

The Florida Legislature
Joint Legislative Auditing Committee

Senator Alex Diaz de la Portilla, Chair
Representative Marti Coley, Alternating Chair

Meeting Packet
Monday, February 16, 2009
4:00 p.m. – 6:00 p.m.
309 The Capitol

AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: Monday, February 16, 2009

TIME: 4:00 p.m. to 6:00 p.m.

PLACE: Room 309 Capitol

MEMBERS: Senator Alex Diaz de la Portilla, Chair
Representative Marti Coley, Alternating Chair

Senator Larcenia J. Bullard	Representative Joseph Abruzzo
Senator Andy Gardiner	Representative Charles McBurney
Senator Jeremy Ring	Representative Scott Randolph
Senator Stephen R. Wise	Representative Ron Schultz

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1. Reappointment of Gary R. VanLandingham, Ph.D., Director, Office of Program Policy Analysis and Government Accountability (OPPAGA) pursuant to Joint Rule 4.1(7)
 2. Discussion concerning local governmental entities that have not filed their annual financial reports as required by Section 218.32, F.S., and audit reports as required by Section 218.39, F.S.
 3. Presentation and discussion of OPPAGA's series of reports issued on school breakfast and lunch programs
 4. Other Committee business

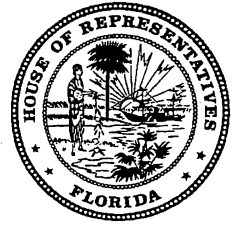
AGENDA ITEM 1

JEFF ATWATER
President



Senator Larcenia Bullard
Senator Andy Gardiner
Senator Jeremy Ring
Senator Stephen R. Wise

RAY SANSOM
Speaker



Representative Joseph Abruzzo
Representative Charles McBurney
Representative Scott Randolph
Representative Ron Schultz

THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE AUDITING COMMITTEE

Senator Alex Diaz de la Portilla, Chair
Representative Marti Coley, Alternating Chair

REVIEW OF
GARY R. VANLANDINGHAM, Ph.D.,
DIRECTOR

OFFICE OF PROGRAM POLICY
ANALYSIS AND GOVERNMENT
ACCOUNTABILITY (OPPAGA)

By the Staff of the
Joint Legislative Auditing Committee

February 2009

Background

This report is provided as required by Joint Rules of the Florida Legislature. Joint Rule 4.1(7) requires the Joint Legislative Auditing Committee (Committee) to review the performance of the director of the Office of Program Policy Analysis and Government Accountability (OPPAGA) every four years and submit a report to the Legislature recommending whether the director should be reappointed. Section 11.511(1)(a), F.S., states, in part, that the reappointment of a director is subject to confirmation by a majority vote of the Senate and the House of Representatives.

OPPAGA, created by the Legislature as a part of the Government Performance and Accountability Act of 1994 (Ch. 94-249, L.O.F.), is responsible for conducting performance evaluations and policy analyses of state government programs and providing other assistance to the Legislature. OPPAGA's mission is to "support the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources."¹

Pursuant to s. 11.511(1)(a), F.S., Gary VanLandingham was appointed by the Committee as OPPAGA's Director on January 24, 2005.² As further required by law, his appointment was confirmed by the Legislature with the approval of HCR 1127 by the Senate on April 6, 2005.³

Prior to his appointment as Director, Dr. VanLandingham⁴ had served as the Interim Director of OPPAGA since July 2003, for a total of 18 months. From 1996 to 2003, he served as the Deputy Director of OPPAGA under the leadership of John Turcotte. He served as a Policy Coordinator for OPPAGA from 1992 to 1996. During the preceding 10 years, 1982 to 1992, he served in various positions in the Program Audit Division of the Office of the Auditor General. This division was the predecessor to OPPAGA.

Dr. VanLandingham has a Bachelor's Degree in Political Science from the University of Florida and a Master's Degree in Public Administration/Program Evaluation from Florida State University (FSU). He is also a Certified Internal Auditor and has completed training at the Legislative Staff Management Institute. In 2006, he was awarded a Ph.D. from FSU's Askew School of Public Administration and Policy. His dissertation examined legislative oversight agencies across the country and the extent to which their work products are used by state legislatures.⁵ Since earning his doctorate, Dr. VanLandingham has taught several graduate seminars in government administration and policy analysis at the Askew School and published several academic articles.

¹ www.opaga.state.fl.us/about.html

² Section 11.511(1)(a), F.S., requires, in part, that the Legislative Auditing Committee appoint an OPPAGA director by a majority vote of the committee. The appointment is subject to confirmation by a majority vote of the Senate and House of Representatives. At the time of appointment, the director is required to have 10 years' experience in policy analysis and program evaluation.

³ HCR 1127 was reported favorably by the House of Representatives on March 15, 2005.

⁴ Gary VanLandingham was awarded his Ph.D. after his appointment as OPPAGA's Director.

⁵ Gary Ryan VanLandingham. *A Voice Crying in the Wilderness – Legislative Oversight Agencies' Efforts to Achieve Utilization*. 2006.

During the 2005 process to appoint an OPPAGA Director, the Committee did not advertise for the position or consider other candidates. Dr. VanLandingham was highly regarded and had demonstrated excellent leadership abilities during his service as OPPAGA's Deputy Director and Interim Director. The Committee unanimously passed a motion to appoint him as OPPAGA's Director. During his appearance before the Committee, Dr. VanLandingham stated that as Interim Director he "worked to expand several goals, including expanding OPPAGA's research services and support to legislators, leadership and committees; promoting closer coordination between OPPAGA and legislative leadership and committees to make our research services more accessible and to ensure that our reports are meeting with the Legislature's information needs."⁶ He also explained that he had initiated the use of e-alerts to provide legislators and staff with information about OPPAGA reports the day prior to their publication to help prepare them for any questions they may receive from the media. He streamlined internal operations in order to maximize OPPAGA's research capacity and expedite the release of their products. This change reportedly resulted in increasing their research production by about 30% over the previous 18 months. OPPAGA redesigned the Florida Government Accountability Report (FGAR), an on-line desktop encyclopedia of state government, and began issuing it in printed form. In addition, OPPAGA hosted the 2004 National Legislative Program Evaluation Society (NLPES)⁷ Conference in Tallahassee, which was attended by more than 250 legislative staff nationwide representing about 30 states.

During his career Dr. VanLandingham has also been very involved with professional associations. He has served in various capacities with the National Conference of State Legislatures (NCSL). Currently, he is serving a one-year term as NCSL's Staff Chair representing 36,000 state legislative staff across the country; this is the highest staff position within NCSL. During 2007, he served as NCSL's Staff Vice-Chair, also a one-year position. Since 2003, he has served on the NCSL Legislative Staff Coordinating Committee and as a member of the NCSL Executive Committee. In 2008, he was elected President of the North Florida Chapter of the American Society for Public Administration for 2008-09, and he has previously served as the Chair of the National Legislative Program Evaluation Society and the President of the Southeastern Evaluation Association.

Dr. VanLandingham has also received personal recognition for his accomplishments. In 2006, he received the Raul P. De Guzman Award for Outstanding Doctoral Seminar Paper from the Askew School. In 2007, he received the Leadership Achievement Award from the American Society for Public Administration North Florida Chapter. In 2000, while serving as OPPAGA's Deputy Director, he was the recipient of the NCSL Legislative Staff Achievement Award.

About OPPAGA

OPPAGA's current budget is \$8,522,368.⁸ It has had 92 authorized positions since 2003; however, 15 of these positions are currently unfunded due to the state's budget shortfall. Turnover in OPPAGA is generally 10-15% per year. Dr. VanLandingham stated that "most of

⁶ Joint Legislative Auditing Committee Meeting; January 24, 2005.

⁷ NLPES is a staff section of the National Conference of State Legislatures.

⁸ OPPAGA's current budget is 15.6% less than the \$10,108,004 initially appropriated for fiscal year 2007-08 in Ch. 2007-72, L.O.F, reflecting the state's ongoing budget shortfalls.

the staff who leave OPPAGA do so to accept excellent offers from other employers; agencies (state, nonprofit, and federal) often seek out OPPAGA staff due to the office's reputation."

