlay appropriations for educational facilities were subject to reversion on February 1, 2011, if the Board had not approved a contract, received bids, issued notice of intent to award a contract, or issued a purchase order to accomplish the work with in-house personnel.

During the 2008-09 fiscal year, the District received PECO appropriations for new construction totaling \$1,917,946. We performed an analysis of the 2008-09 and subsequent fiscal year legislative appropriations, and the District's reported use of the appropriations over the past five fiscal years. The results of our analysis disclosed that, as of February 1, 2011 (date the PECO appropriation was subject to reversion), \$728,815 of the appropriations remained unexpended and was not committed under terms of a binding contract or otherwise committed to be expended. According to District personnel, these funds had not been expended due to oversight. As these moneys remained

unexpended on June 30, 2013, District records did not demonstrate compliance with spending timeframes for these resources and the District is at risk of losing this funding. A similar finding was noted in the 2011-12 fiscal year financial audit report.

Recommendation: The District should establish procedures to ensure adequate accountability for State appropriations subject to reversion pursuant to Section 216.301(2), Florida Statutes. In addition, the District should document its compliance with this statute, or revert the \$728,815 of uncommitted funds to the FDOE.

Personnel and Payroll

Finding No. 10: Compensation and Salary Schedules

Section 1001.42(5)(a), Florida Statutes, requires the Board to designate positions to be filled, prescribe qualifications for those positions, and provide for the appointment, compensation, promotion, suspension, and dismissal of employees, subject to the requirements of Chapter 1012, Florida Statutes. Section 1012.22(1)(c)4.b., Florida Statutes, provides, that, for instructional personnel, the Board must provide differentiated pay based upon District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.

While compensation of instruction personnel is typically subject to collective bargaining, the Board had not established a documented process to identify the instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes. Such a documented process could specify the factors to be used as the basis for determining differentiated pay, the process for applying the factors, and the individuals responsible for making such determinations.

While the salary schedule and union contract provided for certain types of differentiated pay, without a Board-established documented process for identifying which instructional personnel are to receive differentiated pay, the District may be limited in its ability to demonstrate that the various differentiated pay factors are consistently considered and applied. A similar finding was noted in our report No. 2011-050.

Recommendation: The Board should establish a documented process for identifying instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

Finding No. 11: Terminal Leave Payments

Section 1012.65, Florida Statutes, governs terminal pay for accumulated vacation leave to employees upon employment termination or retirement. Terminal pay for vacation leave accumulated before July 1, 2001, must comply with Board policies in effect on June 30, 2001, and terminal pay for vacation leave accumulated after June 30, 2001, is limited to 60 days per employee.

During the 2012-13 fiscal year, the District made payments to 118 employees totaling \$708,140 for accumulated vacation leave. Our review of these terminal leave payments disclosed that 10 of these employees were overpaid by amounts ranging from \$86 to \$14,169, totaling \$29,352, because accumulated vacation leave for each of the 10 employees exceeded the 60-day statutory limit. In March 2013, the District changed its procedures to limit terminal leave pay based on the 60-day limit. A similar finding was noted in the 2011-12 fiscal year financial audit report.

Recommendation: The District should enhance its procedures to ensure terminal pay for accumulated vacation leave complies with Section 1012.65, Florida Statutes. The District should also take appropriate action to recover the overpayments.

Finding No. 12: Employee/Independent Contractor Status

The Internal Revenue Service (IRS) established certain guidelines to assist employers in making the distinction between classifying individuals as employees or independent contractors. Such distinctions are important because there are certain laws that apply when an individual serves in the role of an employee rather than an independent contractor. For example, compensation to independent contractors is not subject to withholding for employment taxes, such as Federal Insurance Contributions Act (FICA) and Medicare taxes, and retirement plan contributions may be required for employees that are not required for independent contractors.

To help employers consider relevant facts and circumstances when making employee or independent contractor determinations, the IRS developed a list of factors such as whether workers are required to comply with employer instructions, training requirements, and established work hours. For circumstances in which an employer is unable to establish the basis upon which a worker is an employee or independent contractor, an employer may file Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*, with the IRS for it to make the determination.

The District contracted with an individual to act as a community involvement coordinator. The District had previously employed the individual before the individual terminated employment in June 2011. During the 2011-12 and 2012-13 fiscal years, the District paid the individual \$76,947 as an independent contractor, although the individual's services appeared to be the same as a District employee. For example, the District required the individual to comply with District instructions and report daily by phone, in person, or by e-mail to a District supervisor, and the District provided office space and related equipment for the individual to perform the services. In addition, District records did not evidence documented evaluations to establish the basis upon which the independent contractor classification was made.

District personnel indicated the community involvement coordinator position was outsourced because of budget reductions. Without adequate and sufficient information in public records to evidence the relevant facts and circumstances for classifying individuals as employees or independent contractors, there is an increased risk that the District may be subject to additional payroll taxes and penalties for individuals classified as independent contractors that should have been classified as employees.

Recommendation: The District should establish procedures to document the relevant facts and circumstances upon which individuals are classified as independent contractors rather than employees. The District should also contact the IRS to determine whether the individual discussed above should be classified as an employee rather than an independent contractor and, if appropriate, amend its payroll reporting and remit any required payroll taxes and retirement contributions for the employee to the appropriate Federal and State agencies.

Finding No. 13: Bus Drivers

SBE Rule 6A-3.0141(6), FAC, requires the District to obtain and review the Florida Department of Highway Safety and Motor Vehicles (FDHSMV) driver's history record for school bus drivers prior to the first day of the fall semester, and thereafter using automated weekly updates. The District's Board policy and School Bus Safe Operator

Plan provide, in part, a point system for driving infractions that requires administrative actions against drivers, ranging from a letter of warning to employment termination, based on the points accumulated. Also, SBE Rule 6A-3.0141(8), FAC, and Board policy provide that school bus drivers with expired, suspended, or revoked commercial vehicle driving licenses, or infractions making the driver unqualified for the position in accordance with the District's School Bus Safe Operator Plan, will not be allowed to drive a school bus.

The District employed 236 bus drivers during the 2012-13 fiscal year and monitoring procedures over school bus drivers were generally adequate. However, comparison of District records and FDHSMV records disclosed 2 bus drivers had suspended commercial vehicle driving licenses while one operated a school bus from September 27, 2012, through November 8, 2012, and the other operated a school bus from March 4, 2013, through October 1, 2013. District personnel indicated that a report notifying the District for one of the suspensions had been overlooked and that the District did not receive notification of the other driver's suspension. To promote school bus safety and to reduce the risk of accidents caused by school bus drivers, it is important that the District ensure that drivers meet the requirements to operate the buses.

Recommendation: The District should enhance its procedures to ensure that school buses are only operated by drivers with valid licenses.

Finding No. 14: Background Screenings

Sections 1012.465, 1012.467, and 1012.468 Florida Statutes, provide that instructional and noninstructional contractors who are permitted access to school grounds when students are present or who have direct contact with students must undergo certain background screenings at least every five years. Also, Section 1012.468, Florida Statutes, provides exceptions to background screenings if the noninstructional contractors are under the direct supervision of District personnel or the contractor has met the screening requirements.

The Human Resource Department is responsible for maintaining records to evidence contractor background screenings. To determine whether the required background screenings were performed for instructional and noninstructional contractors provided access to school grounds when students were present, and not under the direct supervision of District employees, we tested 33 contracted workers, including 9 that worked for 1 instructional contractor and 24 that worked for 8 noninstructional contractors that provided services such as tutoring and therapy services. At the time of our tests, District records did not evidence required background screenings performed for 3 of the 9 workers of the instructional contractor. Also, at the time of our tests, District records did not evidence background screenings within the last five years for 4 workers of 3 noninstructional contractors. In addition, District records indicated that background screenings were untimely for 5 other workers of 2 contractors as the screenings were performed after the workers provided District services.

District personnel indicated that these exceptions occurred because of oversights. Without documented evidence of the required background screenings of instructional and noninstructional contractors, there is an increased risk that workers with unsuitable backgrounds may be allowed access to students. Similar findings were noted in our report Nos. 2008-100 and 2011-050, and regarding virtual instruction program provider personnel as discussed in Finding No. 28.

Recommendation: The District should enhance its procedures to ensure that required background screenings are performed for instructional and noninstructional contractors.

Restricted Resources

Finding No. 15: E-Payables and Purchasing Card Rebates

The District maintains a purchasing card (P-card) program, provided through a financial institution, as an available procurement option for its purchasing process. The District also maintains an e-Payables program with the financial institution as a convenient option for vendors to receive payments. As an incentive, the District receives annual rebates from the financial institution for each program, with the amounts determined based on the dollar amount of P-card purchases and e-Payables payments during annual periods. During the period January 2012 through December 2012, the District had P-card purchases totaling \$11,554,836, resulting in receipt as of March 2013 of a \$165,118 rebate. During the period October 2011 through September 2012, the District had e-Payables payments totaling \$5,487,367, resulting in receipt as of November 2012 of a \$61,470 rebate.

The \$226,588 in rebates received by the District included \$41,716 and \$23,539 that were generated by purchases using restricted District moneys in the special revenue and capital project funds, respectively. However, the rebates were not allocated to the funds from which the P-card purchases and e-Payables payments were made. Instead, the \$62,255 of rebates were recognized as revenue and applied to the General Fund, which is used for general operating purposes.

District personnel indicated they were unaware that the rebates should be accounted for in the specific fund type that generated the rebate. As certain Federal and State resources are typically restricted by Federal or State law, rebates generated by expenditures of those funds may be subject to the same restrictions. Without procedures to allocate rebates to the appropriate funding source, there is an increased risk that rebates generated by restricted sources may be used for purposes inconsistent with the restrictions on these resources.

Recommendation: The District should consult with the appropriate Federal cognizant agency and the Florida Department of Education for resolution on the use and allocation of rebates received on P-card purchases and e-Payables payments.

Procurement

Finding No. 16: Competitive Selection Process

The Legislature has recognized in Section 287.001, Florida Statutes, that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. Absent use of a competitive selection process, the District’s ability to demonstrate the fair, equitable, and economical procurement of professional services may be limited.

Pursuant to SBE Rule 6A-1.012, FAC, the District must generally request competitive solicitations from three or more sources for contractual services exceeding \$50,000. In acceptance of responses to requests for proposals, the District may award contracts to one or more responsive, responsible proposers in accordance with the selection criteria published in the request for proposal. While competitive selection of contractual services is optional for certain professional services such as auditing and legal services, it is important that contracts are awarded equitably and economically if the Board exercises its judgment to procure services through competitive selection. Our review and

discussions with District personnel disclosed that enhancements could be made in competitively procuring professional services as follows:

- The Board solicited requests for qualifications (RFQ) for Board attorney services and received qualifications from seven attorneys. The RFQ indicated that the Board would identify the top three candidates, interview them, and select a firm based on factors such as experience, qualifications, technical abilities, accessibility and availability of individuals assigned, and related fees.

At the June 3, 2013, workshop meeting, the Board identified four of the seven firms to interview and, at the June 10, 2013, workshop meeting, the Board interviewed the four firms and held various discussions. Using a ballot system that listed the four firms, identified the firm selected by each Board member and the Board member's signature, the Board selected a firm at the June 10, 2013, regular meeting. The Board contracted with the firm for \$165 per hour and other miscellaneous costs with total costs not to exceed \$50,000 through June 30, 2014. However, District records did not evidence the Board's application of the criteria in identifying the four firms to interview, ranking the firms, or in selecting the attorney.

- The Board solicited requests for proposals (RFP) for an internal accounts auditor and received proposals from ten certified public accounting (CPA) firms. The RFP indicated that an evaluation committee comprised of the Chief Financial Officer and at least two Board members, would evaluate proposals by assigning points for specific criteria, such as price, experience, technical approach, and references.

At the July 22, 2013, workshop meeting, the Board decided that it would act as the evaluation committee and discussed the ten proposals received. The District staff attorney informed the Board that by State Board rule, the RFP was exempt from competitive bidding, allowing the Board flexibility in how to evaluate the bid results. At the July 22, 2013, regular meeting, Board members selected a firm using a ballot system that included the ten firms, allowed the Board members to circle the firm selected and sign the respective ballot. The Board, at the July 25, 2013, special meeting, voted to accept a letter of engagement with the firm for costs not to exceed \$50,000 for the 2012-13 internal accounts audit. However, District records did not evidence the basis upon which the Board ranked the ten firms or the criteria applied that resulted in the internal accounts auditor selected.

- At the July 22, 2013, regular meeting, the Board discussed draft RFQs for internal audit services. The discussions included whether there was any benefit in competitively selecting a firm for the services, and the Superintendent indicated that the District would move forward with issuance of a RFQ and simultaneously enter negotiations with a designated CPA firm. However, no RFQ was issued. At the July 25, 2013, special Board meeting, the Superintendent presented a letter of engagement from a CPA firm to perform internal auditing services for costs not to exceed \$97,500. District personnel indicated that the Board used draft RFQs as the basis for discussions, and the Board approved the letter of engagement with the CPA firm. However, District records did not evidence the basis upon which the Board discontinued its competitive negotiations process.

As the Board set forth initial intentions to acquire Board attorney, internal accounts auditor, and internal auditing services through competitive selection processes, it is important that District records evidence the application of appropriate competitive selection procedures to contract for these services or why not using a competitive selection process was more advantageous to the District. Absent documented competitive negotiations for these services, District records did not demonstrate that the services were competitively acquired and obtained at the lowest cost consistent with desired quality.

Recommendation: The Board should enhance its procedures to ensure, for future professional services, that a competitive selection process is used or that District records demonstrate why not using a competitive selection process is more advantageous to the District.

Finding No. 17: Contractual Services

The Board routinely enters into contracts for goods and services and internal controls have been designed and implemented to ensure payments are consistent with bid awards and contract terms. However, our review of 20 payments totaling \$1,014,707 for contractual services disclosed that controls could be enhanced, as follows:

- The Board approved a contract with a company to provide educational programs for the District’s at risk students. Based on the contract, the District paid the company \$1,038,672 for 95 percent of the weighted full-time equivalent funding for students in the program and an allocated proportion of other costs. However, District personnel did not verify the accuracy of the number of students enrolled in the program by onsite visits or review of attendance records to ensure the payment was appropriate.
- The Board approved a bid for floor resurfacing services, ranging from \$5.30 to \$8.07 per square foot. The Board contracted with, and paid, the company \$59,742 for these services at Palmetto High and King Middle Schools; however, the payment was based on an invoice total and District records did not evidence the square footage resurfaced or a reconciliation between the cost of the square footage resurfaced and the bid and contract costs.
- The Board approved a low bid from a company for a video surveillance system based on rates ranging from \$60 to \$90 per hour and a materials cost markup of 15 to 45 percent. The Board contracted with and paid the company \$41,685 for the system at Horizons Academy. However, District records did not evidence the contractual personnel work hours, hourly rate applied, or a reconciliation between the materials cost and the bid and contract costs.

Without effective procedures to confirm satisfactory receipt of goods and services prior to payment and reconciliation of amounts billed to bid and related contract terms and conditions, there is an increased risk of overpayments or that errors or fraud could occur without timely detection.

Recommendation: The District should enhance its monitoring procedures to confirm satisfactory receipt of goods and services at agreed upon rates prior to payment. In addition, the District should obtain and review sufficient documentation to support the above-noted payments for contractual services and seek recovery of any overpayments, as appropriate.

Direct-Support Organizations

Finding No. 18: Manatee Education Foundation

Pursuant to Section 1001.453, Florida Statutes, a school board direct-support organization (DSO) must be a Florida nonprofit organization, approved by the Board to operate exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of District school and adult career and community education programs. A school board is authorized to permit a DSO to use District property, facilities, and personal services. In addition, Section 1001.43(5), Florida Statutes, allows community use of school facilities, and District guidelines requires a lease agreement be signed and approved in order to enter into rental agreements to allow use of facilities. Such agreements typically establish the facility use fees and liability insurance responsibilities of the organizations that use District facilities.

The Manatee Education Foundation, Inc. (MEF), a Florida nonprofit corporation, was organized to promote education of District students and provide student scholarships, and used property, facilities, and personal services of the District. The Board approved the MEF as a DSO in February 1987; however, in February 2012, the MEF restructured its by-laws and is no longer considered a DSO.

During the 2012-13 fiscal year, the District paid \$192,120 in salaries and benefits for the MEF employees, including \$162,430 for salaries, \$12,027 for social security taxes, \$9,264 for premiums to participate in the District’s health, life, and workers’ compensation insurance programs, and \$8,399 for Florida retirement system (FRS) contributions. In addition, the MEF paid \$3,500 to the District to rent space. While the MEF reimbursed the District for most costs incurred by the District for the MEF, District records did not evidence the basis upon which the District determined the MEF employees’ eligibility to participate in District employee benefit plans and the FRS. In addition, District records did not evidence a lease agreement for the space rented to the MEF or the reasonableness of the rent assessed the MEF.

DSOs are provided certain privileges to use District property and personal services pursuant to Section 1001.453, Florida Statutes, and are annually subject to audit; however, for entities not approved as DSOs, the basis for use of District property and services should be consistent with law and established through Board-approved contracts.

Recommendation: The Board should document the basis upon which MEF employees are determined eligible to participate in District employee benefit plans and the FRS, or discontinue such practices. Also, the Board should enhance its procedures to ensure that rental charges to the MEF are reasonable and pursuant to a Board-approved lease agreement.

Facilities Administration and Monitoring

Finding No. 19: Facilities Management

The facilities department is responsible for managing construction and renovation projects. During the 2012-13 fiscal year, the facilities department employed nine employees, including construction personnel, and the department’s operating cost was \$748,262. Also, during this fiscal year, the District had expenditures totaling approximately \$12 million for capital projects fund construction and renovation projects and, as shown on the District’s Five-Year Facilities Work Plan as approved by the Board on September 23, 2013, the District planned to spend \$75 million on construction and renovation projects and \$25 million on maintenance over the next five fiscal years. At June 30, 2013, the historical cost of the District’s educational and ancillary facilities, including land purchases, was \$1 billion and, as shown in the FDOE’s Florida Inventory of School Houses data, District facilities had an average age of approximately 18 years.

The maintenance department is responsible for ensuring facilities are safe and suitable for their intended use. The maintenance department performed heating, ventilating, air-conditioning (HVAC), electrical, plumbing, and other maintenance-related jobs. During the 2012-13 fiscal year, this department employed 137 employees, including grounds and maintenance personnel, and the department’s operating cost was \$9 million.

Given the significant commitment of public funds to construct and maintain educational facilities, it is important that the District establish written policies and procedures for evaluating the effectiveness and efficiency of facility operations at least annually using performance data and established benchmarks, and establish documented processes for evaluating facilities construction methods and maintenance techniques to determine the most cost-effective and efficient method or technique. In addition, performance evaluations could include established goals for facility and maintenance operations, and measurable objectives or benchmarks that are clearly defined, to document the extent to which goals are achieved and accountability for facilities and maintenance department employees are achieved. While our review of facilities management procedures indicated that procedures were generally adequate, we noted the following procedural enhancements could be made:

- **Construction Planning.** School districts benefit from long-range facilities construction planning activities that include consideration of stakeholder input, including District personnel, parents, real estate and construction professionals, county long-range planning personnel, and other community stakeholders. A committee comprised of such individuals may help the District with facility construction decisions based on actual or anticipated commercial or residential expansion efforts and population demographics.

The District communicates information regarding long-range planning and the status of the facilities program through Board-approved educational plant surveys, which are completed every five years and the FDOE-required Five-Year and Twenty-Year Facilities and Work Plans, which are updated each year. In addition, stakeholders are involved in the development of long-range priorities through the planning process, interlocal agreements with affected municipalities, and mandatory public hearings. However, except for the sales tax accountability committee, which includes community members appointed by the Board and specifically plans for projects funded from the sales tax referendum, the District has not established formal committees to consider stakeholder input, comprised of District personnel, parents, real estate and construction professionals, county long-range planning personnel, and other community stakeholders, with the responsibility of developing long-range construction priorities. District personnel indicated that they usually determine construction priorities; however, the use of a long-range facilities construction planning committee may help the District establish facility planning opportunities and cost savings not considered by the District's current process.