Dr. VanLandingham stated that he believes "in setting high organizational goals and standards, demonstrating personal adherence to these principles, placing the right people in key positions, and empowering them to perform their jobs without micromanaging." He further stated that he believes "in a flat organization with a minimum of bureaucracy, open communication, and accountability for results." His management team consists of a Deputy Director, a General Counsel, and the Staff Directors for OPPAGA's five policy areas: Criminal Justice; Economic Development, Environment and Transportation; Education; Government Operation; and, Health and Human Services. Although OPPAGA's staffing and funding have been reduced over the past year or so, the demand for OPPAGA's services has not decreased. Dr. VanLandingham has addressed this in several ways, including streamlining the internal structure of OPPAGA to provide as many staff hours as possible working directly on projects.

Dr. VanLandingham emphasizes the importance of an open line of communication as a way to prevent potential difficulties. He discussed steps he has taken to strengthen communication with three groups: OPPAGA staff, legislators and staff, and agencies and other groups reviewed by OPPAGA. Although Committee staff have observed the effectiveness of OPPAGA's informal lines of communication between all levels of OPPAGA's staff, there are also regularly scheduled meetings between various staff levels. Dr. VanLandingham and his Deputy Director meet with the Staff Directors as a group on a weekly basis to discuss projects and other issues. Once each month a similar group meeting is held that also includes the Chief Analysts as well as the Staff Directors. In addition, the Director and Deputy hold biweekly meetings for each policy area with its staff director and chiefs to discuss project progress in detail. The Director and Deputy also meet on a quarterly basis with representatives of all policy areas who present anonymous questions and suggestions from all staff. The Director then emails a written reply back to all staff providing relevant information in response to issues raised. Regular communication also occurs between OPPAGA and leadership, committees, and, at times, individual members (for member-requested projects). Regarding agencies, Dr. VanLandingham stated that, "we seek always to maintain highly professional relationships with agencies, which may not always welcome OPPAGA studies but respect the Legislature's oversight responsibilities." OPPAGA meets with the agency secretary, or his or her designee, at the beginning and end of each project. Also, OPPAGA staff directors routinely meet with agency Inspectors General while projects are in the planning stage and ongoing.

OPPAGA Workload

OPPAGA's work effort is primarily focused on providing information to members and staff of the Legislature. The formal reports include performance evaluations and policy reviews of state government programs and follow-up reviews from previous reports issued by OPPAGA. Projects are generally conducted as the result of law or appropriations proviso language, or as directed by the Committee or legislative leadership. Projects directed by the Committee usually begin as requests from one or more members of the Legislature. Committee staff then review the issue and make a recommendation to the Committee regarding whether the review should be conducted. Depending on the nature of the projects directed and the due dates assigned, a final

report may be released within a few months or not until the next legislative session. Formal reports are distributed to all members. In addition, these reports are posted on OPPAGA's website. In recent years, OPPAGA has been conducting an increasing number of informal reviews which can be completed in a much quicker time frame. These reviews, known as legislative research assistance memoranda, are typically conducted at the request of leadership or council or committee chairs with leadership approval. They may answer specific questions or provide information OPPAGA has previously gathered and has not reported, but in general they are less involved than the formal reviews. The information is issued in a memorandum format to the member who made the request and his or her presiding officer. OPPAGA does not post the memoranda on-line or provide them to others unless requested.

Other work efforts of OPPAGA include the Florida Government Accountability Report (FGAR) and the Florida Monitor Weekly. FGAR is an on-line and in print encyclopedia of more than 200 state programs that is provided to all legislators. This handy tool provides an excellent overview by answering a series of questions for each program included and providing links to OPPAGA reports and other sources for those persons who need additional information. The Florida Monitor Weekly is an electronic newsletter provided weekly free-of-charge to subscribers. It includes summaries of recently released OPPAGA reports and other timely news reports and articles. OPPAGA also sends a monthly electronic report to members and staff describing reviews in process and reports that are about to be or have been recently released.

OPPAGA's website is user-friendly and provides a wealth of information. The site provides an electronic version of reports published for the last 15 years and a list of all reports issued over the past 30 years. PowerPoint presentations of OPPAGA reports to legislative committees are also available. During the fall of 2008, OPPAGA also began offering a new option for users to receive the findings of selected reports. Referred to as PolicyCasts, these three to five minute narrative PowerPoint presentations can be accessed from the website and The Florida Monitor Weekly.

The following chart shows a breakdown of the major work effort by OPPAGA during the past four fiscal years. Dr. VanLandingham was appointed as the Director in January 2005, but had served as the Interim Director during the first half of that year. He was, therefore, responsible for the operation of OPPAGA during the entire year.

OPPAGA Performance Measures	2004-05	2005-06	2006-07	2007-08
Number of formal reports issued	79	77	56	60
Number of legislative research assistance memoranda issued	88	104	119	162
Number of FGAR profiles maintained	250	247	243	241
Number of visits to the Florida Monitor and FGAR Internet pages	746,266	1,226,499	1,503,728	1,346,550 ⁹
Number of document downloads from the Florida Monitor and FGAR Internet pages	213,500	461,200	533,542	516,105
Number of recipients of the Florida Monitor Weekly	2,585	3,995	4,915	5,354
Cost per hour, OPPAGA compared to private consultants		\$65/\$168	\$70/\$143	\$69/\$148

Peer Review

In 2006, OPPAGA contracted with NCSL to conduct a peer review of OPPAGA's quality assurance system and training program.¹⁰ A team of four members spent time reviewing several OPPAGA reports, the supporting workpapers for those reports, and interviewing OPPAGA staff. Dr. VanLandingham asked the peer review team to address questions related to the quality of OPPAGA's products and training program.

The results of the review were very favorable. The peer team stated that "OPPAGA produces a large volume of quality work products that provide evaluative research, objective analyses, and useful information to members and staff of the Florida Legislature."¹¹ The OPPAGA reports reviewed were reported to be "clear and easy to read and the recommendations were useful and informative."¹² The team examined the processes used to ensure that the reports met the professional standards the office had adopted to guide its work.¹³ More than 20 specific standards were evaluated. These standards included the requirements for evaluations to be timely; complete and fair; contain valid and reliable information; and reach justified conclusions. The peer team concluded that OPPAGA meets or exceeds the professional standards.

Regarding OPPAGA's training program, the peer team was also impressed. Although they recommended offering senior staff members more opportunities for training, basically the team recommended that all other training continue as is. Currently, Dr. VanLandingham explained OPPAGA's formal training program "includes OPPAGA 1, which provides structured training

⁹ Dr. VanLandingham believes the lower number of website visits and downloads this year is the result of changes made by search engines in how they track and catalog web pages.

¹⁰ National Conference of State Legislatures, *Peer Review: Florida's Office of Program Policy Analysis and Government Accountability*, 2006.

¹¹ *Ibid.* Page 3.

¹² *Ibid.*

¹³ James R. Sanders, *The Program Evaluation Standards: How to Assess Evaluations of Educational Programs*, 2nd edition, Thousand Oaks: Sage Publications, 1994.

and mentoring to new staff, and OPPAGA 2, which provides ongoing professional development training for experienced staff. We also offer classes on specialized methodologies used in various projects to share ideas among staff. During the past year we have begun developing training that focuses on management skills as part of our succession planning.”

Recognition of OPPAGA

OPPAGA is highly regarded across the country in the field of program evaluation. It has received professional recognition and has been cited as a leader in various publications. In addition, the results of its reports often appear in newspapers and other sources. Since Dr. VanLandingham’s 2003 appointment as Interim Director, OPPAGA has received the Impact Award from NLPES every year, 2003-2008. It also received the NLPES Excellence in Research Methodology and Overall Excellence Awards in 2007. Dr. VanLandingham indicated that this is the only time that a single office has received all three of these awards in one year. Offices can only be considered for the latter two awards once every five years.

In “Grading the States ‘08”,¹⁴ OPPAGA is described as “a national leader in program evaluation.”¹⁵ When examining four major categories – money, people, infrastructure, and information – and specific areas within each of these categories, the state as a whole received a grade of B-. However, the state’s effort in the category of Performance Auditing and Evaluation received the highest possible rating, referred to as a ‘strength.’ The “Grading the States ‘05” summary noted that performance auditing seemed to be improving across the country.¹⁶ It further stated that “perhaps no effort in the country is better than that in Florida, where the Office of Program Policy Analysis and Government Accountability continues to churn out an impressive stream of reports about topics ranging from contracting to risk management to child abuse to the use of steroids in the state’s student bodies. It provides program oversight that is focused on performance and concerned with performance measures, results, cost-benefit analysis and doing the right thing.”¹⁷ It also quoted Howard Rasmussen, of the Florida Center for Public Management at FSU who said, “Every city, county and state needs an OPPAGA. Everyone needs that kind of information to know if what they’ve done has worked.”¹⁸

A report by the Center for Governmental Studies, a California-based policy research group, identified OPPAGA as an “excellent model” for the State of California to consider in developing/improving non-partisan research for their state legislature.¹⁹ Florida newspapers have often made complimentary remarks about OPPAGA when reporting the results of their

¹⁴ This initiative, a yearlong collaboration between *Governing*, the Pew Center on the States and a group of academic experts from four different colleges and universities, is a report card on the quality of management in all 50 states. The project is officially known as the Government Performance Project. The 2008 project was the fourth effort in approximately the last 10 years.

¹⁵ Katherine Barrett and Richard Greene, “Grading the States ‘08: The Mandate to Measure,” *Governing*, March 2008, p. 47.

¹⁶ Katherine Barrett and Richard Greene with Zach Patton and J. Michael Keeling, “Grading the States ‘05: The Year of Living Dangerously,” *Governing*, February 2005, <<http://www.governing.com/gpp/2005/intro.htm>> (8/8/08).

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Sasha Horwitz, *Termed Out: Reforming California’s Legislative Term Limits*, Center for Governmental Studies, 2007, p. 41.

reviews. Dr. Fran Berry, Chair of FSU's Askew School has studied program evaluation efforts across the country and provided very positive remarks about OPPAGA and Dr. VanLandingham's leadership. In addition to acknowledging that OPPAGA is one of the best programs in the country, she cited specific examples of the strength of the office: the volume of reports issued is quite high; it has shortened the reports to make them more user-friendly; it has worked on marketing its reports; it has taken steps to improve the website; and, it provides weekly updates.

Next Four Years

Pending reconfirmation, Dr. VanLandingham hopes to continue as OPPAGA's director for many years. When Committee staff asked him to provide his plans for the next four years, he provided the following initiatives.

- "Help ensure that the Sunset Review process meets the Legislature's intent to examine all state agencies and identify opportunities to reduce costs, streamline administration, and improve services;
- Work with NCSL to strengthen the quantity and quality of professional development opportunities made available to all legislators and legislative staff through e-learning technologies;
- Through succession planning and ongoing professional development, prepare OPPAGA for the anticipated retirement of several senior staff in coming years;
- Expand technologies for providing remote on-demand briefings to legislators and staff on OPPAGA projects and reports;
- Update OPPAGA's website to enhance its value to legislators and staff and make it easier to access OPPAGA projects."

Conclusion

Dr. VanLandingham has often referred to OPPAGA as "the research arm of the Legislature." OPPAGA produces a large volume of well-written, concise, informative, and timely reports. Dr. VanLandingham and his staff have effectively marketed their services to the members of the Legislature, committees, and legislative staff. OPPAGA receives numerous requests to present its report findings before legislative committees each year²⁰ and many of its recommendations have been adopted as state policy.

Its work products extend well beyond issuing reports that are directed by statute, proviso language, or the Committee. It offers FGAR, an encyclopedia in electronic and print version, which provides a wealth of information on over 200 state programs. It sends out a weekly electronic newsletter that profiles OPPAGA reports and other timely policy issues. Recently, OPPAGA has issued an increasing number of reports in a memorandum format to meet the information needs of leadership and other members when a less formal or quicker response is needed. Also, its specialized research teams are often called upon to consult with or answer quick questions for members and staff.

²⁰ OPPAGA staff testified before legislative committees 28 times during fiscal year 2007-08.

Dr. VanLandingham appears to always be striving to find ways to improve operations. He has sought to improve communication both within his office and with leadership and other members, committees, and staff. He has improved internal processes to get reports out quicker and now as a way to deal with staff reductions. And he has introduced new ways to deliver report findings such as the recently released PolicyCasts, narrated PowerPoint presentations. He and his staff have a good working relationship with the Auditor General and regularly brief each other on their projects. An external review of the OPPAGA's work products and training program was exemplary. Dr. VanLandingham and his office have been recognized as one of the best in the business by professional organizations and various publications.

Due to the nature of OPPAGA reviews, there may be times when a member does not agree with the recommendations of an individual report. For this reason, the performance of the director should be evaluated on the basis of OPPAGA's overall body of work. The four-year review cycle provides a reasonable period of time in order to adequately review the director's performance. Committee staff believe that Dr. VanLandingham has done an outstanding job meeting the information needs of the Florida Legislature during his first four years as OPPAGA's director. Committee staff recommend that Dr. VanLandingham be reappointed as the Director of OPPAGA.

Appendices

- Appendix 1 Joint Rule Four: Joint Legislative Auditing Committee
- Appendix 2 Section 11.51, F.S., Office of Program Policy Analysis and Government
Accountability
- Appendix 3 Section 11.511, F.S., Director of the Office of Program Policy Analysis
and Government Accountability; appointment; employment of staff;
powers and duties
- Appendix 4 Joint Rule Six: Office of Program Policy Analysis and Government
Accountability

Appendix 1**JOINT RULE FOUR****JOINT LEGISLATIVE AUDITING COMMITTEE****4.1—Responsibilities**

- (1) On or before December 31 of the year following each decennial census, the Legislative Auditing Committee shall review the performance of the Auditor General and shall submit a report to the Legislature which recommends whether the Auditor General should continue to serve in office.
- (2) The expenses of the members of the committee shall be approved by the chair of the committee and paid from the appropriation for legislative expense.
- (3) The committee shall submit to the President of the Senate and the Speaker of the House of Representatives, for approval, an estimate of the financial needs of the committee, the Auditor General, and the Office of Program Policy Analysis and Government Accountability.
- (4) The committee and the units it oversees, including the Auditor General and the Office of Program Policy Analysis and Government Accountability, shall submit their budget requests and operating budgets to the President of the Senate and the Speaker of the House of Representatives for prior written approval by the presiding officers acting together.
- (5) The committee may receive requests for audits and reviews from legislators. Staff of the committee shall review each request and make a recommendation to the committee concerning its disposition. The manner of disposition recommended may be:
 - (a) Assignment to the Auditor General for inclusion in a regularly scheduled agency audit;
 - (b) Assignment to the Auditor General for special audit or review;
 - (c) Assignment to the Office of Program Policy Analysis and Government Accountability for inclusion in a regularly scheduled performance audit;
 - (d) Assignment to the Office of Program Policy Analysis and Government Accountability for special audit or review;
 - (e) Assignment to committee staff; or
 - (f) Rejection as being an unnecessary or inappropriate application of legislative resources.
- (6) The committee may at any time, without regard to whether the Legislature is in session, take under investigation any matter within the scope of an audit either completed or then being conducted by the Auditor General or the Office of Program Policy Analysis and Government Accountability, and in connection with such investigation may exercise the powers of subpoena by law vested in a standing committee of the Legislature.
- (7) The committee shall review the performance of the director of the Office of Program Policy Analysis and Government Accountability every 4 years and shall submit a report to the Legislature recommending whether the director should be reappointed. A vacancy in the office must be filled in the same manner as the original appointment.

Appendix 2

11.51 Office of Program Policy Analysis and Government Accountability.—

(1) There is hereby created the Office of Program Policy Analysis and Government Accountability as a unit of the Office of the Auditor General appointed pursuant to s. 11.42. The office shall perform independent examinations, program reviews, and other projects as provided by general law, as provided by concurrent resolution, or as directed by the Legislative Auditing Committee, and shall provide recommendations, training, or other services to assist the Legislature.

(2) The Office of Program Policy Analysis and Government Accountability is independent of the Auditor General appointed pursuant to s. 11.42 for purposes of general policies established by the Legislative Auditing Committee.

(3) The Office of Program Policy Analysis and Government Accountability shall maintain a schedule of examinations of state programs.

(4) The Office of Program Policy Analysis and Government Accountability is authorized to examine all entities and records listed in s. 11.45(3).

(5) At the conclusion of an examination, the designated representative of the director of the Office of Program Policy Analysis and Government Accountability shall discuss the examination with the official whose office is examined and submit to that official the Office of Program Policy Analysis and Government Accountability's preliminary findings. If the official is not available for receipt of the preliminary findings, clearly designated as such, delivery thereof is presumed to be made when it is delivered to his or her office. Whenever necessary, the Office of Program Policy Analysis and Government Accountability may request the official to submit his or her written statement of explanation or rebuttal within 15 days after the receipt of the findings. If the response time is not requested to be within 15 days, the official shall submit his or her response within 30 days after receipt of the preliminary findings.