- **Alternative Construction Methods or Maintenance Techniques.** The District primarily awards high dollar construction contracts to design professionals and construction contractors using the construction manager at risk method within guaranteed maximum price contracts. Typically, for small construction projects that cost less than \$300,000, the District's Capital Building Construction Department personnel self-perform the work. In addition, maintenance-related jobs, such as HVAC replacement and repair, are routinely performed by maintenance personnel based on safety and suitability priorities. District personnel indicated that they had not established written policies and procedures for evaluating the various construction methods or maintenance-related job techniques and, while they consider alternative methods and techniques, they have not documented evaluations of the various approaches to determine, for each major construction project or significant maintenance-related job, which would be most cost-effective and beneficial. Without Board-approved policies and procedures, and documented evaluations, there is an increased risk that the District may not use the most cost-effective and beneficial construction method or maintenance technique.
- **Accountability.** The facilities and maintenance departments had not established written goals to address accountability for these departments. To identify cost-effectiveness or efficiency outcomes, the departments could set goals such as completing construction or maintenance projects that meet or exceed building code industry standards at the lowest possible cost. Progress in attaining the goals could be measured by developing accountability systems to monitor work orders for return assignments or corrective action because a project did not initially meet building code requirements, and compare project costs to industry standards for similar work. Additional goals could include setting benchmark time frames for routine projects or jobs, and progress toward meeting the goals could be measured by comparing project or job completion times to industry standards for similar work. Establishing goals that focus on accountability and measurable objectives and benchmarks could assist the District in determining whether its facilities and maintenance departments are operating as cost-effectively and as efficiently as possible.

Recommendation: The District should consider establishing a long-range facilities planning committee comprised of various stakeholders to periodically meet and assist the District in identifying long-range construction needs. Also, the District should develop written policies and procedures requiring periodic evaluations of alternative facilities construction methods and significant maintenance-related job techniques, and document these evaluations. In addition, the District should develop goals and objectives for the facilities and maintenance departments to identify cost-effectiveness or efficiency outcomes for department personnel.

Confidential Information

Finding No. 20: Social Security Numbers

The Legislature has acknowledged in Section 119.071(5)(a), Florida Statutes, the necessity of collecting social security numbers (SSNs) for certain purposes because of their acceptance over time as a unique numeric identifier for identity verification and other legitimate purposes. The Legislature has also recognized that SSNs can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status.

Section 119.071(5)(a), Florida Statutes, provides that the District may not collect an individual’s SSN unless the District has stated in writing the purpose for its collection and unless it is specifically authorized by law to do so, or is imperative for the performance of the District’s duties and responsibilities as prescribed by law. Additionally, this section requires that if the District collects an individual’s SSN, it must provide that individual with a written statement indicating whether the collection of the SSN is authorized or mandatory under Federal or State law, and identifying the specific Federal or State law governing the collection, use, or release of SSNs for each purpose for which the SSN is collected. This section also provides that SSNs collected by the District may not be used for any purpose other than the purpose provided in the written statement. This section further requires that the District review whether its collection of SSNs is in compliance with the above requirements and immediately discontinue the collection of SSNs for purposes that are not in compliance.

The District collected SSNs such as those listed on employee applications; new employee information sheets; forms for retirement contributions, withholding taxes, and background checks; and from students for student registration and scholarship applications. Our review disclosed that, because of oversights, the District did not always follow the statutorily required procedures for collecting SSNs, as the District collected SSNs on:

- New employee information sheets and other new employee forms, but did not provide the employees with written notification of the reason for collection of the SSNs.
- Proximity access card request forms that gave individuals access to District buildings, but did not provide the individuals with written notification of the reason for the collection of SSNs.
- Student registration and scholarship applications, but did not provide written notification to parents or guardians of the reason for collection of the SSNs.

Effective controls to properly monitor the need for and use of SSNs and ensure compliance with statutory requirements reduce the risk that SSNs may be used for unauthorized purposes. A similar finding was noted in our report No. 2011-050.

Recommendation: **The District should improve its efforts to comply with Section 119.071(5)(a), Florida Statutes.**

Insurance

Finding No. 21: Self-Insurance Plan Claims Expenses

The District is self-insured for workers’ compensation, property, and general liability. Pursuant to Section 1011.18(6), Florida Statutes, the District contracted with a third party administrator (TPA) to administer its workers’

compensation plan and process, investigate, and pay claims. During the 2012-13 fiscal year, the District reported workers' compensation claims expenses totaling \$2,955,209.

District personnel indicated that District risk management personnel reviewed TPA-generated claims register check requisitions and confirmed whether workers' compensation claims were for District employees. If confirmed, risk management personnel forwarded the check requisition to the finance department for payment. District records also included an October 2012 TPA service organization report, as described in *Statement on Standards for Attestation Engagements No. 16* (SSAE 16), *Reporting on Controls at a Service Organization*, for the period May 2011 to April 2012. For that time period, the SSAE 16 report confirmed the suitability of policies and procedures placed in operation to achieve specified control objectives and discussed tests of controls that confirmed the operating effectiveness of such controls. Further, the TPA confirmed that controls over the District's claim processing had not changed since the October 2012 report.

While District procedures to confirm the eligibility of individuals who made workers' compensation claims, the October 2012 SSAE 16 report, and TPA confirmation that controls had not changed provide a measure of assurance that claims expenses were appropriate, District records did not evidence an independent assessment of the TPA's claim's process, or District tests of workers' compensation claim expenses, for the 2012-13 fiscal year. Without such assessment or tests of workers' compensation claim expenses there is an increased risk that worker's compensation claim expenses may be for unallowable or excessive charges.

While our claims expenses tests did not disclose any significant errors or fraud, our procedures do not substitute for the District's responsibility to establish adequate controls over workers' compensation claims expenses.

Recommendation: The District should enhance procedures to effectively monitor its workers' compensation claims expenses.

Finding No. 22: Self-Insurance Plan Net Position

As discussed in Finding No. 21, the District is self-insured for workers' compensation, property, and general liability. The self-insurance plan had a deficit ending net position balances at June 30, 2012, and June 30, 2013, of \$2,409,399 and \$1,712,448, respectively. District personnel indicated that contributing factors for the continued deficits were increased claims expenses and insufficient revenue adjustment to offset the expenses. District personnel indicated that actuarial projections in April 2013 and other considerations were used as a basis for adjusting 2013-14 fiscal year revenue, and forecasted a June 30, 2014, deficit of \$987,660. Continued deficits in the workers' compensation, property, and general liability self-insurance plan may require other resources to fund the plan and increase the risk that the District may not meet its self-insurance obligations. A similar finding was noted in the 2011-12 fiscal year financial audit report and in our report No. 2011-050.

Recommendation: The District should continue its efforts to adequately fund the workers' compensation, property, and general liability self-insurance plan.

Adult General Education

Finding No. 23: Adult General Education Classes

Section 1004.02(3), Florida Statutes, defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State’s workforce. The District received State funding for adult general education, and proviso language in Chapter 2012-118, Laws of Florida, Specific Appropriation 106, required that each school district report enrollment for adult general education programs identified in Section 1004.02, Florida Statutes, in accordance with FDOE instructional hours reporting procedures.

FDOE procedures stated that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. FDOE procedures also provided that school districts develop a procedure for withdrawing students for nonattendance and that the standard for setting the withdrawal date be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last date of attendance.

For the 2012-13 fiscal year, the District reported to the FDOE 462,127 instructional contact hours for 1,315 students enrolled in 46 adult general education classes. Our review of 3,705 hours reported for 11 students enrolled in 25 adult general education classes disclosed contact hours were over-reported for each student tested in each class tested by a net total of 1,460 hours. District personnel indicated that the reporting errors occurred, in part, from a programming design flaw, use of wrong student withdrawal dates, and incorrectly-accumulated online class hours. Given the number of errors, the full extent of the class hours misreported was not readily available.

Since future funding may be based, in part, on enrollment data reported to the FDOE, it is important that the District reports data correctly. Similar findings were noted in the two previous financial audit reports and in our report No. 2011-050.

Recommendation: The District should strengthen its controls to ensure accurate reporting of instructional contact hours for adult general education classes to the FDOE. The District should also determine the extent of adult general hours misreported and contact the FDOE for proper resolution.

Virtual Instruction Program

Finding No. 24: Virtual Instruction Program Policies and Procedures

Pursuant to Section 1001.41(3), Florida Statutes, school districts are responsible for prescribing and adopting standards and policies to provide each student the opportunity to receive a complete education. Education methods to implement such standards and policies may include the delivery of learning courses through traditional school settings, blended courses consisting of both traditional classroom and online instructional techniques, participation in a virtual instruction program (VIP), or other methods. Section 1002.45, Florida Statutes, establishes the requirements for VIPs and requires school districts to include mandatory provisions in VIP provider contracts; make available optional types of virtual instruction; provide timely written parental notification of VIP options; ensure the eligibility of students participating in VIPs; and provide computer equipment, Internet access, and instructional materials to eligible students.

The District had written procedures addressing student eligibility, student progression requirements, attendance, mandated testing, and other procedures related to VIPs; however, the procedures could be expanded to include more

detailed instructions for staff charged with administering VIPs, as well as procedures for other VIP statutory requirements, such as provider contracts, required written notices, instructional materials, and computing resources. The procedures could also be expanded to provide guidance on monitoring VIP teacher qualifications and certifications. For example, policies and procedures could require school district personnel to confirm Florida teaching certificates with the FDOE and survey a sample of parents to confirm that the contracted VIP teachers were the teachers who provided the services.

Comprehensive written policies and procedures would promote compliance with the VIP statutory requirements and evidence management's expectations of key personnel and communicate management's commitment to, and support of, effective controls. Further, the absence of comprehensive, written VIP policies and procedures may have contributed to the instances of District noncompliance and control deficiencies identified in Finding Nos. 25 through 30.

Recommendation: **The District should develop and maintain comprehensive, written VIP policies and procedures to enhance the effectiveness of its VIP operations and related activities.**

Finding No. 25: Provider Contracts

Section 1002.45(4), Florida Statutes, requires that each contract with a FDOE-approved VIP provider contain certain provisions. For example, contracts must require that approved providers be responsible for all debts of the VIP if the contract is not renewed or is terminated and requires the approved provider to comply with all requirements of Section 1002.45, Florida Statutes. The District entered into a contract with a FDOE-approved VIP provider; however, the contract contained deficiencies and lacked some statutorily required provisions as discussed below:

- The contract did not require the provider to comply with all requirements of Section 1002.45, Florida Statutes. As this law contains specific program requirements, such as student eligibility and compulsory attendance requirements, excluding such requirements from the contracts may limit the District's ability to ensure compliance with these requirements in the event of a dispute.
- The contract did not include an agreed-upon student-teacher ratio. This is contrary to Section 1002.45(2)(a)7.¹, Florida Statutes (2012), which requires that FDOE-approved VIP providers publish student-teacher ratios and other instructional information in all contracts negotiated pursuant to Section 1002.45, Florida Statutes. Further, the District did not establish a student-teacher ratio threshold for the contracted VIP classes to allow for evaluations of the reasonableness of such ratios. Without establishing such ratios or ratio thresholds in the contracts or documenting evaluations of the reasonableness of the ratios, the number of students in the VIP classes may exceed the District's expectation and the District's abilities to monitor the quality of the provider's virtual instruction may be limited.
- The contract lacked a provision requiring the provider to be responsible for all debts of the VIP if the contract was not renewed or was terminated, contrary to Section 1002.45(4)(e), Florida Statutes. The inclusion of such a provision would strengthen the District's position in the event of a challenge by a provider.
- The contract did not provide for the District to monitor the provider's compliance with contract terms or quality of the virtual instruction. Without such provisions, the District may be limited in its ability to perform such monitoring. Such monitoring could include confirmation or verification that the VIP provider protected the confidentiality of student records and supplied students with necessary instructional materials. (See further discussion in Finding No. 30.)

¹ Renumbered as Section 1002.45(2)(a)8., Florida Statutes.

- The District's FDOE-approved VIP provider maintains significant amounts of educational data used to support the administration of the VIP and to meet District reporting needs to ensure compliance with State funding, information, and accountability requirements as set forth in State law. Accordingly, it is essential that accurate and complete data maintained by the provider on behalf of the District be available in a timely manner. Our review of the contract disclosed the following:
- The contract included no provisions for data quality requirements. Inclusion of data quality requirements in contracts would help ensure that the District expectations for the timeliness, accuracy, and completeness of education data are clearly communicated to the provider.
 - The contract contained requirements for the provider to implement, maintain, and use appropriate administrative, technical, or physical security measures to the full extent required by The Family Educational Rights and Privacy Act (FERPA), to maintain the confidentiality of educational records. However, the contract did not specify any minimum required security controls that the District expected to be in place to protect the confidentiality, availability, and integrity of critical and sensitive education data.

Recommendation: The District should establish or enhance procedures to ensure that statutorily required and other necessary provisions are included in contracts with FDOE-approved VIP providers.

Finding No. 26: Virtual Instruction Options

Section 1002.45(1)(b), Florida Statutes, requires school districts, under certain conditions, to provide students the option of participating in VIPs. For example, students may choose VIP services provided by the school district, Florida Virtual School (FLVS), another approved provider, another school district, or a virtual charter school. Pursuant to Section 1002.45(1)(b), Florida Statutes, school districts that are not considered to be in sparsely-populated counties, as discussed in Section 1011.62(7), Florida Statutes, must provide students with at least three options to participate in virtual instruction. As the District is not considered to be in a sparsely-populated county, the District must offer the three VIP types for all grade levels within the District's VIP and may not include contracting with FLVS for direct enrollment by students.

The District provided students the opportunity to participate in virtual instruction. However, the District did not provide all students at least three options, contrary to Section 1002.45(1)(b), Florida Statutes, and thus limited student access to the different virtual instruction types. The District provided one full-time type virtual instruction for grades kindergarten through 5 from one available option and no part-time types. In addition, although full-time and part-time types were provided for grades 6 through 12, only two options were provided.

Recommendation: The District should ensure that it offers the minimum number of VIP options to all grade levels as required by law.

Finding No. 27: Written Parental Notifications

Section 1002.45(10), Florida Statutes, requires that each school district provide information to parents and students about their right to participate in a VIP. Further, Section 1002.45(1)(b), Florida Statutes, requires all school districts to provide parents with timely written notification of the open enrollment periods for their VIPs.

District personnel indicated there were several communication methods used to provide information about the District's VIP to parents and students. Such communication included the District's Web site and oral referrals from the Parent Information Center and school counselors to the Innovative Programs and Parental Options Office.

While these methods indicate efforts by District personnel to communicate with parents and students about two VIP options for the 2012-13 school year, District records did not evidence that written notifications were provided directly to parents of students for its two options. Also, personnel indicated that the notification of the open enrollment period was made on the District's Web site; however, because the information was purged from the Web site, District records did not evidence compliance with the statutory requirement. In addition, the District's Web site did not include information regarding courses offered by the FLVS.

Without evidence that timely written notification was provided directly to parents, some students may not have been informed of the available VIP options and the associated enrollment periods, contrary to State law and potentially resulting in limited student access to virtual instruction types.

Recommendation: The District should enhance its procedures to ensure that records are maintained evidencing timely written notifications to parents about student opportunities to participate in VIPs and open enrollment period dates.

Finding No. 28: Provider Background Screenings

Section 1002.45(2)(a)3., Florida Statutes, requires VIP providers to conduct background screenings for all employees or contracted personnel as a condition of approval by the FDOE as a VIP provider in the State. The District contracted with a FDOE-approved provider. The providers indicated in their assurances to the FDOE during the approval process that lists of provider employees or contracted personnel subjected to the required screening would be provided to each applicable school district; however, the District did not initially obtain such a list from its VIP provider. Subsequent to our inquiry, District personnel obtained an employee list from the provider to confirm the dates of the required background screenings of the provider's 81 employees.

As similarly discussed in Finding No. 14 for background screenings of instructional and noninstructional contractors, without effective controls to ensure that background screenings of VIP provider employees are performed, there is an increased risk that these individuals may have backgrounds that are inappropriate for communicating with students and accessing confidential or sensitive District data and IT resources.

Recommendation: The District should ensure that the required background screenings are performed for all VIP provider employees and contracted personnel.

Finding No. 29: Student Compulsory Attendance

Section 1002.45(6)(a), Florida Statutes, requires each student enrolled in a VIP to comply with the compulsory attendance requirements prescribed in Section 1003.21, Florida Statutes, and requires school districts to verify attendance. Based on testing of District records, the District generally had control procedures to appropriately verify part time FLVS franchise student attendance; however, controls over other contracted VIP student attendance could be improved.

As of March 2013, the District reported 428 students enrolled part-time in a contracted FLVS franchise and their traditional schools documented attendance verification for those students. As of that date, the District also reported 28 students enrolled full-time in a contracted FLVS franchise and 104 students enrolled both full-time and part-time with another contracted VIP provider; however, District records did not evidence verification of daily attendance for those 132 students.

Absent effective procedures to verify student attendance and records documenting such verification, VIP students may not be satisfying the statutorily required compulsory attendance requirements.

Recommendation: The District should establish control procedures to require a documented verification that students enrolled with contracted VIP providers have complied with compulsory attendance requirements prescribed by law.

Finding No. 30: Computing Resources and Instructional Materials

Section 1002.45(3)(c), Florida Statutes, requires that each student enrolled in a VIP be provided with all necessary instructional materials. In addition, Section 1002.45(3)(d), Florida Statutes, requires the District to provide all necessary equipment, such as computers, monitors, and printers, and Internet access for online instruction to full-time VIP students who are eligible for free or reduced price school lunches, or who are on the direct certification list, and who do not have a computer or Internet access in the student’s home. District procedures for providing instructional materials to students and communicating the availability of, and providing, computing resources to qualified VIP students could be enhanced as follows:

- District personnel indicated that they relied upon the VIP provider to ensure that all necessary instructional materials were appropriately delivered to the VIP students, without independently verifying delivery.
- District personnel indicated that they verbally notified counselors and they have been so accommodating that students and parents know of the availability of computing resources; however, District records did not evidence direct communication with families. Consequently, the District provided computer resources to only 2 of the 560 students that participated in VIP courses.

Without procedures to verify receipt of all the necessary instructional materials, there is an increased risk that VIP students may not possess the materials necessary to successfully complete VIP course requirements. Additionally, without appropriately notifying parents of students in VIPs of the availability of computer equipment and Internet access, students may not have the computing resources required to successfully complete VIP courses.

Recommendation: The District should establish documented procedures to ensure that all VIP students receive necessary instructional materials and qualified VIP students are provided computing resources.

Information Technology

Finding No. 31: Access Privileges

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions inconsistent with their assigned job responsibilities. Periodic reviews of assigned IT access privileges are necessary to ensure that employees can only access IT resources that are necessary to perform their assigned job responsibilities and that assigned access privileges enforce an appropriate separation of incompatible responsibilities.