(6) No later than 18 months after the release of a report of the Office of Program Policy Analysis and Government Accountability, the agencies that are the subject of that report shall provide data and other information that describes with specificity what the agencies have done to respond to the recommendations contained in the report. The Office of Program Policy Analysis and Government Accountability may verify the data and information provided by the agencies. If the data and information provided by the agencies are deemed sufficient and accurate, the Office of Program Policy Analysis and Government Accountability shall report to the Legislative Auditing Committee and to the legislative standing committees concerned with the subject areas of the audit. The report shall include a summary of the agencies' responses, the evaluation of those responses, and any recommendations deemed to be appropriate.

History.—s. 2, ch. 90-110; s. 16, ch. 94-249; s. 30, ch. 96-318; s. 1, ch. 96-380; s. 6, ch. 2001-86; s. 17, ch. 2001-266; s. 3, ch. 2004-305.

Appendix 3

11.511 Director of the Office of Program Policy Analysis and Government Accountability; appointment; employment of staff; powers and duties.—

(1)(a) The Legislative Auditing Committee shall appoint a director of the Office of Program Policy Analysis and Government Accountability by majority vote of the committee, subject to confirmation by a majority vote of the Senate and the House of Representatives. At the time of appointment, the director must have had 10 years' experience in policy analysis and program evaluation. The reappointment of a director is subject to confirmation by a majority vote of the Senate and the House of Representatives. The Legislative Auditing Committee may appoint an interim director.

(b) The appointment of the director may be terminated at any time by a majority vote of the Senate and the House of Representatives.

(2)(a) The director shall take and subscribe to the oath of office required of state officers by the State Constitution.

(b) Until such time as each house confirms the appointment of the director, the appointee shall perform the functions as provided by law.

(3)(a) The director shall make all spending decisions under the annual operating budget approved by the President of the Senate and the Speaker of the House of Representatives. The director shall employ and set the compensation of such professional, technical, legal, and clerical staff as may be necessary to fulfill the responsibilities of the Office of Program Policy Analysis and Government Accountability, in accordance with the joint policies and procedures of the President of the Senate and the Speaker of the House of Representatives, and may remove these personnel. The staff must be chosen to provide a broad background of experience and expertise and, to the maximum extent possible, to represent a range of disciplines that includes law, engineering, public administration, environmental science, policy analysis, economics, sociology, and philosophy.

(b) An officer or full-time employee of the Office of Program Policy Analysis and Government Accountability may not serve as the representative of any political party or on any executive committee or other governing body thereof; receive remuneration for activities on behalf of any candidate for public office; or engage, on behalf of any candidate for public office, in the solicitation of votes or other activities in behalf of such candidacy. Neither the director of the Office of Program Policy Analysis and Government Accountability nor any employee of that office may become a candidate for election to public office unless he or she first resigns from office or employment.

(4) The director shall perform and/or contract for the performance of examinations and other duties as prescribed by law. The director shall perform his or her duties independently but under general policies established by the Legislative Auditing Committee.

(5) The director may adopt and enforce reasonable rules necessary to facilitate the examinations, reports, and other tasks that he or she is authorized to perform.

6) When the director determines that conducting an examination would not be possible due to workload limitations or the project does not appear to be of critical interest to the Legislature, then, with the consent of the President of the Senate and the Speaker of the House of Representatives, the director may temporarily or indefinitely postpone such examinations. The director may at any time conduct a performance review of a governmental entity created by law.

History.—s. 3, ch. 90-110; s. 3, ch. 92-142; s. 17, ch. 94-249; s. 1310, ch. 95-147; s. 31, ch. 96-318; s. 18, ch. 99-333; s. 18, ch. 2001-266.

Appendix 4**JOINT RULE SIX****OFFICE OF PROGRAM POLICY
ANALYSIS AND GOVERNMENT ACCOUNTABILITY****6.1—Responsibilities of the director**

- (1) The director may adopt and enforce reasonable rules necessary to facilitate the studies, reviews, and reports that the office is authorized to perform.
- (2) The director shall prepare and submit annually to the President of the Senate and the Speaker of the House of Representatives for their joint approval the annual projected work plan of the office in conjunction with a proposed operating budget for the ensuing fiscal year.
- (3) Within the monetary limitations of the approved operating budget, the salaries and expenses of the director and the staff of the Office of Program Policy Analysis and Government Accountability shall be paid from the appropriation for legislative expense or any other moneys appropriated by the Legislature for that purpose. The director shall approve all bills for salaries and expenses before the same shall be paid.
- (4) Within the monetary limitations of the approved operating budget, the director shall make all spending decisions, including entering into contracts on behalf of the Office of Program Policy Analysis and Government Accountability.
- (5) The director shall transmit to the President of the Senate and the Speaker of the House of Representatives, by December 1 of each year, a list of statutory and fiscal changes recommended by office reports. The recommendations shall be presented in two categories: one addressing substantive law and policy issues and the other addressing budget issues. The director may also transmit recommendations at other times of the year when the information would be timely and useful for the Legislature.

AGENDA ITEM 2

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR
 AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.
 2009 Status

LEGEND:

	= received
X	= not yet received
X - B	= on AG "B"list - not yet received
[date]	= date received

COUNTIES	Senate District	House District	FY 2006-07		FY 2005-06		Phone # / E-mail address	Comments
			AFR	Audit	AFR	Audit		
Jefferson County	(3) C. Dean	(11) D. Boyd					(386) 294-4323	2/6/09, 10:02am: Called and spoke w/Steve Land, Finance Dir., re: missing AFR - he indicated that CPA was suppose to file AFR & would call him - I referred him to DFS for any questions re: filing.

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR
AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.

2009 Status

Municipalities	Senators	House	FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04		Phone #/E-mail address	Comments
			AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
Arroyo	(6) A. Lawson	(6) J. Patronis		X								
Bay	(6) A. Lawson	(8) A. Williams		X								
Bay	(29) C. Smith	(84) P. Taylor		X								
Bay	(18) C. Justice	(60) E. Hooper		X								
Bay	(28) K. Pruitt	(61) A. Feltsman		X								
Bay	(39) L. Buliard	(84) P. Taylor		X								
Bay	(28) M. Herdopoulos	(78) K. Rader		X								
Bay	(40) R. Garcia	(119) J. Zapata		X							(772) 466-6900	
Bay	(11) M. Fasano	(43) R. Schultz		X								
Bay	(2) D. Pearden	(5) B. Drake	X	X-B	X	X-B	X	X	X	X	(850) 548-5858	

LEGEND:
 = received
 X = not yet received
 X-B = on AG "B" list - not yet received
 [date] = date received

NOTE: No AFRs received for FY 1997-98 through FY 2001-02. No audits received for FY 1997-98 and forward. Audit threshold for annual audit met since FY 2002-03, based on AFR data.
 2/11/09, 11:45am: Called town and spoke w/Donna Gillis, Clerk. Explained reporting requirements again, answered some of her questions, & referred her to DFS for answers to specific questions re: AFR filing. She stated that she had limited accounting knowledge & asked about finding a CPA. She stated that she would call DFS, & I stated that I would follow up w/her on Friday, 2/13/09. (Note: Still in threshold to have audit once every three years; therefore, next audit due was for FY 2004-05.)