Our test of selected access privileges to the District’s finance and human resources (HR) applications and the supporting operating system disclosed some access privileges that were unnecessary or that permitted certain employees to perform incompatible functions. Specifically, we noted the following:

- A system user identifier (ID) used for emulation software, a system ID used for the creation of a specific group profile, a contractor, a Network Specialist, a State Reports Specialist, and a Risk Management department employee were assigned two special operating system authorities, one of which allowed them to view the contents of confidential data files within the applications hosted by the operating system and is more appropriate for those employees or contractors who are assigned security or operations responsibilities. The other special operating system authority allowed them to hold, release, change, and end other users' jobs; shut down the system or subsystems; and control spooled files and printers and is more appropriate for those employees or contractors with operations responsibilities. In these circumstances, such authorities allow the employees to view the contents of confidential payroll information, such as social security numbers, which would be inappropriate access privileges for these employees. In addition, the contractor, the State Reports Specialist, the Risk Management department employee, and the Network Services Supervisor were assigned a special operating system authority that allowed them to create, change, and delete user and group profiles. While this authority is more appropriate for employees or contractors with security administrator responsibilities, such inappropriate access privileges allow creation of an erroneous user ID and the ability to jeopardize the integrity of the District's IT information.
- The emulation software ID described above and an additional State Reports Specialist had special operating system authority to change system communication configurations, including Internet connection settings. The ability to configure and change system communication configurations is more appropriate for those employees or contractors who are assigned system or network administration responsibilities.
- One system ID used for the District's legacy student information system had special operating system authority to access any resource on the system, which was unnecessary for this ID. In addition, two contractors were actively assigned this authority; however, as this special operating system authority is used for system administration, the authority should be enabled at the point in time the contractors are needed to perform this level of responsibility for the District.
- Eleven Technology and Information Services employees had unnecessary access privileges to finance and HR application transactions, including updating vendor, customer, and employee records; adding, changing, and deleting purchase order records from a requisition; and reposting general ledger transactions. One of the employees had additional access privileges to add, change, or delete a purchase order or requisition record and to add, change, or delete a journal entry or budget amendment record. In addition, this employee and three of the others had the ability to create a manual check and related voucher.
- Eight payroll employees within the HR module security group had the ability to add or update an employee to the master file, make changes to the salary, and change the employee address. These duties are contrary to an appropriate separation of duties. Although payroll edit reports were generated to show changes other than address changes, there was no independent review and approval of the reports, negating the usefulness of such reports.
- Five finance employees within the HR module security group had the ability to update employee or vendor files including changing addresses, although these access privileges are unnecessary for their job functions. Also, one of these five employees had access to the accounts receivable security group that was also unnecessary for job performance. Subsequent to our inquiry, the District deleted the accounts receivable security for this employee.
- The former Director of Finance with responsibilities of directing accounting and reporting of financial transactions could update employee and vendor files including changing addresses within the finance module security group, which was an unnecessary access privilege for the employee's job responsibilities. This employee's access was removed when the employee terminated employment on June 30, 2013.
- One business service employee, an executive secretary, was assigned accounts receivable and budget security groups access, which was unnecessary for the employee's job duties. In response to our inquiry, the District deleted both security groups for this employee.
- A custodian whose job responsibilities included cleaning tasks and general maintenance duties and a junior accountant with responsibilities of assisting bookkeepers in problem solving, payroll issues, and encumbrances had access to security groups that were not needed for their job functions. For example, the

custodian could input journal entries even though it was not needed for her position and the junior accountant could enter and approve her own purchase orders. District personnel indicated that the screen to approve the purchase order had been disabled several years ago and was no longer used, but District records did not evidence that the access was disabled. In response to our inquiry, the District deleted these employees' access to these security groups.

The District reviewed application access privileges annually, and the District had certain compensating controls in place (e.g., supervisory monitoring of expenditures and annual review of user group profiles). However, the existence of these inappropriate or unnecessary access privileges indicated a need for an improved review of access privileges and increased the risk of unauthorized disclosure, modification, or destruction of District data and IT resources.

Recommendation: The District should improve its review of IT access privileges and remove any unnecessary or inappropriate access privileges detected.

Finding No. 32: Security Incident Response Plan

Computer security incident response plans are established by management to ensure an appropriate, effective, and timely response to security incidents. These written plans typically detail responsibilities and procedures for identifying, logging, and analyzing security violations and include a centralized reporting structure, provision for a team trained in incident response, notification to affected parties, and incident analysis and assessment of additional actions needed.

Although the District may become aware of security incidents by employees contacting Help Desk or Network Services personnel and designate certain District employees to respond to such incidents, the District had not developed a written security incident response plan that included:

- A definition of computer security incidents and an established process for reporting a suspected incident;
- Established procedures for isolating and containing a security threat and capturing and maintaining events associated with an incident;
- Identification of response team members trained in roles and responsibilities;
- An established process for involving the appropriate local, State, and Federal authorities; and
- An established process, pursuant to Section 817.5681, Florida Statutes, of notifying affected parties whose personal information was, or was reasonably believed to have been, acquired by an unauthorized person.

Should an event occur that involves the potential or actual compromise, loss, or destruction of District data or IT resources, the lack of a written security incident response plan may result in the District's failure to take appropriate and timely actions to prevent further loss or damage to District data and IT resources.

Recommendation: The District should develop a written security incident response plan to provide reasonable assurance that the District will respond in an appropriate and timely manner to events that may jeopardize the confidentiality, integrity, or availability of District data and IT resources.

Finding No. 33: Security Controls - User Authentication, Data Loss Prevention, Information Security Program Development, and Monitoring of System Activity

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain District IT security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity needed improvement. We are not

disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues. Without adequate security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. A similar finding related to user authentication was communicated to District management in connection with our report No. 2011-050.

Recommendation: The District should improve IT security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the District had taken corrective actions for findings included in previous audit reports. The following table provides information on District recurring audit findings:

Current Fiscal Year Finding Numbers	Financial		Operational	
	2011-12 Fiscal Year Audit Report and Finding Numbers	2010-11 Fiscal Year Audit Report and Finding Numbers	2009-10 Fiscal Year Audit Report and Finding Numbers	2006-07 Fiscal Year Audit Report and Finding Numbers
1	CPA Firm, Finding No. 12-5	NA	NA	NA
2	NA	NA	Audit Report No. 2011-050, Finding No. 10	NA
6	CPA Firm, Finding No. 12-2	NA	Audit Report No. 2011-050, Finding No. 1	NA
7	NA	NA	Audit Report No. 2011-050, Finding No. 1	NA
9	CPA Firm, Finding No. 12-4	NA	NA	NA
10	NA	NA	Audit Report No. 2011-050, Finding No. 3	NA
11	CPA Firm, Finding No. 12-3	NA	NA	NA
14	NA	NA	Audit Report No. 2011-050, Finding No. 4	Audit Report No. 2008-100, Finding No. 4
20	NA	NA	Audit Report No. 2011-050, Finding No. 5	NA
22	CPA Firm, Finding No. 12-5	NA	Audit Report No. 2011-050, Finding No. 8	NA
23	CPA Firm, Finding No. 12-1	CPA Firm, Finding No. 11-1	NA	NA
33	NA	NA	Audit Report No. 2011-050, Finding No. 13	NA

NA - Not Applicable. (Note: Above chart limits recurring findings to two previous audit reports.)

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2013 to October 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in previous audit reports.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

For those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

The scope and methodology of this operational audit are described in Exhibit A. Our audit included the selection and examination of records and transactions occurring during the 2012-13 fiscal year. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit B.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Information technology (IT) policies and procedures.	Reviewed the District’s written IT policies and procedures to determine whether they addressed certain important IT control functions.
IT access privileges and separation of duties.	Tested selected access privileges over the operating system, network, and finance and human resources (HR) applications to determine the appropriateness and necessity based on employees’ job duties and user account functions and adequacy with regard to preventing the performance of incompatible duties.
IT data loss prevention.	Reviewed written security policies, procedures, and programs in effect governing the classification, management, and protection of sensitive and confidential information.
IT logical access controls and user authentication.	Reviewed selected operating system, network, and finance and HR application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
IT audit logging and monitoring.	Examined written policies, procedures, and supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
IT security incident response.	Reviewed the District’s written policies and procedures, plans, and forms related to security incident response and reporting.
IT security awareness and training.	Determined whether a comprehensive IT security awareness and training program was in place.
Monitoring of charter schools.	Interviewed District personnel and reviewed supporting documentation to determine if the District effectively monitored charter schools.
Board minutes.	Read Board minutes and, for selected Board meetings, examined supporting documentation evidencing compliance with Sunshine Law requirements.
Financial condition.	Applied analytical procedures to determine whether the percent of the General Fund total unassigned and assigned fund balances at June 30, 2013, to the fund’s revenues was less than the percents specified in Section 1011.051, Florida Statutes. Analytical procedures were also applied to determine the reasonableness and ability of the District to make its future debt service payments.
Earmarked capital project resources.	Determined, on a test basis, whether nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay (PECO) funds, and other restricted capital project funds were expended in compliance with the restrictions imposed on the use of these resources.

**EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Restrictions on use of Workforce Development funds.	Determined, on a test basis, whether the District used funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
Adult general education program enrollment reporting.	Examined supporting documentation on a test basis to determine whether the District reported instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
Social security number requirements of Section 119.071(5)(a), Florida Statutes.	Examined supporting documentation to determine whether the District had provided individuals with a written statement as to the purpose of collecting their social security numbers.
Statements of financial interest requirements of Section 112.3145(2), Florida Statutes.	Determined whether the District Superintendent, Board members, and certain purchasing agents filed statements of financial interest in accordance with law.
Transparency.	Determined whether the District Web site included the proposed, tentative, and official budgets pursuant to Section 1011.035(2), Florida Statutes.
Budgetary controls.	Determined whether District procedures for preparing the budget were sufficient to ensure that all potential expenditures were budgeted. Also, examined supporting documentation to determine whether budgets and amendments to budgets were prepared and adopted in accordance with applicable laws and State Board of Education rules.
Bank account reconciliations.	Reviewed bank account reconciliations and other supporting documentation to determine whether the District timely performed the reconciliations.
Interim financial reports presented to Board.	Examined financial review and analysis presented to the Board to ensure they included comparisons of financial results with budget estimates.
Inventories.	Reviewed the District's controls over safeguarding transportation parts inventories.
Investments.	Determined whether the Board established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether investments during the fiscal year were in accordance with those policies and procedures.
Self-insurance for workers' compensation and employee health.	Reviewed District procedures for filing the group health self-insurance plan with the Office of Insurance Regulation. Also, reviewed District procedures to inform the third-party administrator of the eligibility of employees and dependents. Tested claims processed by third-party administrator.
Food service collection procedures.	Reviewed food service collection procedures and tested daily cash collections at selected schools to determine the effectiveness of the District's collection procedures.

**EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Background screenings.	Determined, on a test basis, whether contractual personnel who had direct contact with students had been subjected to required fingerprinting and background checks.
Compensation for appointed superintendents.	Determined whether the appointed Superintendent's compensation was in accordance with Florida law, rules, and Board policies.
Compensation and salary schedules.	Determine whether the Board established a documented process for ensuring that differentiated pay for instructional personnel and school administrators is based upon District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.
Terminal pay.	Reviewed the District's policies and procedures for terminal pay to ensure consistency with Florida law. Tested former employees and Deferred Retirement Option Program participants to determine appropriateness of terminal pay.
Bus drivers.	Determined whether District procedures were adequate to ensure that bus drivers were properly licensed and monitored.
Purchasing card transactions.	Tested transactions to determine whether purchasing cards were administered in accordance with District policies and procedures. Also, tested former employees to determine whether purchasing cards were timely canceled upon termination of employment.
Rebate revenues.	Determined whether rebate revenues received from purchasing card and e-Payable programs were allocated to the appropriate District funds.
Electronic funds transfers and payments.	Reviewed District policies and procedures relating to electronic funds transfers and vendor payments. Tested supporting documentation to determine if selected electronic funds transfers and payments were properly authorized and supported, and complied with State Board of Education Rule 6A-1.0012, Florida Administrative Code.
Charter school administrative fee.	Examined records to determine whether the District properly withheld the charter school administrative fee pursuant to Section 1002.33(20)(a), Florida Statutes.
Charter school fiscal viability.	Determine whether the District evaluated the charter school application for the fiscal viability of the charter school and the competency of the staff responsible for operating the charter school before the charter was granted using the FDOE evaluation instrument required by Section 1002.33(6)(b), Florida Statutes, and Section 6A-6.0786, Florida Administrative Code.

**EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Charter school audits.	Reviewed the audit reports for District sponsored charter schools to determine whether the required audit was performed.
Charter school termination.	For charter schools that were not renewed or are terminated, reviewed District procedures to determine whether applicable funds and property appropriately reverted to the District, and that the District did not assume debts of the school or center, except as previously agreed upon by the District.
Charter school expedited review.	Reviewed District procedures to determine whether they were sufficient and appropriate to determine whether its charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
Construction processes.	Examined records and evaluated construction planning processes to determine whether processes were comprehensive, including consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
Construction contractor selection.	Tested selected construction project records to determine whether contractors were awarded construction projects in accordance with applicable laws and rules.
Insurance for architects and engineers.	Determined whether Board policies and procedures adequately addressed liability insurance requirements for architects and engineers.
Identifying and prioritizing facility maintenance needs.	Evaluated procedures for identifying facility maintenance needs and establishing resources to address those needs.
Evaluating maintenance department staffing needs.	Reviewed procedures for evaluating maintenance department staffing needs. Determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
Consultant contracts.	Tested selected consultant contracts to determine compliance with competitive selection requirements, whether the District contracted with its employees for services provided beyond that provided in the salary contract contrary to Section 112.313, Florida Statutes, and whether the contract clearly specified deliverables, time frames, documentation requirements, and compensation. Also tested selected payments for proper support and compliance with contract terms.

**EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Virtual instruction programs (VIPs) parent options.	Reviewed District records to determine whether the District provided the VIP options required by State law and provided parents and students with information about their rights to participate in VIPs as well as timely written notification of VIP enrollment periods.
VIP fees.	Reviewed District accounting records to ensure that the District refrained from assessing registration or tuition fees for participation in the VIPs.
VIP Sunshine State Standards.	Reviewed records to determine whether VIP curriculum and course content was aligned with Sunshine State Standards and whether the instruction offered was designed to enable students to gain proficiency in each virtually delivered course of study.
VIP instructional materials.	Reviewed student records and, on a test basis, determined whether the District ensured that VIP students were provided with all necessary instructional materials, and with the computing resources necessary for program participation for those eligible students that did not already have such resources in their home.
VIP background screenings.	For FDOE-approved VIP providers for which the District contracted, verified whether the District obtained a list of provider employees and contracted personnel, who could have direct contact with students, for whom background screenings were completed in accordance with Section 1012.32, Florida Statutes.
VIP eligibility.	Tested student records to determine whether students enrolled in VIPs met statutory eligibility requirements.
VIP participation requirements.	Tested student records to determine whether students enrolled in VIPs met statutory participation requirements, including compulsory attendance and State assessment testing requirements.
VIP FDOE-approved contract provisions.	For District-contracted FDOE-approved VIP providers, determined whether the contracts with the providers contained provisions required by State law, including: (1) a method for resolving conflicts; (2) authorized reasons for contract terminations; (3) a requirement that the provider be responsible for all debts of the VIP should the contract be terminated or not renewed; and (4) a requirement that the provider comply with Section 1002.45, Florida Statutes. Also, reviewed contracts to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, monitoring of the providers' quality of virtual instruction, and data quality.

EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
VIP FDOE-approved contract fees.	Reviewed contract fee provisions and inquired as to how fees were determined.
VIP Residual Funds.	Determined whether the District had established controls to ensure that residual VIP funds are restricted and used on the District's local instructional improvement system or other technological tools, as required by law.

**EXHIBIT B
MANAGEMENT’S RESPONSE**



SCHOOL BOARD

Julie B. Aranibar

Chair

Dave “Watchdog” Miner
Vice Chair

Karen Carpenter

Robert C. Gause

Barbara A. Harvey

SUPERINTENDENT

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SCHOOL DISTRICT OF MANATEE COUNTY

December 20, 2013

David W. Martin, CPA
Auditor General
Room 476A; Claude Pepper Bldg.
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Noted below are Manatee County District School Board’s responses to the Auditor General’s management letter for the 2012-2013 fiscal year operational audit. The new executive leadership team of the District is committed to the implementation of the recommendations to increase accountability, transparency and to promote effective and efficient operations throughout the District. In support of our commitment, we have attached a working copy of our detailed action plans.

Operational Finding No. 1: During the 2012-13 fiscal year, the District’s General Fund total assigned and unassigned fund balance declined 109 percent from a deficit of \$4,127,328 at June 30, 2012, to a deficit of \$8,634,431 at June 30, 2013, representing a reduction of \$4,507,103. Under these circumstances, the District has significantly less resources for emergencies and unforeseen situations than other school districts of comparable size.

Response:

13-1) The District initiated enhancements to the Position Control, Employee Requisition, and Payroll Encumbrance processes, and is developing a detailed quarterly budget review that assesses the District’s financial progress in attaining the budgeted fund balance. First, the District is continually refining business process within JDEdwards Requisition module through inter-departmental meetings. Second, the District has implemented business process improvements related to JDEdwards position control (PC) module that limits the number of positions to those authorized pursuant to the staff allocation worksheets for the schools and district level positions approved by the School Board. Next, the District will further refine the JDEdwards process that encumbers the salaries and benefits for all hired positions. The District has created a trend report to perform a detailed analyses prior to adoption of the final budget by comparing the prior year actual expenditures to the current year budget by cost center to ensure all salaries, benefits, programs, and recurring expenses are included and reasonable. Additionally, the District will improve communications with the audit committee and the internal auditors. Finally, the District will create a process to adjust the detailed budgets at least four times per year by the newly hired budget director for additional programs, positions, or other changes that fiscally impact the budget that are approved by the School Board.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

These are examples of some of the specific action steps that will be taken (Action Plan pg. 1).

- Develop detailed written policies and procedures for developing and amending the annual budget (at least four times per year).
- Conduct monthly reviews of budget amendments (Complete).
- Refine budget amendment monthly reports to the board.
- Develop a four year trend report to use for the budget adoption and quarterly budget reviews by object and cost center.
- Streamline the employee requisition approval process so requisitions can be fully processed in three business days.
- Turn the active link on between the Requisition and the Position Control modules.
- Audit the employee payroll encumbrance process from the PO encumbrance process.

Finding No. 2: The District needed to enhance procedures to ensure timely bank account reconciliations.

Response:

13-2) The District has implemented a bank reconciliation schedule to ensure completion within 10 days of closing the month. The Director of Finance must review and sign-off on the reconciliation within 15 days of closing. Proper controls have been established to ensure that District bank accounts are reconciled timely with documentation evidencing completion of duties for responsible staff involved in the monthly closing process. These are examples of some of the specific action steps that were taken (Action Plan pg. 2).

- Accounting Manager will notify School Accounting Specialist when a month is closed (complete).
- School Accounting Specialist will complete reconciliation within 10 working days of Month End and forward to the Director of Finance (complete).
- Director will review reconciliation for accuracy and completeness and sign-off within 5 working days (complete).
- Bank reconciliations will be kept on file for review (complete).

Finding No. 3: Controls over electronic funds transfers could be enhanced.

Response:

13-3) The District will prepare written policies for the Board to adopt and operational procedures to address accounting and control procedures for EFTs, including the use of electronic signatures, to ensure EFT agreements are timely updated for changes in personnel and appropriately separate the duties of initiating and authorizing EFTs. These are examples of some of the specific action steps that will be taken (Action Plan pg. 3).

- Develop new EFT policies and procedures for Board Approval.
- Establish employees authorized for EFT transactions.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 4: Controls over food service collections could be improved.

Response:

13-4) The Food and Nutrition Services Department has developed a revised cash collection procedure. All site managers have been trained on the new procedure. During regularly scheduled supervisory reviews the supervisors of each school will monitor the implementation and provide corrective action as needed. These are examples of some of the specific action steps that were taken (Action Plan pg. 4).

- Review cash collection procedure to assure best practice processes are in place (complete).
- Review and revise procedure for voiding transactions (complete).
- Conduct training for managers on procedure and provide follow up training as needed (complete).

Finding No. 5: Controls over miscellaneous cash collections could be enhanced.

Response:

13-5) The District has modified procedures and enhanced controls over miscellaneous cash collections to ensure recordkeeping and cash receipting duties are appropriately separated and implemented the use of transfer documents to establish accountability for collections. These are examples of some of the specific action steps that were taken (Action Plan pg. 5).

- Update procedure for clerks initially receipting funds with log and receipts for over-the-counter collections (complete).
- Develop transfer logs for cash and checks from the person initiating the receipt or to clerk completing deposit (complete).
- Use transfer log from clerk preparing deposit to mail room for armored car pick-up (complete).

Finding No. 6: District records did not evidence that sales surtax proceeds were used only for authorized purposes, resulting in \$4.1 million of questioned costs.

Response:

13-6) The Sales Tax resolution adopted by the Board specifically includes the "Implementation of technological hardware and software needs" as a use of surtax proceeds. As such, the District will work with the Department of Education to determine the legitimacy of using such proceeds on copier leases.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 7: District records did not evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in \$1.4 million of questioned costs.

Response:

13-7) The District will review documentation on questioned cost from fiscal year 2012-2013 to determine how much is allowable based on the Local Capital Millage advertisement. The District will also review the 2013-2014 budget to ensure all current charges are appropriate and are adequately documented. The District will develop additional procedures in establishing annual budgets to ensure compliance with expenditure requirements for future years. Expenditures that were not used appropriately will be reimbursed to the Capital Fund. These are examples of some of the specific action steps that will be taken (Action Plan pg. 7).

- Establish procedures to develop capital funds budgets in conjunction with the Facilities Work Program.
- After budget preparation, but before Board approval, budgets will be reviewed by Capital Accountant to ensure appropriateness of the amounts and lines of coding.
- Use appropriate funding source and reimburse Local Capital Millage for inappropriate cost.

Finding No. 8: District records did not evidence that Qualified School Construction Bond, State Board of Education Bond, Capital Outlay and Debt Service, and Public Education Capital Outlay proceeds were used for authorized purposes, resulting in \$616,227, \$196,861, \$185,258, and \$16,498, respectively, of questioned costs.

Response:

13-8) The District will review capital expenditures, bond resolutions, encumbrance authorization request, Project Priority List, and the School Plant Survey to determine if additional documentation is needed, if other projects can be identified that are eligible for the funds, if the Board will be allowed to change existing resolutions, or if a reimbursement of funds is required. The annual budget process will be modified to require additional subject matter experts to ensure all budgeted projects are aligned with spending limitations.

Any reimbursements to the noted funds will be made as appropriate funding sources are identified for these purposes. These are examples of some of the specific action steps that will be taken (Action Plan pg. 8).

- Monthly financial and budget reviews of capital funds.
- Identify other Capital Funds that would be allowable for the questioned expenditures.
- Work with bond financial advisors to determine impact on Certificates of Participation.
- Establish procedures to develop capital funds budgets in conjunction with the Facilities Work Program
- After budget preparation, but before Board approval, budgets will be reviewed by Capital Accountant to ensure appropriateness of amounts and lines of coding.
- If needed develop Payment Plan Schedule with Florida Department of Education.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 9: The District retained \$728,815 of a 2008-09 fiscal year Public Education Capital Outlay appropriation that was subject to reversion to the State.

Response:

13-9) The District will work with the Florida Department of Education, Office of Educational Facilities to determine if projects paid by other funds are eligible for PECO funds, and if so can the expenditures be transferred in lieu of reverting funds to the State. These are examples of some of the specific action steps that will be taken (Action Plan pg. 9).

- Provide revised Encumbrance authorization forms to Office off Educational Facilities.
- Establish Monthly financial and budget reviews of capital funds with Director of Finance.
- Establish procedures to develop capital funds budgets in conjunction with the Facilities Work Program.
- After budget preparation, but before Board approval, budgets will be reviewed by Capital Accountant to ensure appropriateness of amounts and validate the lines of coding.
- If needed develop Payment Plan Schedule with Florida Department of Education.

Finding No. 10: The Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

Response:

13-10) The district will implement a documented process for identifying instructional personnel and school administrators for differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b, Florida Statues. These are examples of some of the specific action steps that will be taken (Action Plan pg. 10).

- Determine criteria (i.e. school demographics, critical shortage areas, job performance difficulties, etc.).
- Include proposals in contract negotiations for differentiated pay for instructional staff based on criteria set.
- Draft proposal for differentiated pay for school administrators.
- Present the proposal to the Board for approval.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 11: Controls over terminal leave payments needed enhancement.

Response:

13-11) The District has implemented proper terminal pay calculations that comply with Statute and appropriate controls to ensure compliance to avoid overpayment of terminal pay. A list of employees overpaid, with amounts, in 2012-2013 will be presented to the Board for final disposition. These are examples of some of the specific action steps that will be taken (Action Plan pg. 11).

- Review current policy and procedures that include terminal vacation (complete).
- Document system steps to determine amount of terminal paid to date.
- Create a job aid and update policy and procedures to stop over payments associate.
- Have all terminal pay signed off by a Senior Payroll Specialist or Payroll Manager prior to final process (complete).
- Train Payroll Department on the new terminal payment process (complete).
- Determine balance overpaid and report to Board for collection action steps

Finding No. 12: The District classified one worker as an independent contractor rather than a District employee, although the worker appears to be an employee based on Internal Revenue Service guidelines.

Response:

13-12) The consultant contract in question ended on October 31, 2013 and was not renewed or extended. A full-time employee was hired through the district's formal hiring process to replace the consultant. There are several proposed procedures for the district to hire former employees as consultants in the future, including (Action Plan pg. 12).

- Having all consultant contracts vetted through a formal request for proposal (RFP) process.
- Implement a 90-day grace period for all former SDMC employees before they can be hired by the SDMC as a consultant/contractor.
- Consultants and contractors will be afforded no formal office space in any SDMC facility.
- Consultants and contractors will also have no access to SDMC computer and/or telecommunications or mobile communications systems and equipment.
- Consultants and contractors will have no access to the SDMC First Class email system.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 13: Controls over monitoring school bus drivers could be enhanced.

Response:

13-13) The Transportation Safety team is now reviewing Department of Motor Vehicle (DMV) records for all bus drivers in July and January. In addition, safety officers are receiving a weekly report from DMV when any change is made to the driver's license of any school bus driver. These weekly reports are reviewed and any changes are noted on the driver's personnel record. Any drivers with invalid license will not be permitted to operate a bus until proper documentation is presented demonstrating valid licensure. These are examples of some of the specific action steps that were taken (Action Plan pg. 13).

- Any changes to Driver's License status will be reviewed weekly by Frank Giles and noted in employee's file (complete).
- Safety team will review change reports and cross check with employee database to ensure all licenses are current (complete).
- Any discrepancies will be addressed with the bus operator and noted in the personnel file (complete).
- Any driver with invalid license will be unassigned from active bus duty unless corrected (complete).
- Employees with invalid license will not be allowed to operate school bus (complete).

Finding No. 14: The District did not timely obtain required background screenings for certain instructional and non-instructional contracted workers.

Response:

13-14) The District has enhanced its procedures for ensuring that required background screenings are performed for instructional and non-instructional contractors. On April 15, 2012 the district fully implemented changes requiring all contractors/vendors to undergo Level 2 screening which is monitored through the Human Resources Department. Once cleared by Human Resources, contractors/vendors are issued a badge which clearly displays the date of expiration. In addition, an internal audit was completed of the District's Jessica Lunsford Act (JLA) compliance. These are examples of some of the specific action steps that will be taken (Action Plan pg. 14).

- Internal Audit of JLA procedures which indicate compliance (complete).
- Review Established Maintenance/tracking procedures of timely screenings.
- Increase communication to all sites through written correspondence.
- Establish a Point of Contact and communicate to sites.
- Create and Supply posters to all sites to display prominently summarizing JLA compliance.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 15: The District did not allocate E-payable and purchasing card program rebates generated by restricted resources to the appropriate District funds.

Response:

13-15) This issue is a state-wide concern noted in many District reports as a new finding. No direction on resolution has been provided from the Florida Department of Education, and the District has not determined that this proposed allocation is required or necessary. The District will continue to monitor direction from the FLDOE in this matter. If allowable, the District plans to allocate rebates received in order to offset or reduce expenditure items allocable to restricted funds as direct or indirect costs. These are examples of some of the specific action steps that will be taken (Action Plan pg. 15).

- Track receipt of rebates from financial institutions for purchasing cards and E-payable programs.
- If necessary, determine offset of rebates allocable to restricted funds.
- Establish additional procedures for fiscal year-end closeout to ensure rebates have been allocated to restricted funds.

Finding No. 16: Controls over the competitive selection of certain professional services could be enhanced.

Response:

13-16) Although the Board initiated competitive selection processes for a Board Attorney, an internal accounts auditor, and internal audit services; a forensic audit report from Navigant Consulting Inc., and a report from the Florida Association of District School Superintendents raised concerns with the Board to the point of following allowed exemptions to the selection process and directly selecting the firms with which to contract. Discussions were held at the Board meeting on how to proceed with the selection. In the future, if the Board so chooses to contract similar services through the exemption from the competitive selection process, it will provide documentation that clearly states why not using a competitive selection process is more advantageous to the District for items clearly allowed such exemptions.

Finding No. 17: Controls over contractual payment processing needed to be enhanced.

Response:

13-17) This summary of action is for all district departments that acquire goods and services. Procedures are in place to review receipts prior to payment. Procedures will be reduced to writing to assist staff with the process. These are examples of some of the specific action steps that will be taken (Action Plan pg. 17).

- The Maintenance & Operations Department personnel will collaborate with purchasing personnel on payment rates and fees, and questionable invoices from vendors. The Maintenance personnel will identify areas of opportunity for checks and balances, and will reduce to writing the procedures for best practices. Maintenance Personnel will elicit Purchasing's assistance for any possible recovery of overpayment, as appropriate.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

- In January 2014, Maintenance will identify areas of opportunity for checks and balances. Employees will use written procedures regarding appropriate invoice payment to verify satisfactory receipt of goods and services as agreed upon in Board approved contracts.
- In December 2013, Maintenance & Operations reduced to writing the procedures for Contractual Services.
Additional Procedure to confirm satisfactory receipt of goods and services at agreed upon rates prior to payment.
- Supervisor or designee meets with purchasing agent to determine the parameters/specification of a bid for contracted services to establish bid requirements.
- Supervisor or designee meets with purchasing agent for opening of submitted bids for contracted services to select the vendor(s) who meet the requirements of the bid request.
- Submit agenda item for contracted services for Board approval to establish a legal agreement between the District and vendor(s).
- Utilize only those selected Board approved vendors.
- Review each proposal from the vendor for contracted services to ensure they are abiding by the requirements of Board approved bid specifications.
- Review each invoice submitted by the vendor to confirm satisfactory receipt of goods and services at agreed upon rates prior to approval for payment.
- Purpose to confirm satisfactory receipt of goods and services at agreed upon rates prior to payment.

Finding No. 18: District records did not evidence the basis upon which the District allowed employees of a former direct-support organization to participate in the Florida Retirement System and the District's health insurance programs.

Response: (13-18): This finding has been resolved as of November 29, 2013. The following action steps occurred:

- On June 26, 2013, the MEF relocated out of District facilities (complete).
- Effective November 29, 2013, all MEF employees were removed from the District's health care and the District's access to the Florida Retirement System (complete).

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 19: Controls over facilities construction and maintenance activities could be enhanced.

Response:

13-19) This finding is essentially three parts: Long-Range Planning, Construction Delivery Method Evaluation and Goal Setting/Measurement for Department Personnel. These are examples of some of the specific action steps that will be taken (Action Plan pg. 19).

- Long Range Planning: The District has established a Capital Projects Committee. A "Kick-Off" meeting was held on 10/16/13 to begin creating a long-range facilities planning committee. It is currently comprised of district staff and will continue to meet to assist the District in identifying long-range capital needs. Other stakeholders will be included as the committee evolves and vacant district positions are filled. This committee will work toward having Facility Assessments completed and recommendations/priorities established based on data. This data will be included in the preparation of the District's 5-Year Capital Plan.
- Construction Delivery Method Evaluation: In January, DCP will provide an Executive Summary on the current delivery method, including current policy language. We will also identify areas that will require action/cost if the current delivery method is changed. For example, policy will need to be changed, contracts will need to be created, procedures will need to be established, and staff will need to be increased to provide proper oversight. Based on the outcomes, a Board Workshop on this topic may be necessary.
- Maintenance Delivery Method Evaluation: In January 2014, Maintenance Department will evaluate practices for the delivery of work. Current practices will be reviewed based on employee availability, employee expertise, type of work and or scope of work, and time lines associated with the jobs or tasks that may fall into this category. Procedural changes, if necessary, will be reduced to writing. In addition, we will also work with the Purchasing Department personnel to share the requirements or needs regarding service acquisition.
- Goal Setting/Measurement for Department Personnel: In January, DCP will provide an Executive Summary on the current DCP Mission, Vision and Goals. DCP and Maintenance will identify areas requiring evaluation and options for cost-effectiveness and efficiency outcomes for department personnel. These will be reviewed with the Deputy Superintendent for further action required.
- Goal Setting/Measurement for Maintenance Department Personnel: In January, the Maintenance & Operations Department will provide an Executive Summary on the current mission, vision and goals. The department intends to utilize the work order system to review self-performing work such as: time on task, supplies cost, payroll cost, and time to complete job. Based on the information obtained from the work order system review and payroll information connected to work orders, the Department will utilize this data to determine the best practice to deliver services in the District. The review will assist the department in revising, if needed, the mission, vision and goals.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 20: Controls could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes, regarding notifying individuals of the need for and use of social security numbers.

Response:

13-20) Effective controls have been put into place to properly monitor and inform employees and prospective employees the need for and use of social security numbers to ensure compliance with statutory requirements in order to reduce the risk that social security numbers may be used for unauthorized purposes. These are examples of some of the specific action steps that will be taken (Action Plan pg. 20).

- Paperless Application Tracking System (PATS) has been programmed to notify applicants why social security numbers are being requested (complete).
- Code of Conduct will be revised to include documentation explaining why social security numbers are being requested for students.
- The payroll department will conduct quarterly audits.
- Quarterly the payroll department will remind principals of our obligation to keep student social security numbers secure.

Finding No. 21: Controls over workers' compensation claims expenses could be enhanced.

Response:

13-21) The District will establish procedures to perform a periodic audit of TPA claim payments with a suggested sampling size of 20 claims. Services of a qualified professional audit service will be used to measure the Third Party Administrator's compliance with claim handling best practices. The expectations of the Statement of Work include the following factors: Approach, Supervision, Coverage, Notice/Assignment, Contact, Investigation, Reserving, Disability Management, Medical Management, Medical Cost Containment, Recovery, Litigation Management, Data Management, Claim Resolution, and Adherence to special account instructions or departmental policies and procedures. These are examples of some of the specific action steps that will be taken (Action Plan pg. 21).

- Secure quotes for a 20 workers compensation claim audit (complete).
- Initiate Corrective Action if findings are noted.
- Obtain approval and Initiate Professional Services Contract with provider
- Provide ongoing assistance to Shinn and Company for the audit of procedures as described.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 22: The workers' compensation, property, and general liability self-insurance plan had an ending deficit net position balance of \$1.7 million at June 30, 2013, resulting in significantly less resources for emergencies and unforeseen situations of the self-insurance plan.

Response:

13-22) As of June 30, 2013, the Workers' Compensation fund deficit was reduced over \$600k to (\$1.7 million). Services of a professional actuary were retained to provide an in-depth analysis of all open claims for all years. This professional actuarial analysis included expense projections for the 2013-2014 fiscal year based on anticipated claim activity as well as the projected expenses associated with open claims that occurred in prior years with costs incurred and paid in 2013-2014 fiscal year. This information and the related funding recommendations were used to determine appropriate budget allocation funds which were consequently approved and funded for the 2013-2014 Fiscal Year. The actuarial services also provided projections of required funding for the 2014-2015 and 2015-2016 fiscal years. In the coming years this information will be updated in an annual actuarial review. Based on actual experience and with considerations and validations of assumed trend, future recommendations will be made to guide the necessary funding and budget recommendation. Based on the current projections and trend outcomes, and provided that future year's funding is provided as recommended, the current actuarial projection indicates that the deficit will be overcome and a positive balance in the fund will be generated by the end of fiscal year June 30, 2016. These are examples of some of the specific action steps that will be taken (Action Plan pg. 22).

- Monitor 2013-2014 Fund Year Claim Expense and compare to actuarial based trend (for current and 2 future fiscal years).
- Secure updated actuarial analysis to confirm 2014-2015 funding requirements with subsequent approval of budgeted revenue.
- Monitor 2014-2015 Fund Claim Expense and compare to actuarial based trend.
- Secure updated actuarial analysis to confirm 2015-2016 funding requirements with subsequent approval of budgeted revenue.
- Monitor 2015- 2016 Fund Claim Expense and compare to actuarial based trend for current fiscal year.
- Confirm Fund Surplus, or initiate further corrective action if needed, for Fiscal Year beginning July 1, 2016.
- Create a payment plan that generates a positive fund balance by June 30, 2016.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 23: The District needed to strengthen its controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

Response:

13-23) This finding has been corrected, with action taken by the District. The adult general education audit findings are based on a student data system that since the start of the 2013-2014 school year is no longer being used in Manatee County. We are continuing to implement a new postsecondary student data system from FOCUS School Software that will advance effective student data reporting practices and procedures to ensure compliance with the Florida Department of Education data reporting calendar in accordance with FLDOE's instructional hours reporting procedures.

Not only are we addressing the adult education audit finding, but we are enhancing all of the postsecondary MTI student data reporting practices and procedures. Our goal is to be 100% compliant this school year with all postsecondary data reporting. The first survey period (F) that ended September 30, 2013 was 100% accurate. A detailed action plan has been implemented to ensure success this school year and beyond. These are examples of some of the specific action steps that were taken (Action Plan pg. 23).

- Continue to monitor the new FOCUS Schools Software student data system for effective student data reporting (complete and current).
- Survey Team and the Florida Department of Education reviewed Survey F's reporting, data and areas of success and concerns (complete).

Finding No. 24: Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.

Response:

13-24) The District will revise all district virtual program policies and procedures including those in the Student Progression Plan to incorporate the new legislation and recommendations from the FLDOE. Information for students and parents will be included on the district website. These are examples of some of the specific action steps that will be taken (Action Plan pg. 24).

- Research new legislation related to virtual educational program.
- Contact with other districts to review their policies and procedures.
- Work with the FLDOE contact for virtual education to review and revise the current district policies and procedures to enhance the effectiveness of the VIP operations. The proposed policies will be submitted for School Board approval through the APA process. Once approved, the policies and procedures will be shared with students, parents, guidance counselors, administrators, and others at each school and be posted on the district website.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 25: VIP provider contracts were deficient in that contracts did not include all provisions required by State law.

Response:

13-25) The District will develop comprehensive, written VIP policies and procedures for requesting and securing contracts with any virtual providers. Virtual providers will be required to sign an assurance document indicating that they will meet compliance with district expectations. All providers will be monitored for compliance with district policies and procedures. These are examples of some of the specific action steps that will be taken (Action Plan pg. 25).

- The District Support Team will work with the FLDOE as well as other school districts to research contract requirements for the virtual education providers.
- The District will develop an assurance document to accompany each contract to ensure vendors are meeting the requirements of statute.
- The District will only contract with State Approved Virtual Education Providers who meet all the assurances indicated in statute.

Finding No. 26: Procedural enhancements were needed to ensure that the required number of VIP options is offered.

Response:

13-26) The district will release a request for proposal from the approved Florida providers. A district team will review the VIP providers and make a recommendation to meet the minimum number of VIP options required by statute. These are examples of some of the specific action steps that will be taken (Action Plan pg. 26).

- Currently, the district is offering three virtual programs at middle and high school and two virtual options at the elementary level. The State of Florida requires three options at all grade levels. In order to secure three providers at each grade level, the District Support Team will work with the Purchasing Department to develop a request for proposal for the additional virtual program needed.
- The District will only consider providers that are approved by FLDOE.
- Once the request for proposal is submitted, the district will convene a review team to analyze the components of each virtual program submitted and recommend the third provider for our district.
- The district will move forward to contract with the provider so that students may enroll in these options for the 2014-2015 school year.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 27: District records did not evidence that timely written notifications were provided to parents about student opportunities to participate in VIPs and the dates of the open enrollment periods.

Response:

13-27) The District will develop an annual communication plan to notify students and their parents of district VIP opportunities and the dates of open enrollment periods. These are examples of some of the specific action steps that will be taken (Action Plan pg. 27).

- The District Support Team will use the revised VIP policies and procedures that incorporate the new legislation to develop a communication plan with timelines for the district. The communication plan will include:
 - Enrollment procedures and windows for VIP Programs,
 - Student eligibility requirements,
 - Open house events for students and parents to learn more about the VIP options,
 - Flyers and information for schools to share with students and parents,
 - Newsletter information for schools,
 - Press release timeline for important events, and School Fairs.

Finding No. 28: District records did not evidence that required background screenings were performed for VIP employees and contracted personnel.