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.		LEGEND:		FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04		Phone # / E-mail address	Comments
009 Status		AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
		Senate District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
	ivil Service Board of Santa Rosa county (Santa Rosa)	(2) D. Peaden, (4) D. Gaetz	(1) G. Evers, (3) C. Ford, (4) R. Sansom		X - B								
	olumbia County Law Library (Columbia County)	(3) C. Dean, (14) S. Oelrich	(10) L. Bemby, (11) D. Boyd	X									
	oy Lakes Community Development District (Hillsborough)	(12) V. Crist	(58) M. Scionti	X	X			12/22/2005					
	lorcus Fire District (Okaloosa)	(2) D. Peaden	(5) B. Drake	X	X			12/22/2005				X	
	uette Fire and Rescue District (Vanatee)	(21) M. Bennett	(67) R. Reagan	X	X - B								
	ast Mulloch Water Control District (Lee)	(21) M. Bennett, (27) D. Aronberg, (37) G. Richter	(71),(72),(73),(74),(75)	X									
	nglewood Area Fire Control District (Charlotte & Sarasota)	(21) M. Bennett, (23) N. Delert, (27) D. Aronberg	(55),(67),(69),(70),(71),(72),(74)	X									
	orida Crown Workforce Board, Inc. (ORMER NAME: Florida Crown Workforce Development Board/WAGES Coalition, Inc.) (multi - Columbia, Dixie, Alachua, Union)	(3) C. Dean, (14) S. Oelrich	(10) L. Bemby, (11) D. Boyd, (12) J. Adkins	X									
	ilchrist County Housing Authority (Gilchrist)	(14) S. Oelrich	(11) D. Boyd	X									
	amilton County Memorial Hospital (Hamilton)	(3) C. Dean	(10) L. Bemby	X	X (DCA approved extension to 4/15/2009)			2/19/2008					
	amilton County Soil & Water Conservation District (Hamilton)	(3) C. Dean	(10) L. Bemby	X	X - B			2/12/2008					
	arbour Lake Estates Community Development District (Broward)	(31) E. Sobel	(105) J. Gibbons	X	X			4/11/2007					
	astings Drainage District	(1),(5),(7),(8),(14)	(18),(19),(20),(21)	X	X								
	entlage Isles Community Development District (Hillsborough)		(47),(55),(56),(57),(58),(59),(60),(61),(62),(63),(67),(68)	X (DCA approved extension to 4/30/2009)	X (DCA approved extension to 4/15/2009)								
	ighlands County Housing Authority (Highlands)	(17) J.D. Alexander	(66) B. Troutman, (77) D. Grimsley	X									
	ighlands Road & Bridge District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crist	(44),(45),(46),(48),(60),(61),(62)	X	X - B								
	olt Fire District (Okaloosa)	(2) D. Peaden	(1) G. Evers	X	X - B								
	untington Community Development District (Broward)	(31) E. Sobel	(105) J. Gibbons	X	X								
	les of Bartram Park Community Development District (St. Johns)	(1) T. Hill, (5) S. Wise, (8) J. King	(18) R. Renuart, (19) M. Weinstein, (20) B. Proctor	X	X - B								
	ackson Soil & Water Conservation District (Jackson)	(6) A. Lawson	(5) B. Drake, (7) M. Coley	X	X - B								
	acksonville Transportation Authority (Duval)	(1) T. Hill, (5) S. Wise	(12),(13),(14),(15),(16),(17),(18),(19)	X									
	ayette Soil & Water Conservation District (Lafayette)	(3) C. Dean	(11) D. Boyd	X	X								

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.		LEGEND:		FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04		Phone # / E-mail address	Comments
09 Status				AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit		
		Senate District	House District										
	akewood Ranch Community Development District 1 (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Delert	(55) (67), (68), (69)	X	X	2/4/2008	1/18/2007						
	akewood Ranch Community Development District 2 (Manatee)	(18) A. Joyner, (23) N. Delert	(55) (67), (68), (69)	X	X	2/4/2008	1/18/2007						
	akewood Ranch Community Development District 3 (Manatee) - ISSOLVED IN 9/2008	(18) A. Joyner, (23) N. Delert	(55) (67), (68), (69)	X	X	2/4/2008	1/19/2007						1/29/09: E-mail rec'd from DCA stating that letter required by s.189 not sent because a registered agent and registered office does not exist.
	akewood Ranch Community Development District 4 (Manatee)	(18) A. Joyner, (23) N. Delert	(55) (67), (68), (69)	X	X	2/4/2008	7/16/2007						
	akewood Ranch Community Development District 5 (Manatee)	(18) A. Joyner, (23) N. Delert	(55) (67), (68), (69)	X	X	2/4/2008	7/16/2007						
	akewood Ranch Community Development District 6 (Manatee)	(18) A. Joyner, (23) N. Delert	(55) (67), (68), (69)	X	X	2/4/2008	7/16/2007						
	Franklin Village Water & Sewer District (Franklin)	(6) A. Lawson	(6) J. Patronis, (10) L. Bemby	X	X								
	Lee Soil & Water Conservation District	(21) M. Bennett, (27) D. Aronberg	(72) (73), (74), (75)	X	X								
	Levy Bay Community Development District (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Delert	(55) (67), (68), (69)	X - B (Required)	X								
	Levy County Housing Authority (Levy)	(3) C. Dean, (14) S. Oelfrich	(10) L. Bemby, (22) L. Cretul	X	X					3/28/2008			
	Magnolia Bluff Community Development District (Walton)	(2) D. Peaden, (4) D. Gaetz	(5) B. Drake, (7) M. Coley	X	X - B					12/5/2005			R=13,570,332; E=6,508,028
	Manatee County Mosquito Control District (Manatee)	(18) A. Joyner, (21) M. Bennett, (23) N. Delert	(55) (67), (68), (69)	X	X							X	1/29/09: E-mail rec'd from DCA stating that letter required by s.189 not sent because a registered agent and registered office does not exist.
	Martin Soil & Water Conservation District (Martin)	(28) K. Pruitt	Fetterman, (82) W. Snyder	X	X	7/22/2008	5/22/2007			4/28/2008	4/28/2008		
	Nassau Soil & Water Conservation District (Nassau)	(5) S. Wise, (8) J. King	(12) J. Adkins	X	X - B					12/12/2005			
	North Springs Improvement District (Broward)	(32) J. Ring	(95) J. Waldman	X	X					2/10/2006			
	Northwest Florida Transportation Authority (multi - Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Wakulla, Walton)	(2) D. Peaden, (4) D. Gaetz, (6) A. Lawson	(1), (2), (3), (4), (5), (6), (7), (10)	X	X - B								Received letter dated December 9, 2008, from attorney representing authority explaining authority's situation and stating that they are trying to get current with the audits.
	Ocala Downtown Development Authority (Marion)	(3), (7), (14), (20)	(21), (22), (23), (24)	X	X - B (Required)								R=74,451; E=26,661
	Ocean Highway and Port Authority (Nassau)	(5) S. Wise, (8) J. King	(12) J. Adkins	X	X					11/19/2005			2/6/09: Rec'd e-mail from DCA re: communication from Authority's auditor - missing reports should be submitted soon
	Ochlocknee River Soil & Water Conservation District (Lern)	(3) C. Dean, (6) A. Lawson	(7) M. Coley, (8) A. Williams, (9) Rehwinkel	X	X - B							X	
	Orange Hill Soil & Water Conservation District (Washington)	(2) D. Peaden	(5) B. Drake	X	X								

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.										
2009 Status	LEGEND:		FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04	
	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit
	Senate District	House District								
										Phone # / E-mail address
										Comments
	Orange Soil & Water Conservation District (Orange)	(9),(19),(22),(24)	(33),(34),(35)	X						
	Pasco County Mosquito Control District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crist	(44),(45),(46)	X						
	Pasco Heights Road & Bridge District (Pasco)	(10) R. Storms, (11) M. Fasano, (12) V. Crist	(48),(60),(61),(62)	X						
	Peace River Soil & Water Conservation District (DeSoto)	Alexander, (21) M. Bennett	(72) P. Kregal	X						
	Pembroke Harbor Community Development District (Brevard)	(34) N. Rich	(105) J. Gibbons	X						
	Pinecraft Lighting District (Sarasota)	(21) M. Bennett, (23) N. Delart	(55),(67),(69), (70),(71)	X						
	Polk Transit Authority (Polk)	(10) R. Storms, (15) P. Dockery, (17) J.D. Alexander	(63),(64),(65),(66)	X						
	Renaissance Community Development District (Lee)	(21) M. Bennett, (27) D. Aronberg	(72),(73),(74),(75)	X						
	St. Lucie County Expressway and Bridge Authority (St. Lucie)	Hardopolos, (28) K. Pruitt	(78),(80),(81),(82)	X						
	Santa Fe Soil & Water Conservation District (Columbia)	(3) C. Dean, (14) S. Ceirich	(10) L. Bemby, (11) D. Boyd	X						
	Santa Rosa Bay Bridge Authority (Santa Rosa)	(2) D. Peaden, (4) D. Gaetz	(1) G. Evers, (3) C. Ford, (4) R. Sansom	X						
	Seminole County Housing Authority (Seminole)	(9),(20),(22),(24)	(25),(33),(34),(37)	X						
	Seminole Soil & Water Conservation District (Seminole)	(9),(20),(22),(24)	(25),(33),(34),(37)	X						
	Stoneybrook Community Development District (Lee)	(21) M. Bennett, (27) D. Aronberg	(72),(73),(74),(75)	X						
	Sumter Soil & Water Conservation District (Sumter)	(15) P. Dockery, (20) C. Baker	(42) M. O'Toole, (44) R. Schenck	X						
	Sumter Lakes Phase IV Recreation District (Broward)	(34) N. Rich	(98) F. Sands	X						
	Suwannee County Housing Authority (Suwannee)	(66) C. Dean	(11) D. Boyd	X						
	Suwannee Valley Transit Authority (multi Columbia, Hamilton, Suwannee)	(3) C. Dean, (14) S. Osirich	(10) L. Bemby, (11) D. Boyd	X						
	Tampa Bay Area Regional Transportation Authority (multi - Citrus, Hernando, Hillsborough, Manatee, Pasco, Pinellas, Sarasota)	(3),(10),(11),(12),(13),(15),(16),(18),(21),(23)	(43),(44),(45), (46),(47),(48), (50),(51),(52), (53),(54),(55), (56),(57),(58), (59),(60),(61), (62),(63),(67), (68),(69),(70),(71)	X						

LOCAL GOVERNMENTS THAT DID NOT SUBMIT THEIR AUDIT REPORTS IN ACCORDANCE WITH S. 11.45, F.S.																				
2009 Status	LEGEND:	= received X = not yet received X - B = on AG "B" list - not yet received [date] = date received	FY 2006-07		FY 2005-06		FY 2004-05		FY 2003-04											
			Senate District	House District	AFR	Audit	AFR	Audit	AFR	Audit	AFR	Audit								
St. Petersburg Housing Authority (Pinellas)				X																
Tallahassee Housing Authority (Leon)				X																
Farwood Grove Special District (Hillsborough)				X			X - B													
Taylor County Health Facilities Authority (Taylor)				X																
J.S. Highway 441/27 Community Redevelopment Agency (Lake)				X																
Zenice Housing Authority (Sarasota)				X																
Jolusia County Housing Finance Authority (Volusia)				X																
Water and Sewer Expansion Authority (Duval)				X			X - B (Required)													
West Palm Beach Housing Authority (Palm Beach)				X																
Winter Park Housing Authority (Orange)				X																

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

LOCAL GOVERNMENTAL ENTITY NAME	REQUIRED REPORTS NOT SUBMITTED	COMMENTS
Bronson, Town of (Levy County)	FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR & Audit	<p>FDLE and FBI have both had active investigations over the past 4+ years involving former city official and former employee. Also, financial records were taken by both FDLE and FBI for several years.</p> <p>Mailed letter dated 9/25/2008. Spoke w/ Mayor, City Commissioner, and CPA firm performing audit several times before and after letter was mailed. Financial records have been returned to town and CPA firm issued FY 2003-04 audit on 10/20/2008.</p> <p>2/10/2009: Spoke w/Terry Kite, Purvis Gray & Co CPAs. Audit fieldwork for FY 2004-05 audit has been completed, and report should be issued in March 2009. FY 2005-06 and 2006-07 audits will be performed this summer and are anticipated to be issued by September 2009.</p>
Caryville, Town of (Washington County)	FY 2006-07 AFR & Audit FY 2005-06 Audit FY 2004-05 AFR & Audit FY 2003-04 Audit (meets threshold to have audit performed once every 3 years)	<p>Attempted to contact via telephone and fax in January 2008 regarding FY 2005-06 and earlier reports. No response received.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p>2/10/2009: Called Town and spoke with Town Clerk. She stated that she was not aware of any audits that have been performed. She will have her bookkeeper call me to discuss filing the missing AFRs. <u>As of 2/13/2009</u>, bookkeeper has not called.</p>
Cloud Lake, Town of (Palm Beach County)	FY 2006-07 AFR & Audit FY 2005-06 Audit	<p>Contacted town in January and February 2008 regarding FY 2005-06 audit. Mailed letter dated 9/25/2008.</p> <p>Letter rec'd on 10/31/2008 from town clerk stated that town council will be considering a 2-year audit. RFP scheduled to be authorized at 11/13/2008 council meeting with selection in December 2008, and audit expected to be started in early January 2009.</p> <p>2/11/2009: Spoke with Dorothy Gravelin, Town Clerk: FY 2005-06 audit is in progress and should be issued within a couple of months - still in threshold to have audit once every three years; therefore, next audit due would be for FY 2008-09. She will check on why FY 2006-07 AFR not submitted.</p>

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

<p>Islandia, City of (Miami-Dade County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR & Audit FY 2003-04 AFR & Audit FY 2002-03 AFR & Audit FY 2001-02 AFR & Audit FY 2000-01 AFR & Audit</p>	<p>Attempted to contact in previous years.</p> <p>No letter sent in September 2008 since there was no contact information available. City appears to be inactive.</p>
<p>Lazy Lake, Village of (Broward County)</p>	<p>FY 2005-06 Audit</p>	<p>Contacted mayor in January and February 2008. He stated that revenues and expenditures were higher in FY 2005-06 due to receipt of FEMA money and repairs from hurricane damage, respectively. Normally, revenues and expenditures are below \$100,000 threshold. He stated that the village cannot afford the cost of an audit.</p> <p>Mayor sent letter dated February 12, 2008, to JLAC explaining the situation.</p>
<p>Pahokee, City of (Palm Beach County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit</p>	<p>Contacted town in January and February 2008 regarding FY 2005-06 AFR and audit. Finance director stated that he was new to the job and that there was a complete turnover in finance department staff in the past year. He realizes that city is not in compliance; they are working to get current.</p> <p>Mailed letter dated 9/25/2008. Received letter dated 9/30/2008, from interim city manager, who stated that FY 2005-06 audit is in progress and expected to be presented to city commission in mid-October 2008. The city plans to have the following year's audit started soon thereafter and completed by February 2009.</p> <p>2/11/09: Spoke with city manager who indicated that FY 2005-06 audit is now complete & audit report was to be presented to city commission at yesterday's meeting; however, due to auditor's illness, report will be presented at 2/24/09 meeting. RFP for audit services for FY 2006-07 & 2007-08 audits will soon be mailed. Since audit is complete, suggested that he file FY 2005-06 AFR. Gave him DFS Bureau of Local Government's phone number for any questions re: AFR filing.</p>

LOCAL GOVERNMENTAL ENTITIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS OF S. 218.32 AND/OR S. 218.39, F.S.

<p>Paxton, City of (Walton County)</p>	<p>FY 2006-07 AFR FY 2005-06 Audit</p>	<p>Contacted city in January 2008 regarding FY 2005-06 audit. City clerk indicated that audit was in progress and expected to be issued in February 2008.</p> <p>Mailed letter dated 9/25/2008. No response was received.</p> <p><u>2/11/09</u>: Received e-mail from Lisa Williams, DFS, stating that she had contacted city re: completion of the certification section of the on-line AFR. CPA firm had entered amounts, but certification section must be completed by city official</p> <p><u>2/12/09</u>: Called city and spoke with city clerk. She received call from DFS yesterday re: completion of AFR. Referred her to DFS Bureau of Local Government when she asked about a password to access LOGER. She stated that she would have mayor certify AFR today. Told her that Auditor General' Office had not received the FY 2005-06 audit. Gave her the mailing address.</p>
<p>Weeki Wachee, City of (Hernando County)</p>	<p>FY 2006-07 Audit FY 2005-06 Audit FY 2004-05 Audit FY 2003-04 Audit FY 2002-03 Audit</p>	<p><u>NOTE</u>: No AFRs received for FY 1997-98 through FY 2001-02. No audits received for FY 1997-98 and forward. Audit threshold for annual audit met since FY 2002-03, based on AFR data.</p> <p>Contacted city in January and February 2008 regarding missing audits. Received letter dated 2/13/2008 from law firm representing city. Letter stated that, under protest, the city has engaged CPA firm to perform an audit. Also requested that any committee action be deferred until after audit is received.</p> <p>Mailed letter dated 9/25/2008. No response received.</p> <p><u>As of 2/13/2009</u>, the Auditor General's Office has not received any audits of the city.</p>
<p>Westville, Town of (Holmes County)</p>	<p>FY 2006-07 AFR & Audit FY 2005-06 AFR & Audit FY 2004-05 AFR & Audit</p>	<p>Numerous contacts in January and February 2008 with town clerk, former CPA, and another CPA attempting to assist town regarding missing AFRs and audits. Town clerk indicated that she would speak with mayor regarding required audit.</p> <p>Mailed letter dated 9/25/2008. No response received.</p> <p><u>2/11/09</u>: Called town clerk regarding status of missing AFRs and audit(s). Explained reporting requirements again, answered some of her questions, and referred her to DFS Bureau of Local Government for answers to specific questions re: AFR filing. She stated that she had limited accounting knowledge and asked about finding a CPA. She stated that she would call DFS. (Note: Still in threshold to have audit once every three years; therefore, next audit due was for FY 2004-05.)</p>



REPRESENTING
ALEX SINK
 CHIEF FINANCIAL OFFICER
 STATE OF FLORIDA

January 05, 2009

Updated lists provided twice by DFS. Last one was received on 1/23/09. See attached e-mails & lists.