Response:

13-28) The District will revise the district VIP policies and procedures including those in the Student Progression Plan. Background screenings for VIP teachers and contracted personnel will be monitored for compliance with Florida Statute. These are examples of some of the specific action steps that will be taken (Action Plan pg. 28).

- The District Support Team will develop a checklist and timeline for monitoring background screenings for all VIP provider employees and contracted personnel.
- Documentation will be maintained on required background screenings for all teachers, long term substitutes and others who are working with our students.
- Incorporate requirements into the revisions of the School Board policies and procedures.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 29: The District's procedures did not always require written documented verification that VIP students complied with compulsory attendance requirements.

Response:

13-29) The district will revise the district VIP policies and procedures including those in the Student Progression Plan to include procedures for documenting student attendance and consequences for not meeting district attendance policies. These are examples of some of the specific action steps that will be taken (Action Plan pg. 29).

- The District Support Team will work with FLDOE to identify legislative and department requirements for compulsory attendance on virtual programs.
- The Team will request attendance policies from other districts and develop requirements that will be included in the District Student Progression Plan.
- Once adopted, these requirements will be included in all policies and procedures and shared with students and parents.
- Attendance will be recorded in FOCUS and monitored monthly.

Finding No. 30: The District had not established procedures to document that VIP students received necessary VIP instructional materials. In addition, procedures needed to be enhanced to ensure that VIP students and their parents are notified about the availability of computing resources and that qualified VIP students are provided computing resources.

Response:

13-30) The district will revise the district VIP policies and procedures including those in the Student Progression Plan. The district will monitor student enrollment and the delivery/receipt of instructional materials and any computing resources. These are examples of some of the specific action steps that will be taken (Action Plan pg. 30).

- The District Support Team will revise the VIP policies to include procedures to ensure that students receive the necessary instructional materials and computing resources for eligible.
- The Team will monitor and ensure that instructional materials and any computing resources are sent by the VIP provider as soon as the student is registered for a course.
- The Team will follow up to secure documentation that the student received the materials.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 31: Some inappropriate or unnecessary information technology (IT) access privileges existed.

Response:

13-31) This issue has been resolved during the 2013-14 school year. This was accomplished through several specific action steps (Action Plan pg. 31).

- The district developed roles-based access controls (RBAC) for all Manatee Business World (MBW) credentials.
- Instituted RBAC with MBW upgrade to terminate "employee" based access.
- Implemented process for temporary access after a 24 hour period.
- RBAC decoupled System Instance for production and testing environment.

Finding No. 32: The District had not developed a written IT security incident response plan.

Response:

13-32) The District will craft an initial security incident response plan leveraging industry best practices, communicate, and evaluate its effectiveness. These are examples of some of the specific action steps that will be taken (Action Plan pg. 32).

- Determine risk of incident types most likely to occur.
- Form Computer System Incident Response Team (CSIRT).
- Define policy for incident handling.
- Obtain executive management support and buy-in to the changes.
- Design the CSIRT vision and operational plan for the District then communicate to stakeholders.
- Build the CSIRT strategic plan using appropriate stakeholders and communicate to stakeholders.
- Continually evaluate CSIRT effectiveness and make necessary modifications as needed.

EXHIBIT B (Continued)
MANAGEMENT'S RESPONSE

Finding No. 33: District IT security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity needed improvement.

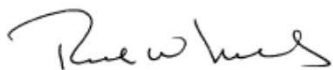
Response:

13-33) Certain actions have already been implemented which remediate part of this audit finding. That includes beginning the implementation of Data Loss Prevention and Enterprise Computer Information System Security Practices, Policies and Procedures. In addition, these are examples of some of the additional specific action steps that will be taken (Action Plan pgs. 33-34).

- Develop requirements and implementation plan to enact and enforce strong Active Directory (AD) credentials.
- Institute AD credentials uplift to staff accounts.
- Complete AD Consolidation Project to bring all Staff/Students into a single AD instance applying the credential process.
- Develop list of most sensitive data that requires specialized levels of protection (i.e. SSN, PR, HIPPA)
- Develop taxonomy and methodology for identifying most sensitive data (i.e. Sensitive, Confidential)
- Develop, implement and test solution for protection of most sensitive data requires specialized level of protection based on the data loss protection plan.

We appreciate the professionalism and courtesy of the audit staff throughout the process. Please feel free to contact Michael Boyer, CFO at (941) 708-8770 extension 2110 if you have any questions.

Sincerely,



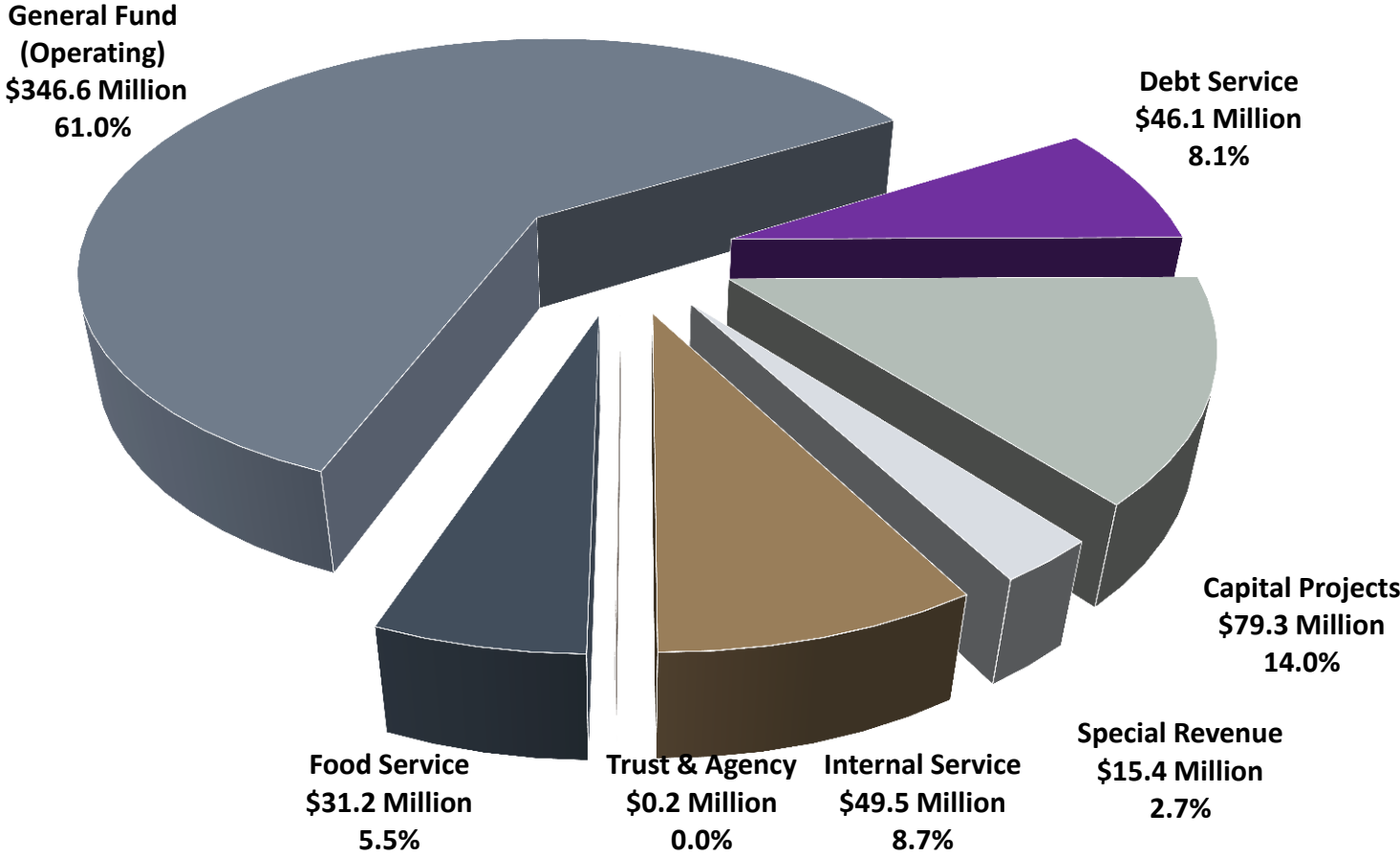
Rick W. Mills, Superintendent
Manatee County School District

2013-2014 BUDGET OVERVIEW

School District of Manatee County

January 13, 2014

**SCHOOL BOARD OF MANATEE COUNTY
2013-2014 BUDGET BY FUND**



Management Challenges

- The full executive leadership team joined the district during the middle of the 2013 calendar year.
- The new team inherited a budget deficit of \$7.5M and the district had demonstrated a pattern of running a budget shortfall between the adopted budgets to the final fiscal year end budgets by over \$39 M over the past four fiscal years.
- Money had been moved from workers compensation and the district's health insurance program to previously mask these deficits.

Management Challenges

- During our due diligence, other multiple examples of mismanagement, inappropriate fiscal practices and non-compliance issues were identified from the prior administration.
- Many of the electronic management systems are antiquated and cannot provide reliable, accurate data and as a result many business processes are still done manually.
- The Auditor General's reports identified many of the operational issues, and we are still working on fixing other basic operational practices with very limited resources due to these deficits, unfunded mandates, and the actual audit findings costs.

13-14 Budget: All Funds Summary

	July 1, 2013, Projected Fund Balance	FY 2014 Revenues	FY 2014 Expenditures	June 30, 2014, Projected Fund Balance	
General Fund	(7,503,057)	354,092,452	336,289,395	10,300,000	37.88%
Food Service	4,801,889	26,447,526	26,365,596	4,883,819	17.96%
Capital Projects	11,732,911	67,608,735	79,341,646	-	0.00%
Debt Service	3,847,802	42,210,500	42,210,500	3,847,802	14.15%
Grants	-	15,428,098	15,428,098	-	0.00%
Internal Service	3,590,606	45,902,217	41,334,135	8,158,688	30.00%
Trust and Agency	31,818	151,690	181,580	1,928	0.01%
Total All Funds	16,501,969	551,841,218	541,150,950	27,192,237	100.00%

Phase 1 – Cost Recovery

8-29-2013

	Item	FTE Positions	Estimated Cost Savings
1.	Reorganization/staffing realignment for the district office positions and functions– (59 Operations) (21 Instruction)	80.0	4,277,599
2.	Basic teacher positions	107.0	6,498,003
3.	ESE teacher positions	24.0	1,737,456
4.	Rainbow teacher positions	41.0	2,487,839
5.	ESOL teacher positions	10.0	607,290
6.	Close Central High School		1,675,673
7.	Close the former Manatee Technical Institute campus		480,664
8.	Eliminate Internal Audit Department with cap for outsource service	3.0	130,000
9.	Eliminate the Board Attorney and with cap for outsource service	1.0	140,000
10.	A/C temperature to 77 degrees (Energy Savings)		500,000
11.	Close 100 re-locatable buildings		293,300
12.	White fleet reduction by 53 vehicles (sales per unit \$1500, service maintenance and gas usage savings)		174,244
13.	Reduce Athletic Budget by 2%		54,000
14.	Reduction in Maintenance and Operations Staffing (Capital funds that can be transferred to restricted general funds.)	16.0	667,872
15.	Sale of IMC Property		550,550
16.	Property Sales – Owens/Checkers and includes the move of the HR department to SSC. (Capital Funds that can be transferred to restricted general funds.)		1,650,000
17.	Utility cost savings from closing Owen property		15,000
18.	Revisions in Transportation Department operations		TBD
19.	Revision in Central Warehouse function		TBD
20.	Revision in Print Shop operations		TBD
	Total of Proposed Cost Savings/Recovery		21,939,490

Major Budget Adjustments

August 29, 2013

\$ 1,634,984	Cost of Extra Hour at the five schools
920,160	True-up the final FY 2012-13 Deficit
341,148	Additional Weighted FTE Project Fundings
253,939	Software & Hardware annual maintenance costs, previously capitalized
150,000	Fund Board for additional Legal Costs
100,000	Summer School funding
80,000	Transportation - fund for American Logistics costs and overtime
79,500	Cost related to Policy Development and Union Negotiations
75,000	Sales Tax Audit and Professional & Technical costs
75,000	Added third Virtual provider per State mandate
65,538	Additional Funding for Positions
50,000	Funding for Professional Development and Technical costs
27,715	Additional Telephone costs
22,016	Other - dues, fees and terminal pay
15,000	Deputy Traffic Control for the beginning of the school year
15,000	Overtime for Security

\$ 3,905,000

\$ (3,905,000) Sale of Property

\$ - Balanced Budget

Teacher Adjustments

Teacher Allocation Changes

- 55 additional teaching units due to growth
- 30 additional units elementary for class size adjustment

Projected Costs: \$4.5M

Funding Sources:

- \$1.8M Used existing reserves for basic teacher due to a hold back of Student FTE costs to anticipate student growth.
- \$1.2M Guidance counselors at Title 1 schools to be funded by Title 1.
- \$1.1M Additional revenue as a result of the increase in FEFP projections at 50%
- \$0.4K Use of unassigned reserves that do not make up the \$10.3M projected fund balance.

Net fiscal impact \$0

Additional Budget Adjustments

October 28, 2013

• Central High Teachers (18 positions)	\$800K	
• 27 ESE Paraprofessionals	\$489K	
• 7 Gifted Teachers	\$317K	
• 9 VPK Teachers	\$407K	
• 9 VPK Aides	\$200K	
• 3 ESE Integrated Teachers	\$136K	
• 3 ESE Integrated Aides	\$ 55K	
• Additional Security	\$ 50K	
• Additional Legal	\$ 150K	
• FY 12-13 Class size penalty	\$ 160K	
• Maint/Oper Noncapitalized	\$ 250K	
• Teacher Lead	\$ 780K	
• Career Counselors	<u>\$ 75K</u>	
• Total of New Costs	\$3.9M	

ESE Program Requirements to be in compliance

Audit Findings prior to AG report

Note: Updated Draft to FL DOE – Action Pending

ESE/Gifted Education Challenges

- More ESE students are moving to inclusive classrooms with limited support.
- Current self-contained units are under-supported.
 - Need to hire 36 paraprofessionals
- Have identified 60 additional PreK ESE students who are waiting to be staffed into schools.
- All current PreK ESE (22) classes are at full or over capacity.
 - Need to hire 11 PreK ESE teachers
- All but one PreK Integrated classes are full or over capacity for ESE students.
 - Waiting list of students
- 60 Gifted students not being served and 140 students who are considered under-served.
 - Need to hire up to 10 teachers of the gifted.

Corrective Measures

October 28, 2013

- Central Office Budget Reduc. \$ 1.0M
- General Fund Reserves \$ 700K
- Hiring Freeze – non essential \$ 500K Beginning in November
- Central Office Substitutes \$ 100K
- VPK Additional Revenue \$ 500K
- Staff Adjustments \$ 150K

- **Total of Revenue offsets \$2.95M**
- **Total Difference <\$950K>**
- **Projected 13-14 Fund Balance \$9.35M**

Note: Updated Draft to FL DOE – Action Pending

Things to Watch For

- Additional costs due to Audit Findings
- Student FTE Count for revenue projections
- Other non-funded state initiatives
- Additional costs due to previous practices that are out of compliance
- The sales cycle for our properties
- Other unexpected program/project costs

Action Steps

- Refund General Fund Balance through Sale of Properties
- Implement the Corrective Actions Outlined
- Quarterly Department and School Budget Reviews – Beginning the end of October
- Develop Budget Tools and Training Program
- Build a culture of Budgetary Exchanges

Conclusion

- Leverage our surplus property to enhance revenue
- Tighten operational costs
- Maintain tight fiscal control at all levels
- Refrain from adding new programs and projects
- Initial accountability will be uncomfortable
- Maintain focus and ability to say “no”
- Maintain open communication when issues arise

Local Government Financial Reporting – Materials Provided

1. **Summary:** Local Government Financial Reporting Requirements and Enforcement Authority Related to the Joint Legislative Auditing Committee and Action Taken

2. **Lists of Non-Filers:** Local Governments Not in Compliance with Financial Reporting Requirements and Staff Recommendations
 - List 1: Municipalities
 - List 2: Special Districts
 - List 3: Special Districts

3. **Florida Statutes:** related to Local Government Financial Reporting
 - s. 11.40(2) (Legislative Auditing Committee)
 - s. 189.421 (Failure of District to Disclose Financial Reports)
 - s. 189.4044 (Special Procedures for Inactive Districts)
 - s. 218.32 (Annual Financial Reports)
 - s. 218.39 (Annual Financial Audit Reports)

4. **Notifications** from the Auditor General and the Department of Financial Services

Local Government Financial Reporting
Summary of Requirements and Enforcement Authority
Related to the Joint Legislative Auditing Committee and Action Taken

The Joint Legislative Auditing Committee (Committee) has the authority to enforce penalties against local governmental entities that fail to file certain reports, including an annual financial report and an annual financial audit report.

Annual Financial Report (AFR)

- All counties, municipalities, and independent special districts¹ were required to file an AFR with the Department of Financial Services (DFS) for FY 2011-12 no later than 9 months after the end of the fiscal year (June 30, 2013, for most entities)² [s. 218.32(1), F.S.]
- Dependent special districts are also required to file an AFR, but they may be required to file the report with their county or municipality rather than with DFS [s. 218.32(1)(a) & (b), F.S.]
- Either staff of the entity or a certified public accountant may complete the AFR; specified staff of the entity are required to complete the certification page
- DFS notifies the Committee of the entities that have failed to file the AFR [s. 218.32(1)(f), F.S.]
- Committee staff monitors the submission of late-filed AFRs and contacts all entities that continue to be non-compliant³
- DFS will assist entity staff in completion of the electronic AFR once the entity has the information needed
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Annual Financial Audit⁴ (audit)

- The following table shows the audit requirements for counties, municipalities, and special districts [s. 218.39(1), F.S.]:

Type of Entity	Audit Requirement
Counties	Annual audit required
Municipalities – Revenues or expenditures over \$250,000	Annual audit required
Municipalities – Revenues or expenditures between \$100,000 and \$250,000	Audit required if an audit has not been provided for during the previous two fiscal years
Municipalities – Revenues or expenditures below \$100,000	No audit required
Special Districts – Revenue or expenditures over \$100,000	Annual audit required
Special Districts – Revenue or expenditure between \$50,000 and \$100,000	Audit required if an audit has not been provided for during the previous two fiscal years
Special Districts – Revenue or expenditures below \$50,000	No audit required

¹ As of January 7, 2014, the Department of Economic Opportunity’s website lists 1628 active special districts; 992 are independent and 636 are dependent. A dependent special district has at least one of several characteristics including: the governing board is the same as the one for a single county or single municipality or its governing board members are appointed by the governing board of a single county or single municipality. An independent special district has no dependent characteristics.

² All counties, municipalities, and most special districts follow a fiscal year of October 1st to September 30th.

³ Committee staff notify each entity that has failed to file an AFR. Correspondence is usually sent by certified mail, return receipt requested, informing the mayor, board chair, or registered agent, as appropriate, of the AFR requirement and possible penalty.

⁴ The primary focus of a financial audit is to examine the financial statements in order to provide reasonable assurance about whether they are fairly presented in all material respects.

- Audit reports for FY 2011-12 were required to be filed with the Auditor General no later than 9 months after the end of the fiscal year (June 30, 2013, for most entities) [s. 218.39(1), F.S.]
- Audits must be conducted by an independent certified public accountant (CPA) retained by the entity and paid from its public funds [s. 218.39(1), F.S.]⁵
- If an entity has not filed an AFR, the Auditor General may not have sufficient information to determine if an audit was required
- After June 30th, the Auditor General sends a letter to all entities that either *were* or *may have been* required to provide for an audit and file the audit report with the Auditor General but have failed to do so
- The Auditor General notifies the Committee of the entities that have failed to file an audit report [s. 11.45(7)(a), F.S.]
- Committee staff monitors the submission of late-filed audit reports and contacts entities that continue to be non-compliant⁶
- The Committee may schedule a hearing to determine if action should be taken [s. 11.40(2), F.S.]