Daw
 1/23/09

Mr. Terry Shoffstall, Staff Director
 Joint Legislative Audit Committee
 111 West Madison Street, Room 876
 Claude Pepper Building
 Tallahassee, Florida 32399-1400

Per telephone call from Justin Young, DFS, on 1/13/09, there are some errors on the attached list (glitch in LOGE). Revised letter will be mailed out shortly.

Daw
 1/13/09

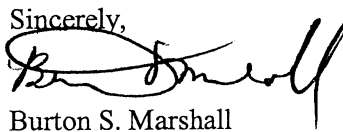
Dear Mr. Shoffstall:

The Department of Financial Services, pursuant to the provisions of Section 218.32(1)(f), Florida Statutes (F.S.), is reporting units of local government that failed to comply with the reporting requirements of Section 218.32(1), F.S., for the fiscal year ended September 30, 2007. The exhibits provide detailed information on the reporting deficiencies:

Exhibits:

1. Counties, municipalities and special districts not reported by the September 30, 2008 deadline, pursuant to Section 218.32(d), F.S.
2. Municipalities and special districts not reported by the April 30, 2008 deadline pursuant to Section 218.32(e), F.S.
3. Municipalities that are, or *potentially* will be, submitted to the President of the Senate and the Speaker of the House of Representatives for violating Section 218.32(3), F.S., by not reporting financial activity for four consecutive fiscal years.

Please contact Justin Young at (850) 413-5712 or justin.young@myfloridacfo.com if you have any questions.

Sincerely,

 Burton S. Marshall

BSM:cc
 Enclosures

JLAC
 Recd 1/7/2009

Non-Compliant Local Governments with S.218.32(d)F.S. for Fiscal Year 2007

Exhibit 1

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
Counties			
100012	Columbia	10/3/2008	10/27/2008
100032	Jackson	10/9/2008	10/9/2008
100034	Lafayette		
100039	Liberty		9/26/2008
100067	Washington	10/7/2008	10/7/2008
Cities			
200002	Alford	10/7/2008	10/6/2008
200004	Altha		9/16/2008
200023	Belle Glade		
200028	Belleair Shore		
200036	Boynton Beach		
200042	Bronson		
200047	Callahan		
200052	Carrabelle		
200053	Caryville		
200055	Cedar Grove		
200056	Cedar Key	10/26/2008	10/28/2008
200057	Center Hill	10/8/2008	10/8/2008
200058	Century		
200066	Cloud Lake		
200074	Cottondale		
200081	Davenport	10/14/2008	10/14/2008
200082	Davie		
200096	Eatonville		
200101	Esto		
200105	Fellsmere	10/1/2008	9/25/2008
200122	Golden Beach		7/31/2008
200130	Greenville		
200132	Gretna		
200169	Islandia		
200172	Jacob City		
200178	Jupiter Inlet Colony	11/12/2008	11/13/2008
200179	Jupiter Island		
200194	Lake Hamilton	10/3/2008	
200207	Laurel Hill	10/27/2008	10/27/2008
200210	Lazy Lake Village		
200225	Mangonia Park		
200229	Marineland		11/29/2007
200259	Noma	12/18/2008	
200268	Oakland		10/6/2008
200284	Pahokee		
200297	Paxton		
200307	Polk City		
200313	Port Richey	10/28/2008	9/25/2008
200317	Quincy	10/10/2008	
200322	Riviera Beach		

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
200325	Safety Harbor		9/16/2008
200343	Sewalls Point		
200347	South Bay		
200330	St Lucie Village		
200358	Sweetwater		
200375	Virginia Gardens	10/2/2008	10/6/2008
200387	Westville		
Special Districts			
300058	Alachua County Housing Authority *	10/22/2008	
300342	Almarante Fire District		
300849	Apalachicola Community Redevelopment Agency *		
301794	Aqua Isles Community Development District		
300164	Area Housing Commission		
300212	Arts Council of Hillsborough County		
301355	Ave Maria Stewardship Community District	10/2/2008	10/6/2008
301552	Avelar Creek Community Development District	12/12/2008	
300860	Avon Park Housing Authority *		
300343	Baker Fire District		
301109	Barefoot Bay Recreation District		
300085	Bay Colony Special Recreation District	12/22/2008	
300589	Beacon Meadows Special Dependent Tax 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 *		
301143	Belmont Lakes Community Development District		
300119	Bermont Drainage District		
301797	Big Bend Water Authority		
301214	Blackman Fire District		
300915	Boca Raton Housing Authority *		
300858	Brooksville Housing Authority *		
300086	Broward County Education, Research and Training Authority		
301798	Bunnell Community Redevelopment Agency *	12/23/2008	
300117	Calhoun County Transportation Authority	11/14/2008	
300249	Campbellton-Graceville Hospital		
300447	Capron Trail Community Development District	10/2/2008	10/6/2008
300851	Carrabelle Community Redevelopment Agency *		
300852	Carrabelle Hospital Tax District *		
300853	Carrabelle Port and Airport Authority *		
301653	Cedar Grove Community Redevelopment Agency *		
300198	Central County Water Control District	12/2/2008	
301654	Century Gardens Village Community Development District	10/2/2008	10/6/2008
301460	Chapel Creek Community Development District		
300999	Chipleay Housing Authority *		
300125	Citrus County Mosquito Control District		6/12/2008
300005	Citrus, Levy, Marion Reg Workforce Dev Bd		
300880	City of Cape Coral Health Facilities Authority *	11/7/2008	
301215	City of Cedar Key Community Redevelopment Agency *	10/26/2008	10/28/2008
301800	City of Moore Haven Redevelopment Agency *		
301359	City of Riviera Beach Utility Special District *		
301157	Civil Service Board of Santa Rosa County	11/17/2008	

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
301562	Clearwater Cay Community Development District	10/22/2008	11/12/2008
300934	Clearwater Housing Authority *		
301801	Coleman Community Redevelopment Agency *		
300136	Collier Soil and Water Conservation Dist		
300544	Columbia County Industrial Development Auth *	10/3/2008	10/27/2008
300151	Columbia County Law Library		
301564	Community Redevelopment Agency of the City of Fellsmere *	10/1/2008	
301156	Community Redevelopment Agency of the City of Umatilla *		
301802	Community Redevelopment Agency of the Town of Havana *		
301663	Copperhead Community Development District	12/1/2008	
300217	Cory Lakes Community Development District		
300598	Country Lakes Special Dependent Tax District *		
301168	Crescent Lakes Maintenance District *		
300901	Crestview Housing Authority *	11/18/2008	
300093	Cypress Club Recreation District	12/10/2008	
301667	Cypress Woods Common Facilities District *		
300773	Dania Beach Housing Authority *		
300774	Dania Neighborhood Improvement District *	11/20/2008	
300775	Davie Community Redevelopment Agency *		
300777	Deerfield Beach Housing Authority *		
300993	Deland Housing Authority *		
300919	Delray Beach Housing Authority *		12/28/2007
300346	Dorcas Fire District		
301806	Duette Fire and Rescue District		
300553	Duval County Research and Development Auth *		
300272	East Mulloch Water Control District		
301241	East Park Community Development District	10/13/2008	10/13/2008
300012	Englewood Area Fire Control District		9/30/2008
300845	Escambia-Pensacola Human Relations Commission *		
300171	Flagler County Housing Authority		
301118	Florida Crown Workforce Board, Inc.		
300903	Fort Walton Beach Housing Authority *		
300778	Ft Lauderdale Community Redevelopment Agency *		
300779	Ft Lauderdale Housing Authority *		
300183	Gilchrist County Housing Authority		
301683	Grand Bay at Doral Community Development District	10/2/2008	10/6/2008
300423	Greater Seminole Area Special Rec Dist	11/17/2008	
300854	Gretna Housing Authority *		
300855	Gretna Neighborhood Improvement District *		
301540	Groveland Community Redevelopment Agency *		
301308	Habitat Community Development District		
300192	Hamilton County Memorial Hospital		
300193	Hamilton County Soil & Water Conservtn Dist	39816	
301247	Harbour Lake Estates Community Development Dist.		
300195	Hardee Soil & Water Conservation District	10/23/2008	
301170	Harmony Community Development District	10/1/2008	10/1/2008
301687	Hawk's Point Community Development District	10/24/2008	10/24/2008
301541	Hawthorne Community Redevelopment Agency *		
300022	Heartland Library Cooperative		
301577	Heights Community Development District, The	12/15/2008	