Committee Hearings: Authority and Action Taken

- The Committee is authorized to take action, as follows, against entities that fail to file an AFR or an audit report [s. 11.40(2), F.S.]:

Type of Entity	Penalty
Counties and Municipalities	Direct the Department of Revenue (DOR) and DFS to withhold any funds not pledged for bond debt service satisfaction which are payable to the entity until the entity complies with the law. ⁷ Withholding begins 30 days after the agencies have received notification.
Special Districts	Notify the Department of Economic Opportunity (DEO) to proceed pursuant to provisions of ss. 189.4044 or 189.421, F.S. If no registered agent information is available, the department may declare the special district to be inactive after public notice is provided in a local newspaper. Otherwise, within 60 days of notification, or within 60 days after any extension the department has provided as authorized in law, the department files a petition for writ of certiorari in Leon County circuit court to compel compliance.

- During the years 2009 through 2013 the Committee directed action against a total of 56 municipalities and over 175 special districts. Most of these entities filed the required reports either by the date Committee staff was directed to notify DFS, DOR, or the Department of Community Affairs (DCA)/DEO, as applicable, or within the timeframe the state agencies had to commence with action once notified by the Committee.⁸ When the required reports are filed prior to the effective date of the action, revenue is not withheld (counties, municipalities) and legal action does not occur (special districts).
- As a result of the Committee's action in the past four years, revenue has been withheld from 12 municipalities, six special districts were declared inactive, and a petition was filed in court against 16 special districts.

⁵ The Auditor General may conduct a financial audit of a local governmental entity, either under his own authority or at the direction of the Committee. If this occurs and the entity is timely notified, the entity is not required to engage a private CPA to conduct an audit. The Auditor General conducts very few audits of local governmental entities. Generally, if an audit is conducted it is an operational audit, not a financial audit.

⁶ Committee staff notify each entity that has failed to file an audit report. Correspondence is sent by certified mail, return receipt requested, informing the mayor, board chair, or registered agent, as appropriate, of the audit requirement and possible penalty.

⁷ To date, the Committee has not taken action against any county. All counties have filed the required reports by the dates of the Committee hearings. The Committee has directed DOR and DFS to withhold revenue from a number of municipalities. DOR withholds Municipal Revenue Sharing and Half-Cent Sales Tax funds from municipalities that would otherwise receive these funds. Municipal Revenue Sharing funds are restored to the municipality if the municipality files the required report(s) prior to the end of the state's fiscal year. Half-Cent Sales Tax funds are redistributed and are not available to be restored to the municipality once a distribution is made. DFS has withheld grant funds from some municipalities. These funds are released to the municipality once the required report(s) are filed.

⁸DCA no longer exists; this function is now handled by DEO. DFS and DOR are provided 30 days and DEO is provided 60 days to commence with action.

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Boynton Beach, City of (Palm Beach)	34	88	FY 2011-12 Audit Report	-AFR submitted on 1/8/2014. -On 1/9/2014, spoke with and received e-mail from Director of Financial Services regarding status of audit. Comprehensive Annual Financial Report (CAFR) amounts have been finalized so AFR has been submitted. Draft CAFR is being reviewed. Anticipates final CAFR to be issued and submitted to Auditor General by end of January 2014.	Take action if not received by 2/28/2014

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	Caryville, Town of (Washington)	1	5	FY 2011-12 AFR and Audit Report* (if audit threshold met)	<p>No response received to 10/11/2013 letter.</p> <p><u>History:</u> -Town was first added to Committee action list in <u>March 2009</u>. At that time, the last audit report submitted to Auditor General was for FY 1999-2000. DOR began withholding half-cent sales tax funds and municipal revenue sharing funds in excess of the minimum entitlement starting 4/15/2009. -In an effort to assist the Town in becoming compliant, in <u>October 2010</u> Chair and Vice Chair approved sending a letter to Council Chair stating that Committee would accept an audit of FY 2009-10 in lieu of past due audits. The letter listed steps that needed to be completed in order for the Town to be in full compliance. In <u>December 2011</u>, an audit engagement letter for FY 2009-10 was provided to Committee staff, and DOR and DFS were notified to cease state action against Town. -Finally in February 2013, Town submitted an audit report for FY 2009-10. However, the opinion on the financial statements included major qualifications, due to lack of accounting records. At <u>2/11/2013</u> meeting, Committee approved to take no state action re: delinquent FY 2010-11 audit report and FY 2008-09 AFR. Decision for no state action was based on conversation with partner of CPA firm, who stated that state of accounting records for subsequent fiscal years is not any better, and he is not positive whether an audit of those fiscal years could be performed at all.</p>	Take action by 1/17/2014 and direct Committee staff to notify delegation members or staff of situation

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
3	Century, Town of (Escambia)	2	1	FY 2011-12 AFR	-Audit report submitted on 11/11/2013. -Spoke with Town Clerk on 1/6/2014 regarding status of AFR; she stated that she would make sure that AFR was submitted. -Left message at Town on 1/9/2014 requesting status of AFR; no response received to date.	Take action by 1/17/2014
4	Cottondale, City of (Jackson)	1	5	FY 2011-12 AFR and Audit Report	-E-mail received from City Clerk on 10/14/2013, which stated that audit was in progress and FY 2012-13 audit should begin in December 2013. -Sent e-mail to City Clerk on 1/8/2014 requesting update status of AFR and audit - pending response.	Take action if not received by 2/28/2014
5	Gretna, City of (Gadsden)	3	8	FY 2011-12 AFR and Audit Report	-No response received to 10/11/2013 letter.	Take action by 1/17/2014
6	Opa-locka, City of (Miami-Dade)	36	109	FY 2011-12 AFR	-Audit report submitted on 1/8/2014. -City staff is working on AFR for submission (per DEO staff's discussion with City's staff on 1/6/2014). (Note: City's AFR includes component unit info for Ali-Baba Neighborhood Improvement District (NID), East-West NID, and Niles Garden NID.) -Left message at City on 1/9/2014 requesting status of AFR - pending response.	Take action by 1/17/2014

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
7	Quincy, City of (Gadsden)	3	8	FY 2011-12 AFR and Audit Report	-Spoke with City Manager in late October 2013 and discussed status of audit, which includes Quincy CRA. On 11/1/2013, received e-mail from City Manager explaining status of audit and stating that all reports should be submitted by end of November 2013. -Sent e-mail to City Manager on 1/8/2014 requesting update status of AFR and audit - pending response.	Take action if not received by 2/28/2014
8	Springfield, City of (Bay)	1	6	FY 2011-12 AFR and Audit Report	-Spoke with City's Finance Director on 10/16/2013 re: status of audit, which includes Springfield CRA. Auditors were currently on-site and hope to have report issued by mid-December, but cannot promise it. In late October 2013, received letter from Finance Director explaining operational issues experienced by City that caused delay and stating that they hoped to have audit completed by end of December 2013. -Sent e-mail to Finance Director on 1/8/2014 requesting status of AFR and audit. Received response on 1/9/2014, stating that they are working on compiling additional information requested by the auditors and hope audit will be completed with next 6-8 weeks.	Take action if not received by 3/31/2014

LIST 1:
MUNICIPALITIES

	Municipality Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
9	Vernon, City of (Washington)	1	5	FY 2011-12 AFR and Audit Report	No response received to 10/11/2013 letter.	Take action by 1/17/2014
10	Webster, City of (Sumter)	18	33	FY 2011-12 AFR and Audit Report	-On 11/12/2013, received e-mail from Mayor with attached letter explaining issues that City has been facing and stating that a government financial consultant was engaged to assist in preparing for audit, and, after months of preparation, audit now in progress. -Per update letter from Mayor on 1/10/2014, audit report expected to be issued and submitted with 2-3 weeks. Upon completion, FY 2012-13 audit to begin.	Take action if not received by 3/31/2014
11	Weeki Wachee, City of (Hernando)	18	35	FY 2008-09 Audit Report	- <u>AFR info for FYs 2010-2012:</u> revenue ranged from approx. \$50,000 to \$56,000 expenditures ranged from approx. \$23,000 to \$29,000 - <u>AFR info for FY 2008-09::</u> revenue = \$176,115 expenditures = \$271,265 - <u>Note:</u> Based on Auditor General's records, City has not submitted an audit report since at least the 1990s. Audit threshold has not been met since FY 2008-09.	In lieu of FY 2008-09 audit, require City to have an audit for either FY 2012-13 or FY 2013-14
12	Windermere, Town of (Orange)	15	44	FY 2011-12 AFR	AFR expected to be submitted on 1/10/2014 (per DFS' discussion with Town finance staff).	Take action by 1/17/2014

LIST 2:
SPECIAL DISTRICTS
(INDEPENDENT)

[NOTE: (1) CDD boundaries are often difficult to determine. Therefore, for most CDDs listed, all House and Senate districts for the county in which the CDD is located are listed.]

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Eastpoint Water & Sewer District (Franklin) [created by Franklin County]	3	7	FY 2011-12 AFR and Audit Report	No response received to 10/24/2013 letter.	Take action by 1/17/2014
2	Flagler Soil and Water Conservation District (Flagler) [created by Flagler County]	6	24	FY 2011-12 AFR and Audit Report* (if audit threshold met)	No response received to 10/24/2013 letter.	Take action by 1/17/2014
3	Hamilton County Development Authority (Hamilton) [created by Hamilton County]	3	10	FY 2011-12 AFR and Audit Report	No response received to 10/24/2013 letter.	Take action by 1/17/2014

LIST 2:
SPECIAL DISTRICTS
(INDEPENDENT)

[NOTE: (1) CDD boundaries are often difficult to determine. Therefore, for most CDDs listed, all House and Senate districts for the county in which the CDD is located are listed.]

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
4	Hardee County Housing Authority (Hardee) [created by Hardee County]	26	56	FY 2011-12 AFR; FY 2010-11 AFR	-Correspondence from Authority's registered agent on <u>12/4/2012</u> re: status of AFR stated that, until recently, the Authority had been without a quorum for almost two years, waiting on governor to appoint new members. New board working to appoint auditor to complete audits for FY 2009-10, 2010-11, and 2011-12. <u>On 2/7/2013</u> , spoke with Authority's registered agent regarding status. Auditor has been hired; Board is meeting on 2/10/2013 with management company regarding audits. <u>At 2/11/2013</u> meeting, Committee approved to delay state action on FY 2010-11 AFR based on status from registered agent. - <u>On 10/23/2013</u> , called registered agent's office, but registered agent was out of office all week. Explained that certified letter would be sent on 10/24/2013, requesting status update for the delinquent financial reports. Staff stated that she would make sure that registered agent received letter. -No response received to 10/24/2013 letter.	Take action by 1/17/2014

LIST 2:
SPECIAL DISTRICTS
(INDEPENDENT)

[NOTE: (1) CDD boundaries are often difficult to determine. Therefore, for most CDDs listed, all House and Senate districts for the county in which the CDD is located are listed.]

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	K-Bar Ranch Community Development District (Hillsborough) [established by City of Tampa]	22	60	FY 2011-12 AFR and Audit Report	-On 9/13/2013, received e-mail from DEO with status update e-mail from district accountant - expect to file financial reports on November 30, 2013 or sooner -On 12/20/2013, sent e-mail to district accountant requesting status of delinquent financial reports. -On 1/9/2014, spoke with district accountant's office. Audit is in progress and should be completed within next few months.	Take action if not received by 3/31/2014
6	Moultrie Creek Community Development District (St. Johns) [created by St. Johns County]	6	17, 24	FY 2011-12 AFR and Audit Report	No registered agent information has been provided to DEO.	Take action by 1/17/2014

LIST 2:
SPECIAL DISTRICTS
(INDEPENDENT)

[NOTE: (1) CDD boundaries are often difficult to determine. Therefore, for most CDDs listed, all House and Senate districts for the county in which the CDD is located are listed.]

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
7	Solterra Resort Community Development District (Polk) [established by Polk County]	15	41	FY 2011-12 AFR and Audit Report	-On 9/13/2013, received e-mail from DEO with status update e-mail from district accountant - expect to file financial reports on November 30, 2013 or sooner -On 12/20/2013, sent e-mail to district accountant requesting status of delinquent financial reports. -On 1/9/2014, spoke with district accountant's office. Audit is in progress and should be completed within next few months.	Take action if not received by 3/31/2014
8	Sumter Soil and Water Conservation District (Sumter) [created by Sumter County and the City of Bushnell]	11, 18	33	FY 2011-12 AFR and Audit Report* (if audit threshold met)	No response received to 10/24/2013 letter.	Take action by 1/17/2014
9	Villages of Avignon Community Development District (Manatee) [established by Manatee County]	26	71	FY 2011-12 Audit Report	-AFR submitted on 10/24/2013. -No response received to 10/24/2013 letter. (Note: Per FY 2011-12 AFR , no audit was performed; however, audit threshold was met. Revenue = \$21,157; Expenditures = \$222,196)	Take action by 1/17/2014

LIST 2:
SPECIAL DISTRICTS
(DEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Ali-Baba Neighborhood Improvement District (Miami-Dade) [created by City of Opa-locka]	36	109	FY 2011-12 AFR and Audit Report* (if audit threshold met)	-In <u>October 2013</u> , received e-mail from DEO, with e-mails from City of Opa-locka (City) attached. City's FY 2011-12 audit not expected to be completed until end of December 2013. District's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit. [Note: Per DFS, although AFR has not yet been submitted, amounts for this special district have been input into City's AFR - in component unit section.]	No action on special district since City of Opa-locka is responsible for submitting AFR
2	East-West Neighborhood Improvement District (Miami-Dade) [created by City of Opa-locka]	36	109	FY 2011-12 AFR and Audit Report* (if audit threshold met)	-In <u>October 2013</u> , received e-mail from DEO, with e-mails from City of Opa-locka (City) attached. City's FY 2011-12 audit not expected to be completed until end of December 2013. District's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit. [Note: Per DFS, although AFR has not yet been submitted, amounts for this special district have been input into City's AFR - in component unit section.]	No action on special district since City of Opa-locka is responsible for submitting AFR

LIST 2:
SPECIAL DISTRICTS
(DEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
3	Gretna Housing Authority (Gadsden) [created by City of Gretna]	3	8	FY 2011-12 AFR	-Based on e-mails from DEO in December 2013, registered agent is indicating that AFR cannot be submitted until City of Gretna (City)'s FY 2011-12 audit is complete, which is currently in progress. District's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit.	No action on special district since City of Gretna is responsible for submitting AFR
4	Gretna Neighborhood Improvement District (Gadsden) [created by City of Gretna]	3	8	FY 2011-12 AFR and Audit Report* (if audit threshold met)	-Based on e-mails from DEO in December 2013, registered agent is indicating that AFR cannot be submitted until City of Gretna (City)'s FY 2011-12 audit is complete, which is currently in progress. District's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit.	No action on special district since City of Gretna is responsible for submitting AFR

LIST 2:
SPECIAL DISTRICTS
(DEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	Niles Garden Neighborhood Improvement District (Miami-Dade) [created by City of Opa-locka]	36	109	FY 2011-12 AFR and Audit Report* (if audit threshold met)	-In <u>October 2013</u> , received e-mail from DEO, with e-mails from City of Opa-locka (City) attached. City's FY 2011-12 audit not expected to be completed until end of December 2013. District's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit. [Note: Per DFS, although AFR has not yet been submitted, amounts for this special district have been input into City's AFR - in component unit section.]	No action on special district since City of Opa-locka is responsible for submitting AFR
6	Quincy Community Redevelopment Agency (Gadsden) [created by City of Quincy]	3	8	FY 2011-12 AFR	-Per City Manager for City of Quincy (City), the CRA will be included in the City's audit, which is currently in progress. CRA's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit.	No action on special district since City of Quincy is responsible for submitting AFR

LIST 2:
SPECIAL DISTRICTS
(DEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
7	Springfield Community Redevelopment Agency (Bay) [created by City of Springfield]	1	6	FY 2011-12 AFR	-Per Finance Director for City of Springfield (City), the CRA will be included in the City's audit, which is currently in progress. CRA's AFR is linked to City's AFR, which cannot be submitted until audit is completed. -See "Comments" for City (on List 1) regarding status of AFR and audit.	No action on special district since City of Springfield is responsible for submitting AFR
8	Westwood Dependent Tax District (Hillsborough) [created by Hillsborough County]	17	62	FY 2011-12 AFR and Audit Report* (if audit threshold met)	No response received to 11/6/2013 letter.	Take action by 1/17/2014

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
1	Bella Verde East CDD (Pasco) [established by Pasco County]	17	38	FY 2011-12 AFR and Audit Report	- <u>On 8/6/2013</u> , Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>On 1/9/2014</u> , DEO was provided information from the registered agent's office that the District has filed a request for dissolution. Attorney is handling the process. Per Pasco County staff <u>on 1/10/2014</u> , public hearing for dissolution ordinance to be considered is set for 1/28/2014.	Delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
2	Bella Verde Golf CDD (Pasco) [established by Pasco County]	17	38	FY 2011-12 AFR and Audit Report; FY 2010-11 AFR and Audit Report; FY 2009-10 AFR and Audit Report; FY 2008-09 AFR and Audit Report; FY 2007-08 Audit Report	- <u>In 2010 and 2011</u> , previous Committees and Committee Chairs approved delays of state action due to foreclosure and developer bankruptcy issues at CDD. Based on correspondence from CDD management company in <u>12/2011</u> , the previous Committee approved an extension until 6/30/2012, since pledge of funds from landowners/potential new owners had not yet been received to complete audit. <u>In July 2012</u> , since financial reports were not submitted and no additional communication was received from registered agent, DEO was notified to proceed with state action in accordance with law. <u>On 9/7/2012</u> , Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of FY 2010-11 AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>At 2/11/2013</u> meeting, Committee approved to delay state action on FY 2010-11 reports based on status from registered agent. <u>At 9/23/2013</u> meeting, Committee approved to delay state action and notify DEO to cease state action on prior year reports, based on correspondence from registered agent. <u>On 1/9/2014</u> , DEO was provided information from the registered agent's office that the District has filed a request for dissolution. Attorney is handling the process. Per Pasco County staff <u>on 1/10/2014</u> , public hearing for dissolution ordinance to be considered is set for 1/28/2014.	Delay action on FY 2011-12 financial reports Continue to delay action on other delinquent financial reports

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
3	Bella Verde Lake CDD (Pasco) [established by Pasco County]	17	38	FY 2011-12 AFR and Audit Report	- <u>On 8/6/2013</u> , Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>On 1/9/2014</u> , DEO was provided information from the registered agent's office that the District has filed a request for dissolution. Attorney is handling the process, but the required hearings have not yet been held. Per Pasco County staff <u>on 1/10/2014</u> , public hearing for dissolution ordinance to be considered is set for 1/28/2014.	Delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
4	Business Improvement District of Coral Gables (Miami-Dade) [created by City of Coral Gables]	40	114	FY 2011-12 Audit Report	<p>-Spoke with registered agent <u>on 10/23/2013</u>, who claims District is not a special district since it is a marketing organization and is challenging special district designation. Audit report was submitted to AG, but it was not accepted since it was in not-for-profit format rather than in governmental format.</p> <p>-Called DEO <u>on 10/24/2013</u> to discuss and was provided the following reasons why it is a special district: (1) established by city resolutions under statutory authority (ch. 170), (2) has a governing board with policy making authority, (3) imposing a non-ad valorem assessment on businesses, (4) operating within limited geographic boundaries, and (5) not excluded by definition in s. 189.43. [Note: Also, City of Coral Gables reported District as a special district to Committee staff in July 2012.]</p> <p>-Spoke with registered agent again on <u>10/25/2013</u> and discussed District's status. Explained why it is a special district and that JLAC was notified of such by City of Coral Gables. She was going to talk with District's Board and attorney and call back. <u>Current status</u>: No follow-up phone call or other correspondence has been received from the District to date.</p>	<p>No state action since an audit was performed.</p> <p>If governmental audit is not performed for FY 2012-13, take state action.</p>

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
5	CrossCreek CDD (Manatee) [established by Manatee County]	26	73	FY 2011-12 AFR and Audit Report; FY 2010-11 AFR and Audit Report; FY 2009-10 AFR and Audit Report; FY 2008-09 AFR and Audit Report	<p>-<u>In 2011</u>, previous Committee Chairs approved a delay of state action due to lack of funds and foreclosure issues at CDD. Based on correspondence from CDD management company in <u>12/ 2011</u>, the previous Committee approved an extension until 6/30/2012, since pledge of funds from landowners/potential new owners not yet received to complete audit. <u>In July 2012</u>, since financial reports were not submitted and no additional communication was received from registered agent, DEO was notified to proceed with state action in accordance with law. <u>On 9/7/2012</u>, Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of FY 2010-11 AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>At 2/11/2013</u> meeting, Committee approved to delay state action on FY 2010-11 reports based on status from registered agent.</p> <p>-<u>On 8/6/2013</u>, Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of AFR and audit report. Could file AFR on basis of unaudited financials in 60 days; however, audited financial statements may take a year or more depending on legal actions. <u>At 9/23/2013</u> meeting, Committee approved to delay state action and notify DEO to cease state action on prior year reports.</p>	<p>Delay action on FY 2011-12 financial reports</p> <p>Continue to delay action on other delinquent financial reports</p>

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
6	Freedom Walk Community Development District (Okaloosa) [established by City of Crestview]	1	4	FY 2011-12 Audit Report	-On 10/29/2013, spoke with Controller at registered agent's office re: this CDD - no revenues, barely over threshold for expenditures (\$59,483) - he will get with district manager to check on CDD's status and send e-mail or letter re: such. On 10/30/2013, received e-mail from district manager re: status. District has no board of supervisors or developer to develop project - no info as to whether or not District will become active in near future, but it's possible if land is ever sold and another developer builds out the project.	Delay action
7	Morningside Community Development District (Bay) [established by Town of Cedar Grove, which was dissolved in October 2008 – since dissolution, local governing authority is now Bay County]	1	6	FY 2010-11 Audit Report FY 2009-10 Audit Report	-At December 2011 meeting, Committee approved to delay state action since no one can locate developer, and District is unable to pay for audit due to lack of funds, per registered agent. Bank is trying to foreclose on land, but has been unsuccessful to date. JLAC staff will continue to monitor progress. At 2/11/2013 meeting, Committee approved to continue to delay state action since District's status had not changed. -Per telephone conversation with registered agent's office on 1/10/2014, the District's situation has not changed. District is not active; they are waiting for District to be dissolved or have land purchased.	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
8	Santa Rosa Bay Bridge Authority (Santa Rosa) [created by Chapter 348, Part IX, F.S., now Part IV]	2	3	FY 2011-12 AFR and Audit Report* (if audit threshold met); FY 2010-11 AFR and Audit Report; FY 2009-10 Audit Report; FY 2008-09 Audit Report	<p>-<u>At April 4, 2011 meeting</u>, Committee approved to delay state action until a later date since correspondence from registered agent in April 2011 stated that Authority does not have funds to pay for an audit and expects that soon there will not be sufficient funds for bond payments. Same situation as in previous years (Authority only has restricted funds, which cannot be used to pay for an audit. DOT's Inspector General's Office compiles financial statements for Authority and also staffs day-to-day operations of Authority.)</p> <p>-<u>On June 30, 2011</u>, the Authority was unable to make its \$5 million bond payment, and the trustee alerted the bondholders to the default. Since the bonds were not backed by the full faith and credit of the state the state is not liable for the debt. DOT continues to operate and maintain the bridge. <u>At December 4, 2011 meeting</u>, Committee approved to delay state action until a later date. FY 2009-10 AFR was submitted to DFS on 12/21/2011. <u>At 2/11/2013 meeting</u>, Committee approved to continue to delay state action until a later date since District's situation has not changed.</p> <p>-<u>On 11/7/2013</u>, spoke with registered agent regarding any change in status. DOT is not longer performing compilation and submitting AFR for Authority. DOT and bond trustee have agreed to each pay half of cost for independent reviewer/ consultant to help review financial information and get AFRs submitted. He will send written status once he speaks with Authority's attorney. Pending receipt of written response.</p>	Continue to delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
9	Southbay CDD (Manatee) [established by Manatee County]	19, 26	73	FY 2007-08 Audit Report	<p>-In August 2010, previous Chairs approved delay of state action until a later date since District is unable to pay for an audit due to lack of funding. Negotiations are ongoing with all relevant parties to redress situation. <u>At 4/4/2011 meeting</u>, Committee approved to continue to delay state action until a later date since District's situation has not changed. Correspondence received from registered agent on 9/30/2011 indicates that the District's situation has not changed. Correspondence from CDD management company <u>on 11/15/ 2011</u> stated that the District's situation has not changed. <u>At 2/11/2013 meeting</u>, Committee approved to continue to delay state action until a later date since District's situation has not changed.</p> <p>-Current status: AFRs for FY 2008-09 through FY 2011-12 have been submitted prior to the due date, and the audit threshold was not met for any of those fiscal years.</p>	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
10	Southern Hills Plantation III CDD (Hernando) [established by City of Brooksville]	18	35	FY 2010-11 Audit Report	<p>-<u>On 8/3/2012</u>, FY 2010-11 AFR submitted to DFS. <u>On 10/9/2012</u>, Committee staff received an e-mail from DEO with letter from District's registered agent attached re: status of FY 2010-11 audit report. It stated that "the District is waiting on funding, and if received, will have the audit completed." It further stated that "At this time we are unable to estimate when the audit will be completed."</p> <p>-Correspondence from registered agent's office <u>on 2/8/ 2013</u> stated that the District's situation has not changed.</p> <p>-Per telephone conversation with registered agent's office <u>on 1/10/2014</u>, the District's situation has not changed.</p>	Continue to delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
11	Tidewater Preserve Community Development District (Manatee) [established by City of Bradenton]	26	71	FY 2009-10 AFR and Audit Report; FY 2008-09 Audit Report	<p>-In August 2010, previous Committee Chairs approved no state action since District is in process of dissolving. At 4/4/2011, meeting, Committee approved to delay state action until a later date since correspondence from registered agent in March 2011 stated that City of Bradenton (City) has passed an ordinance to allow dissolution of the District subject to no objection by Manatee County (County). The County has objected for reasons addressed in his letter, which has delayed the dissolution. Correspondence received from registered agent on 9/30/2011 indicates that the County still has objections. The city attorney will be attempting to mediate a resolution shortly which will allow the County to withdraw its objections.</p> <p>-Sent letter to County on 10/13/2011, requesting status of dissolution. Per correspondence received from registered agent on 11/17/2011, no change in District's situation; he has not heard from the County either.</p> <p>-Letter received from County Administrator for County on 1/30/2013, regarding status relating to dissolution of District. County is working with City toward resolution of issues.</p> <p>-Current status: Pending correspondence from Manatee County.</p>	No state action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
12	Venetian Community Development District (Sarasota) [established by City of Venice]	28	74	FY 2011-12 AFR and Audit Report	-On 9/10/2013, received e-mail from DEO with status update e-mail from finance officer at management company - expect financial reports to be filed 10/31/2013. -On 11/26/2013, received e-mail from DEO with status e-mail from new management company for CDD. Their understanding of FY 2011-12 audit status is that auditors are waiting on info from firm managing operation of amenities the CDD purchased during the FY. No firm estimate on date that audit will be completed, but will continue to talk to auditors and management firm about status and will let DEO know when he has new info.	Delay action

LIST 3:
SPECIAL DISTRICTS
(INDEPENDENT)

	District Name (County)	Senate District	House District	Financial Report(s) Not Submitted	Comments	Staff Recommendation
13	Vizcaya in Kendall Community Development District (Miami-Dade) [established by Miami-Dade County]	37	105, 119	FY 2011-12 AFR and Audit Report* (if audit threshold met); FY 2010-11 AFR and Audit Report; FY 2009-10 AFR and Audit Report; FY 2008-09 AFR and Audit Report; FY 2007-08 Audit Report	-In August 2010, previous Committee Chairs approved delay of state action until a later date since developer has filed bankruptcy and bank is looking at property, but no agreement yet. No funds for audit now, but anticipate having audit performed once situation is resolved. <u>At 4/4/2011 meeting</u> , Committee approved to continue to delay state action until a later date since District's situation has not changed. Per telephone conversation with registered agent on <u>10/13/2011</u> , District is in process of finalizing agreements with its new owners, and he expects progress to be made toward getting all financial requirements of the District current once active development is underway. <u>At 2/11/2013 meeting</u> , Committee approved to continue to delay state action until a later date. -On <u>12/27/2013</u> , received e-mail from registered agent. District is now fully funded and operational. Specifics regarding status of audit to be provided by management company. -On <u>1/9/2014</u> , spoke with management company regarding status of District. Audits for FY 2008 through 2011 are currently in progress; however, the prior financial problems of the District are causing delays in issuing these reports, but progress is being made. Hope to issue these reports in the near future.	Continue to delay action

11.40 Legislative Auditing Committee.—

(2) Following notification by the Auditor General, the Department of Financial Services, or the Division of Bond Finance of the State Board of Administration of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), or s. 218.38, the Legislative Auditing Committee may schedule a hearing to determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

(a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The committee shall specify the date such action shall begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement the provisions of this paragraph.

(b) In the case of a special district, notify the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the Department of Economic Opportunity shall proceed pursuant to s. 189.4044 or s. 189.421.

(c) In the case of a charter school or charter technical career center, notify the appropriate sponsoring entity, which may terminate the charter pursuant to ss. 1002.33 and 1002.34.

189.4044 Special procedures for inactive districts.—

(1) The department shall declare inactive any special district in this state by documenting that:

(a) The special district meets one of the following criteria:

1. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has taken no action for 2 or more years;

2. Following an inquiry from the department, the registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has not had a governing board or a sufficient number of governing board members to constitute a quorum for 2 or more years or the registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government fails to respond to the department's inquiry within 21 days;

3. The department determines, pursuant to s. 189.421, that the district has failed to file any of the reports listed in s. 189.419;

4. The district has not had a registered office and agent on file with the department for 1 or more years; or

5. The governing body of a special district provides documentation to the department that it has unanimously adopted a resolution declaring the special district inactive. The special district shall be responsible for payment of any expenses associated with its dissolution.

(b) The department, special district, or local general-purpose government published a notice of proposed declaration of inactive status in a newspaper of general circulation in the county or municipality in which the territory of the special district is located and sent a copy of such notice by certified mail to the registered agent or chair of the board, if any. Such notice must include the name of the special district, the law under which it was organized and operating, a general description of the territory included in the special district, and a statement that any objections must be filed pursuant to chapter 120 within 21 days after the publication date; and

(c) Twenty-one days have elapsed from the publication date of the notice of proposed declaration of inactive status and no administrative appeals were filed.

(2) If any special district is declared inactive pursuant to this section, the property or assets of the special district are subject to legal process for payment of any debts of the district. After the payment of all the debts of said inactive special district, the remainder of its property or assets shall escheat to the county or municipality wherein located. If, however, it shall be necessary, in order to pay any

such debt, to levy any tax or taxes on the property in the territory or limits of the inactive special district, the same may be assessed and levied by order of the local general-purpose government wherein the same is situated and shall be assessed by the county property appraiser and collected by the county tax collector.

(3) In the case of a district created by special act of the Legislature, the department shall send a notice of declaration of inactive status to the Speaker of the House of Representatives and the President of the Senate. The notice of declaration of inactive status shall reference each known special act creating or amending the charter of any special district declared to be inactive under this section. The declaration of inactive status shall be sufficient notice as required by s. 10, Art. III of the State Constitution to authorize the Legislature to repeal any special laws so reported. In the case of a district created by one or more local general-purpose governments, the department shall send a notice of declaration of inactive status to the chair of the governing body of each local general-purpose government that created the district. In the case of a district created by interlocal agreement, the department shall send a notice of declaration of inactive status to the chair of the governing body of each local general-purpose government which entered into the interlocal agreement.

(4) The entity that created a special district declared inactive under this section must dissolve the special district by repealing its enabling laws or by other appropriate means. Any special district declared inactive pursuant to subparagraph (1)(a)5. may be dissolved without a referendum.

History.—s. 10, ch. 89-169; s. 10, ch. 97-255; s. 143, ch. 2001-266; s. 17, ch. 2004-305; s. 12, ch. 2011-144; s. 3, ch. 2012-16.

189.421 Failure of district to disclose financial reports.—

(1)(a) If notified pursuant to s. 189.419(1), (4), or (5), the department shall attempt to assist a special district in complying with its financial reporting requirements by sending a certified letter to the special district, and, if the special district is dependent, sending a copy of that letter to the chair of the local governing authority. The letter must include a description of the required report, including statutory submission deadlines, a contact telephone number for technical assistance to help the special district comply, a 60-day deadline for filing the required report with the appropriate entity, the address where the report must be filed, and an explanation of the penalties for noncompliance.

(b) A special district that is unable to meet the 60-day reporting deadline must provide written notice to the department before the expiration of the deadline stating the reason the special district is unable to comply with the deadline, the steps the special district is taking to prevent the noncompliance from reoccurring, and the estimated date that the special district will file the report with the appropriate agency. The district's written response does not constitute an extension by the department; however, the department shall forward the written response to:

1. If the written response refers to the reports required under s. 218.32 or s. 218.39, the Legislative Auditing Committee for its consideration in determining whether the special district should be subject to further state action in accordance with s. 11.40(2)(b).

2. If the written response refers to the reports or information requirements listed in s. 189.419(1), the local general-purpose government or governments for their consideration in determining whether the oversight review process set forth in s. 189.428 should be undertaken.

3. If the written response refers to the reports or information required under s. 112.63, the Department of Management Services for its consideration in determining whether the special district should be subject to further state action in accordance with s. 112.63(4)(d)2.

(2) Failure of a special district to comply with the actuarial and financial reporting requirements under s. 112.63, s. 218.32, or s. 218.39 after the procedures of subsection (1) are exhausted shall be deemed final action of the special district. The actuarial and financial reporting requirements are declared to be essential requirements of law. Remedy for noncompliance shall be by writ of certiorari as set forth in subsection (4).

(3) Pursuant to s. 11.40(2)(b), the Legislative Auditing Committee shall notify the department of those districts that fail to file the required reports. If the procedures described in subsection (1) have not yet been initiated, the department shall initiate such procedures upon receiving the notice from the

Legislative Auditing Committee. Otherwise, within 60 days after receiving such notice, or within 60 days after the expiration of the 60-day deadline provided in subsection (1), whichever occurs later, the department, notwithstanding the provisions of chapter 120, shall file a petition for writ of certiorari with the circuit court. Venue for all actions pursuant to this subsection is in Leon County. The court shall award the prevailing party attorney's fees and costs unless affirmatively waived by all parties. A writ of certiorari shall be issued unless a respondent establishes that the notification of the Legislative Auditing Committee was issued as a result of material error. Proceedings under this subsection are otherwise governed by the Rules of Appellate Procedure.

(4) Pursuant to s. 112.63(4)(d)2., the Department of Management Services may notify the department of those special districts that have failed to file the required adjustments, additional information, or report or statement after the procedures of subsection (1) have been exhausted. Within 60 days after receiving such notice or within 60 days after the 60-day deadline provided in subsection (1), whichever occurs later, the department, notwithstanding chapter 120, shall file a petition for writ of certiorari with the circuit court. Venue for all actions pursuant to this subsection is in Leon County. The court shall award the prevailing party attorney's fees and costs unless affirmatively waived by all parties. A writ of certiorari shall be issued unless a respondent establishes that the notification of the Department of Management Services was issued as a result of material error. Proceedings under this subsection are otherwise governed by the Rules of Appellate Procedure.

History.—s. 10, ch. 79-183; s. 79, ch. 81-259; s. 27, ch. 89-169; s. 80, ch. 92-279; s. 55, ch. 92-326; s. 961, ch. 95-147; s. 32, ch. 96-410; s. 20, ch. 97-255; s. 21, ch. 2004-305; s. 23, ch. 2011-34; s. 16, ch. 2011-144; s. 19, ch. 2012-5.

Note.—Former s. 189.008.

218.32 Annual financial reports; local governmental entities.—

(1)(a) Each local governmental entity that is determined to be a reporting entity, as defined by generally accepted accounting principles, and each independent special district as defined in s. 189.403, shall submit to the department a copy of its annual financial report for the previous fiscal year in a format prescribed by the department. The annual financial report must include a list of each local governmental entity included in the report and each local governmental entity that failed to provide financial information as required by paragraph (b). The chair of the governing body and the chief financial officer of each local governmental entity shall sign the annual financial report submitted pursuant to this subsection attesting to the accuracy of the information included in the report. The county annual financial report must be a single document that covers each county agency.

(b) Each component unit, as defined by generally accepted accounting principles, of a local governmental entity shall provide the local governmental entity, within a reasonable time period as established by the local governmental entity, with financial information necessary to comply with the reporting requirements contained in this section.

(c) Each regional planning council created under s. 186.504, each local government finance commission, board, or council, and each municipal power corporation created as a separate legal or administrative entity by interlocal agreement under s. 163.01(7) shall submit to the department a copy of its audit report and an annual financial report for the previous fiscal year in a format prescribed by the department.

(d) Each local governmental entity that is required to provide for an audit under s. 218.39(1) must submit a copy of the audit report and annual financial report to the department within 45 days after the completion of the audit report but no later than 9 months after the end of the fiscal year.

(e) Each local governmental entity that is not required to provide for an audit under s. 218.39 must submit the annual financial report to the department no later than 9 months after the end of the fiscal year. The department shall consult with the Auditor General in the development of the format of annual financial reports submitted pursuant to this paragraph. The format must include balance sheet information used by the Auditor General pursuant to s. 11.45(7)(f). The department must forward the financial information contained within the annual financial reports to the Auditor General in electronic form. This paragraph does not apply to housing authorities created under chapter 421.

(f) If the department does not receive a completed annual financial report from a local governmental entity within the required period, it shall notify the Legislative Auditing Committee and the Special District Information Program of the Department of Economic Opportunity of the entity's failure to comply with the reporting requirements.

(g) Each local governmental entity's website must provide a link to the department's website to view the entity's annual financial report submitted to the department pursuant to this section. If the local governmental entity does not have an official website, the county government's website must provide the required link for the local governmental entity.

(2) The department shall annually by December 1 file a verified report with the Governor, the Legislature, the Auditor General, and the Special District Information Program of the Department of Economic Opportunity showing the revenues, both locally derived and derived from intergovernmental transfers, and the expenditures of each local governmental entity, regional planning council, local government finance commission, and municipal power corporation that is required to submit an annual financial report. The report must include, but is not limited to:

(a) The total revenues and expenditures of each local governmental entity that is a component unit included in the annual financial report of the reporting entity.

(b) The amount of outstanding long-term debt by each local governmental entity. For purposes of this paragraph, the term "long-term debt" means any agreement or series of agreements to pay money, which, at inception, contemplate terms of payment exceeding 1 year in duration.

(3) The department shall notify the President of the Senate and the Speaker of the House of Representatives of any municipality that has not reported any financial activity for the last 4 fiscal years. Such notice must be sufficient to initiate dissolution procedures as described in s. 165.051(1)(a). Any special law authorizing the incorporation or creation of the municipality must be included within the notification.

History.—s. 2, ch. 73-349; s. 15, ch. 77-165; s. 46, ch. 79-164; s. 5, ch. 79-183; s. 4, ch. 79-589; s. 42, ch. 80-274; s. 18, ch. 81-167; s. 16, ch. 83-55; s. 2, ch. 83-106; s. 43, ch. 89-169; s. 55, ch. 91-45; s. 93, ch. 92-152; s. 90, ch. 92-279; s. 55, ch. 92-326; s. 36, ch. 94-249; s. 18, ch. 96-324; s. 8, ch. 2000-152; s. 5, ch. 2000-264; s. 62, ch. 2001-266; s. 26, ch. 2004-305; s. 25, ch. 2011-34; s. 85, ch. 2011-142; s. 18, ch. 2011-144; s. 27, ch. 2013-15.

218.39 Annual financial audit reports.—

(1) If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, each of the following entities shall have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds:

- (a) Each county.
- (b) Any municipality with revenues or the total of expenditures and expenses in excess of \$250,000, as reported on the fund financial statements.
- (c) Any special district with revenues or the total of expenditures and expenses in excess of \$100,000, as reported on the fund financial statements.
- (d) Each district school board.
- (e) Each charter school established under s. 1002.33.
- (f) Each charter technical center established under s. 1002.34.
- (g) Each municipality with revenues or the total of expenditures and expenses between \$100,000 and \$250,000, as reported on the fund financial statements, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.
- (h) Each special district with revenues or the total of expenditures and expenses between \$50,000 and \$100,000, as reported on the fund financial statement, which has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

(2) The county audit report must be a single document that includes a financial audit of the county as a whole and, for each county agency other than a board of county commissioners, an audit of its financial accounts and records, including reports on compliance and internal control, management letters, and financial statements as required by rules adopted by the Auditor General. In addition, if a board of county commissioners elects to have a separate audit of its financial accounts and records in the manner required by rules adopted by the Auditor General for other county agencies, the separate audit must be included in the county audit report.

(3)(a) A dependent special district may provide for an annual financial audit by being included in the audit of the local governmental entity upon which it is dependent. An independent special district may not make provision for an annual financial audit by being included in the audit of another local governmental entity.

(b) A special district that is a component unit, as defined by generally accepted accounting principles, of a local governmental entity shall provide the local governmental entity, within a reasonable time period as established by the local

governmental entity, with financial information necessary to comply with this section. The failure of a component unit to provide this financial information must be noted in the annual financial audit report of the local governmental entity.

(4) A management letter shall be prepared and included as a part of each financial audit report.

(5) At the conclusion of the audit, the auditor shall discuss with the chair of the governing body of the local governmental entity or the chair's designee, the elected official of each county agency or the elected official's designee, the chair of the district school board or the chair's designee, the chair of the board of the charter school or the chair's designee, or the chair of the board of the charter technical career center or the chair's designee, as appropriate, all of the auditor's comments that will be included in the audit report. If the officer is not available to discuss the auditor's comments, their discussion is presumed when the comments are delivered in writing to his or her office. The auditor shall notify each member of the governing body of a local governmental entity, district school board, charter school, or charter technical career center for which:

(a) Deteriorating financial conditions exist that may cause a condition described in s. 218.503(1) to occur if actions are not taken to address such conditions.

(b) A fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit. Resources available to cover reported deficits include fund balance or net assets that are not otherwise restricted by federal, state, or local laws, bond covenants, contractual agreements, or other legal constraints. Property, plant, and equipment, the disposal of which would impair the ability of a local governmental entity, charter school, charter technical career center, or district school board to carry out its functions, are not considered resources available to cover reported deficits.

(6) The officer's written statement of explanation or rebuttal concerning the auditor's findings, including corrective action to be taken, must be filed with the governing body of the local governmental entity, district school board, charter school, or charter technical career center within 30 days after the delivery of the auditor's findings.

(7) All audits conducted pursuant to this section must be conducted in accordance with the rules of the Auditor General adopted pursuant to s. 11.45.

Upon completion of the audit, the auditor shall prepare an audit report in accordance with the rules of the Auditor General. The audit report shall be filed with the Auditor General within 45 days after delivery of the audit report to the governing body of the audited entity, but no later than 9 months after the end of the audited entity's fiscal year. The audit report must include a written statement describing corrective actions to be taken in response to each of the auditor's recommendations included in the audit report.

(8) The Auditor General shall notify the Legislative Auditing Committee of any audit report prepared pursuant to this section which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

(a) The committee may direct the governing body of the audited entity to provide a written statement to the committee explaining why full corrective action has not been taken or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.

(b) If the committee determines that the written statement is not sufficient, it may require the chair of the governing body of the local governmental entity or the chair's designee, the elected official of each county agency or the elected official's designee, the chair of the district school board or the chair's designee, the chair of the board of the charter school or the chair's designee, or the chair of the board of the charter technical career center or the chair's designee, as appropriate, to appear before the committee.

(c) If the committee determines that an audited entity has failed to take full corrective action for which there is no justifiable reason for not taking such action, or has failed to comply with committee requests made pursuant to this section, the committee may proceed in accordance with s. 11.40(2).

(9) The predecessor auditor of a district school board shall provide the Auditor General access to the prior year's working papers in accordance with the Statements on Auditing Standards, including documentation of planning, internal control, audit results, and other matters of continuing accounting and auditing significance, such as the working paper analysis of balance sheet accounts and those relating to contingencies.

(10) Each charter school and charter technical career center must file a copy of its audit report with the sponsoring entity; the local district school board, if not the sponsoring entity; the Auditor General; and with the Department of Education.

(11) This section does not apply to housing authorities created under chapter 421.

(12) Notwithstanding the provisions of any local law, the provisions of this section shall govern.

History.—s. 65, ch. 2001-266; s. 924, ch. 2002-387; s. 28, ch. 2004-305; s. 2, ch. 2006-190; s. 2, ch. 2009-214; s. 20, ch. 2011-144; s. 25, ch. 2012-5; s. 1, ch. 2012-38.

From: DAVID WARD <DAVIDWARD@AUD.STATE.FL.US>
Sent: Tuesday, September 24, 2013 10:58 AM
To: ABRUZZO.JOSEPH
Cc: Dubose, Kathy; White, Deborah
Subject: 2011-12 FY Section 11.45(7)(a), FS, Notification
Attachments: Attachment A and B.xlsb

Pursuant to Section 11.45(7)(a), Florida Statutes, this letter is to notify you of the results of our determination as to which local governmental entities were required to provide for an audit for the 2011-12 fiscal year but failed to do so. A separate notification regarding district school boards, charter schools, and charter technical career centers that failed to provide for an audit for the 2011-12 fiscal year was made to you in emails dated May 2, 2013, and June 6, 2013. A recap of our determination for local governmental entities as of September 24, 2013, is as follows:

Description	Counties (1)	Municipalities (1)	Special Districts	Total
Individual Entity Reports Received	66	384	793	1,243
Included in Another Entity's Audit Report (2)	n/a	n/a	452	452
Not Required to File (3)	n/a	10	252	262
Unable to Determine Whether Audit Was Required (4)	n/a	3	33	36
Did Not File Required Audit Report	<u>0</u>	<u>13</u>	<u>32</u>	<u>45</u>
Total Entities	<u>66</u>	<u>410</u>	<u>1,562</u>	<u>2,038</u>

- (1) The consolidated city/county government of Jacksonville/Duval County is classified as a municipality for purposes of this letter.
- (2) Includes dependent special districts that were included in audit reports of counties or municipalities.
- (3) Entities that did not meet the threshold for required submission of audit reports.
- (4) Unable to obtain an annual financial report or other sufficient information to determine whether these entities met the threshold requiring submission of audit reports.

For the 2011-12 fiscal year, pursuant to Section 218.39(1), Florida Statutes, the following local governments were required to provide for an annual financial audit of their accounts and records within 9 months after the end of their respective fiscal year:

- Each county
- Each municipality with revenues, or the total of expenditures and expenses, in excess of \$250,000
- Each municipality with revenues, or the total of expenditures and expenses, between \$100,000 and \$250,000 that has not been subject to a financial audit for the two preceding fiscal years
- Each special district with revenues, or the total of expenditures and expenses, in excess of \$100,000
- Each special district with revenues, or the total of expenditures and expenses, between \$50,000 and \$100,000 that has not been subject to a financial audit for the two preceding fiscal years

Section 218.39(7), Florida Statutes, requires that any financial audit report required under Section 218.39(1), Florida Statutes, be submitted to the Auditor General within 45 days after delivery of the audit report to the local governmental entity, but no later than 9 months after the end of the fiscal year of the local governmental entity. The following is a summary of those local governmental entities that did not submit audit reports to us:

- A total of 45 local governmental entities that were required to provide for an audit for the 2011-12 fiscal year have not submitted an audit report to us. These local governmental entities are listed on Attachment A.
- An additional 36 local governmental entities may have been required to provide for an audit for the 2011-12 fiscal year, but have not submitted an audit report to us. Because sufficient financial information was not readily available, it was not practical for us to determine whether an audit was required. These local governmental entities are listed on Attachment B.

Please advise if you or your staff have any questions regarding this information.

Attachments

**Alphabetical List of Local Governmental Entities
For Which 2011-12 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required**

Attachment A

**Applicable
Note**

MUNICIPALITIES

1	Alford, Town of	1, 3
2	Astatula, Town of	1, 3
3	Boynton Beach, City of	1
4	Century, Town of	1
5	ChIPLEY, City of	1, 3
6	Cottondale, City of	1, 3
7	Gretna, Town of	1
8	Opa-Locka, City of	1
9	Quincy, City of	1, 3
10	Springfield, City of	1, 3
11	Sweetwater, City of	1, 3
12	Vernon, City of	1
13	Webster, City of	1, 3

INDEPENDENT SPECIAL DISTRICTS

1	Almarante Fire District	2
2	Aqua Isles Community Development District (Dissolved 12/11/12)	1
3	Buckeye Park Community Development District	1, 3
4	Business Improvement District of Coral Gables	1
5	Central County Water Control District	1, 3
6	Cory Lakes Community Development District	1
7	CrossCreek Community Development District	1, 3
8	Cypress Cove Community Development District	1, 3
9	Cypress Creek of Hillsborough County Community Development District	1
10	Eastpoint Water And Sewer District	1
11	Fiddlers Creek Community Development District	1, 3
12	Fiddler's Creek Community Development District #2	1, 3
13	Freedom Walk Community Development District	2, 4
14	Hamilton County Development Authority	1
15	Hawk's Point Community Development District	1
16	Hendry-LaBelle Recreation Board	1, 3
17	Hollywood Beach Community Development District I (Created 6/1/11)	2
18	K-Bar Ranch Community Development District	1
19	Magnolia Park Community Development District	1
20	Renaissance Community Development District	1
21	River Bend Community Development District	1, 3
22	Six Mile Creek Community Development District	1, 3
23	Solterra Resort Community Development District (FKA Oakmont Grove)	1
24	South Fork East Community Development District	1, 3
25	Spring Hill Fire Rescue and Emergency Medical Services District (Dissolved 4/13/12)	1

**Alphabetical List of Local Governmental Entities
For Which 2011-12 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required**

Attachment A

**Applicable
Note**

INDEPENDENT SPECIAL DISTRICTS

26	Stonebrier Community Development District	1
27	Sunrise Lakes Phase IV Recreation District	1
28	Sweetwater Creek Community Development District	1, 3
29	Tri-County Airport Authority	1
30	Venetian Community Development District	1, 3
31	Verano Center Community Development District	1
32	Villages of Avignon Community Development District	1

NOTES

- (1) Based on previous audit reports or other financial reports filed by the entity, the entity was required to provide for an audit for the 2011-12 fiscal year.
- (2) According to available financial information, the entity did not provide for an audit for either of the prior two fiscal years and had revenues or expenditures/expenses in an amount that requires an audit.
- (3) Entity indicated that the audit was in progress; however, as of September 24, 2013, we had not received the audit report.
- (4) Entity responded that no funds are available to obtain an audit.

**Alphabetical List of Local Governmental Entities
For Which 2011-12 Fiscal Year Audit Reports
Have Not Been Received - Audit May Have Been Required**

Attachment B

**Last FY Audit
Received**

MUNICIPALITIES

1	Belleair Shore, Town of	2008-09
2	Caryville, Town of	2009-10
3	Esto, Town of	2010-11

INDEPENDENT SPECIAL DISTRICTS

1	Alexen Community Development District (Dissolved 9/25/12)	1
2	Bella Verde East Community Development District	2005-06
3	Bella Verde Golf Community Development District	2006-07
4	Bella Verde Lake Community Development District	2005-06
5	Clay Soil & Water Conservation District	1
6	Flagler Soil & Water Conservation District	1
7	Hacienda Lakes Community Development District	1
8	Harbour Lake Estates Community Development District (Dissolved 4/4/12)	2004-05
9	Heritage Harbour East Community Development District	1
10	Huntington Community Development District (Dissolved 6/6/12)	2005-06
11	Lafayette Soil & Water Conservation District	2010-11
12	Lanark Village Water and Sewer District (Dissolved 7/11/13)	1
13	Laurel Highlands Community Development District	1
14	Moultrie Creek Community Development District	1
15	Polk Soil & Water Conservation District	1
16	Santa Rosa Bay Bridge Authority	1
17	Stone Dairy Creek Community Development District (Dissolved 6/12/12)	1
18	Sumter Soil & Water Conservation District	1
19	Twin Creeks Community Development District (Dissolved 6/25/12)	1
20	Vizcaya Community Development District (Dissolved 4/4/12)	2007-08
21	Vizcaya in Kendall Community Development District	2006-07
22	Woodbrook Community Development District (Dissolved 1/10/12)	1

DEPENDENT SPECIAL DISTRICTS

23	Ali-Baba Neighborhood Improvement District	1
24	ChIPLEY Redevelopment Agency	1
25	East-West Neighborhood Improvement District	1
26	Gretna Neighborhood Improvement District	1
27	Harbour Waterway Special District	1
28	Isle of Palms Special District	1
29	Martin County Health Facilities Authority	1
30	Niles Garden Neighborhood Improvement District	1
31	Northern Sweetwater Improvement District (Dissolved 1/7/13)	1
32	Town of Marineland Community Redevelopment Agency	1
33	Westwood Dependent Tax District	1

NOTES

- (1) No record of audit received for the 2003-04 through 2010-11 fiscal years.

Subject: AFR Non Filers for FY 2012
Attachments: No AFR Filed for FY 2012 - 9-30-2013.pdf

From: Jones, Brendan G [mailto:Brendan.Jones@myfloridacfo.com]
Sent: Tuesday, October 01, 2013 3:48 PM
To: White, Deborah
Cc: localgov; Hsieh, Tim W
Subject: AFR Non Filers for FY 2012

Debbie,

Good afternoon. Please see the attached report. It lists the Local Government entities that have not filed an AFR for FY 2012. If you have any questions or need additional information, please let me know.

Thanks,

Brendan Jones
Financial Administrator
Florida Department of Financial Services
Bureau of Financial Reporting
200 East Gaines Street
Tallahassee, FL 32399
(850)413-5592
Brendan.Jones@myfloridacfo.com

The information contained in this message and any accompanying attachments may contain privileged, private, and/or confidential information protected by state and federal law. If you have received this information in error, please notify the sender immediately and destroy the information.

Local Government No AFR Filed for FY 2012

Government ID	Local Government Name	AFR Received
Cities		
200002	Alford	
200010	Astatula	
200028	Belleair Shore	
200031	Biscayne Park	
200036	Boynton Beach	
200053	Caryville	
200058	Century	
200061	Chipley	
200074	Cottondale	
200081	Davenport	
200101	Esto	
200115	Fort White	
200118	Fruitland Park	
200132	Gretna	
200140	Hastings	
200146	High Springs	
200169	Islandia	
200208	Lawtey	
200229	Marineland	
200276	Opa-locka	
200317	Quincy	
200352	Springfield	
200358	Sweetwater	
200372	Vernon	
200375	Virginia Gardens	
200379	Webster	
200393	Windermere	
Special Districts		
301548	Alexen Community Development District	
300835	Ali-Baba Neighborhood Improvement District *	
300850	Apalachicola Housing Authority * #1	
301794	Aqua Isles Community Development District	
301444	Bella Verde East Community Development District	
301445	Bella Verde Golf Community Development District	
301446	Bella Verde Lake Community Development District	
301796	Bellalago Educational Facilities Benefit District *	
300198	Central County Water Control District	
301946	Children's Services Council of Alachua County	
301000	Chipley Redevelopment Agency *	
300130	Clay Soil and Water Conservation District	
300901	Crestview Housing Authority * #3	
301568	CrossCreek Community Development District	
300094	Cypress Cove Community Development District	
301569	Cypress Creek of Hillsborough County Community Development District	
300176	Eastpoint Water and Sewer District	
300836	East-West Neighborhood Improvement District *	
300138	Fiddler`s Creek Community Development District	
301303	Fiddler`s Creek Community Development District #2	
300172	Flagler Soil and Water Conservation District	
301244	Fruitland Park Community Redevelopment Agency *	
300854	Gretna Housing Authority *	
300855	Gretna Neighborhood Improvement District *	
301940	Hacienda Lakes Community Development District	

Notes:

#1: FY ended 3/31/12 AFR was due 12/31/12

#2: FY ended 6/30/12 AFR was due 3/31/12

#3: FY ended 12/31/12 AFR was due 9/30/13

*Indicates Dependent Special Districts

Local Government No AFR Filed for FY 2012

Government ID	Local Government Name	AFR Received
300191	Hamilton County Development Authority	
301247	Harbour Lake Estates Community Development District	
301890	Harbour Waterway Special District *	
301858	Hardee County Housing Authority	
301687	Hawk's Point Community Development District	
300204	Hendry-La Belle Recreation Board	
301843	Heritage Harbour East Community Development District	
300815	Hialeah Housing Authority * #3	
300755	High Springs Community Redevelopment Agency *	
300409	Highlands Road and Bridge District	
301891	Hillcrest Preserve Community Development District	
300789	Hollywood Housing Authority * #3	
300838	Housing Authority of The City of Arcadia * #2	
300899	Housing Authority of The City of Fernandina Beach * #3	
300818	Housing Authority of The City of Homestead * #3	
300961	Housing Authority of The City of Lakeland * #3	
300996	Housing Authority of The City of New Smyrna Beach * #1	
300868	Housing Authority of The City of Tampa * #1	
301378	Huntington Community Development District	
301932	Isle of Palms Special District *	
301581	K-Bar Ranch Community Development District	
300254	Lafayette Soil and Water Conservation District	
300537	Lake Asbury Municipal Service Benefit District *	
300957	Lake Wales Housing Authority * #2	
300179	Lanark Village Water and Sewer District	
301583	Laurel Highlands Community Development District	
300987	Live Oak Housing Authority * #1	
301792	Magnolia Park Community Development District	
301641	Main Street Community Development District (St. Johns Co.)	
300657	Martin County Health Facilities Authority *	
300658	Martin County Industrial Development Authority *	
300334	Monroe County Housing Authority #3	
301587	Moultrie Creek Community Development District	
300837	Niles Garden Neighborhood Improvement District *	
301949	Northern Sweetwater Improvement District *	
300028	Northwest Florida Regional Housing Authority #3	
301394	Oakmont Grove Community Development District	
300694	Pasco County Road and Bridge District *	
300417	Pasco Heights Road and Bridge District	
300436	Polk Soil and Water Conservation District	
300189	Port St. Joe Port Authority	
301149	Quincy Community Redevelopment Agency *	
301212	Renaissance Community Development District	
301508	River Bend Community Development District	
300461	Santa Rosa Bay Bridge Authority	
300471	Seminole County Housing Authority #3	
301404	South Fork East Community Development District	
300578	Spring Hill Fire Rescue and Emergency Medical Services District	
301734	Springfield Community Redevelopment Agency *	
301778	Stone Dairy Creek Community Development District	
300473	Sumter Soil and Water Conservation District	
300045	Sunny Isles Reclamation and Water Control Board	
300110	Sunrise Lakes Phase IV Recreation District	
301608	Sweetwater Creek Community Development District	

Notes:

#1: FY ended 3/31/12 AFR was due 12/31/12

#2: FY ended 6/30/12 AFR was due 3/31/12

#3: FY ended 12/31/12 AFR was due 9/30/13

*Indicates Dependent Special Districts

Local Government No AFR Filed for FY 2012

Government ID	Local Government Name	AFR Received
301338	Town of Marineland Community Redevelopment Agency *	
301920	Twin Creeks Community Development District	
301952	Union Park Community Development District	
301279	Venetian Community Development District	
301491	Verano Center Community Development District	
301617	Villages of Avignon Community Development District	
301283	Vizcaya Community Development District	
301519	Vizcaya in Kendall Community Development District	
300236	Westchase East Community Development District	
300626	Westwood Dependent Tax District *	
301766	Woodbrook Community Development District	
Other Entities		
500061	Central Florida Fire Academy	
500021	Florida Intergovernmental Financing Commission	
500020	Florida Ports Financing Commission	
500044	Florida Rural Utility Financing Commission	
500015	Treasure Coast Regional Planning Council	

Unless noted, the remaining governments' FY ended 9/30/12, AFR was due 6/30/13

Notes:

#1: FY ended 3/31/12 AFR was due 12/31/12

#2: FY ended 6/30/12 AFR was due 3/31/12

#3: FY ended 12/31/12 AFR was due 9/30/13

*Indicates Dependent Special Districts