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
300572	Hendry Soil & Water Conservation District *		9/30/2008
300204	Hendry-La Belle Recreation Board	10/13/2008	9/30/2008
300220	Heritage Isles Community Development District		
300205	Hernando County Housing Authority		
300815	Hialeah Housing Authority *		
300816	Hialeah Redevelopment Agency *		
300603	Hickory Hill Special Dependent District *		10/3/2008
301248	Highlands County Housing Authority		
300409	Highlands Road & Bridge District		
300605	Hillsborough County Industrial Dev Auth *		
300328	Hobe-Saint Lucie Conservancy District	12/30/2008	
300463	Holiday Park, Park & Recreation District		
300789	Hollywood Housing Authority *	10/20/2008	
300350	Holt Fire District		
300953	Housing Authority of Bartow *		
300073	Housing Authority of Brevard County		
300760	Housing Authority of Springfield *		
300950	Housing Authority of Tarpon Springs *	12/12/2008	
300838	Housing Authority of The City of Arcadia *		
300765	Housing Authority of The City of Cocoa *		
300874	Housing Authority of The City of Eustis *		
300899	Housing Authority of The City of Fernandina Beach *		
300818	Housing Authority of The City of Homestead *		
300961	Housing Authority of The City of Lakeland *		9/15/2008
300962	Housing Authority of The City of Mulberry *		
300797	Housing Authority of The City of Pompano Beach *		
300978	Housing Authority of The City of Sarasota *		
300996	Housing Authority of The City of New Smyrna Beach *		
300703	Housing Finance Authority of Polk County *	12/3/2008	
301378	Huntington Community Development District		
301690	Independence Park Community Development District	11/17/2008	11/17/2008
301691	Indian Creek Commons Facilities District *		
301171	Indian Point Common Facilities District *		
301314	Islands at Doral(SW) Community Development Dist.	10/17/2008	10/22/2008
300250	Jackson Co Soil & Water Conservation Dist		
300631	Jackson County Agricultural Center *	10/9/2008	10/9/2008
300163	Jacksonville Transportation Authority		
300894	Jupiter Island Beach Protection District *		
301581	K-Bar Ranch Community Development District	12/29/2008	12/29/2008
301252	Kendall Breeze Community Development District	10/17/2008	10/22/2008
301814	Keys Edge Community Development District	12/2/2008	
300254	Lafayette Soil & Water Conservation District		
301582	Lake Beluthahatchee Community Development District		
301696	Lake Padgett Estates Independent Special District	11/24/2008	11/24/2008
301206	Lake Powell Residential Golf Community Dev Dist	10/1/2008	10/1/2008
300957	Lake Wales Housing Authority *		
300308	Lakewood Ranch Community Development Dist 2		
300309	Lakewood Ranch Community Development Dist 3		
300310	Lakewood Ranch Community Development District 1		
301207	Lakewood Ranch Community Development District 4		
301208	Lakewood Ranch Community Development District 5		

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
301386	Lakewood Ranch Community Development District 6		
300179	Lanark Village Water & Sewer District		
300527	Lauderdale Isles Water Management District *		
301699	Lauderhill Housing Authority *		
301700	Legends Bay Community Development District		
300642	Leon County Educational Facilities Authority *	12/12/2008	
300301	Levy County Housing Authority		
300987	Live Oak Housing Authority *		
300756	Macclenny Housing Authority *		
300646	Madison County Health and Hospital District *	10/20/2008	10/20/2008
300494	Magnolia Bluff Community Development Dist		
301792	Magnolia Park Community Development District	10/24/2008	10/24/2008
300312	Manatee County Mosquito Control District		3/6/2008
300658	Martin County Industrial Development Auth *		
300330	Martin Soil & Water Conservation District		
301319	Meadow Pines Community Development District		
301390	Midtown Miami Community Development District	10/17/2008	10/17/2008
300460	Midway Fire District	10/3/2008	
301816	Mills Park Community Development District	11/21/2008	
300973	Milton Housing Authority *		
300334	Monroe County Housing Authority		
300443	Municipal Service District of Ponte Vedra Beach		
300651	Myakka Fire Control District *		
300340	Nassau Soil & Water Conservation District		
301497	New Port-Tampa Bay Community Development District		
301588	New River Community Development District	12/10/2008	12/10/2008
300352	North Okaloosa County Fire District	11/12/2008	11/12/2008
301818	North Park Isles Community Development District	11/21/2008	
300100	North Springs Improvement District		
301392	North Sumter County Hospital District		
300746	Northwest Florida Community Hospital Dist *	10/7/2008	
300028	Northwest Florida Regional Housing Authority		
301709	Northwest Florida Transportation Corridor Authority		
300780	Northwest Neighborhood Improvement District *		
300341	Ocean Highway & Port Authority		
300297	Ochlockonee River Soil & Water Conservation District		
301819	Ocoee Community Redevelopment Agency *		
300499	Orange Hill Soil & Water Conservation Distr		
300366	Orange Soil & Water Conservation District		
301820	Ormond Beach Community Redevelopment Agency *		
300997	Ormond Beach Housing Authority *	11/14/2008	
300922	Pahokee Housing Authority, Inc *		
300685	Palm Beach Co Educational Facilities Auth *	11/7/2008	
300686	Palm Beach County Health Facilities Auth *		
301713	Palm Beach Municipal Services Special District *		
301715	Palm River Community Development District	11/24/2008	11/24/2008
301349	Panther Trace II Community Development District	12/29/2008	12/29/2008
300692	Pasco County Health Facilities Authority *	12/2/2008	
300416	Pasco County Mosquito Control District		
300694	Pasco County Road & Bridge District		
300417	Pasco Heights Road & Bridge District		

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
300160	Peace River Soil & Water Conservation Dist		
301827	Pembroke Harbor Community Development District		
300618	Pine Hollow Special Dependent District *		
301503	Pine Island Community Development District		
300465	Pinecraft Lighting District		
300426	Pinellas County Housing Authority	12/17/2008	12/9/2008
300429	Pinellas Suncoast Transit Authority	11/25/2008	11/25/2008
300865	Plant City Housing Authority *		
301829	Polk Transit Authority		
301718	Port Richey Community Redevelopment Agency *	10/28/2008	
301211	Preserve at Wilderness Lake Community Dev Dist	11/12/2008	11/12/2008
300805	Punta Gorda Health Facilities Authority *	10/29/2008	
301505	Quarry Community Development District	11/3/2008	11/3/2008
301149	Quincy Community Redevelopment Agency *	10/10/2008	
301212	Renaissance Community Development District		
301270	Reunion East Community Development District	11/13/2008	11/14/2008
301184	Rivercrest Community Development District	12/29/2008	12/29/2008
300985	Sanford Housing Authority *		
300153	Santa Fe Soil and Water Conservation Dist		
300461	Santa Rosa Bay Bridge Authority		
301728	Sarasota National Community Development District	10/1/2008	10/1/2008
300470	Seminole County Expressway Authority	11/26/2008	
300471	Seminole County Housing Authority		
300472	Seminole County Soil & Water Cnsrvtn Dist		
300157	South Dade Soil & Water Conservation Dist		12/2/2008
301340	Southern Grove Community Development District 5		
301734	Springfield Community Redevelopment Agency *		
300454	St Lucie County Expressway and Bridge Authority		
300947	St Petersburg Housing Authority *		
301606	Stonebrier Community Development District	11/12/2008	11/12/2008
300729	Sumter County Industrial Development Auth *		
300473	Sumter Soil & Water Conservation District		
300045	Sunny Isles Reclamation and Water Control Special District	12/24/2008	
300782	Sunrise Key Neighborhood Improvement Dist *		
300110	Sunrise Lakes Phase IV Recreation District		9/29/2008
300476	Suwannee County Housing Authority		
300047	Suwannee Valley Transit Authority		
300887	Tallahassee Housing Authority *		
301833	Tampa Bay Area Regional Transportation Authority		
300229	Tampa Palms Community Development District	10/31/2008	11/3/2008
301776	Tapestry Community Development District		
300622	Tarawood Grove Special District *		
300479	Taylor County Development Authority		
300731	Taylor County Health Facilities Authority *		
301450	Tern Bay Community Development District		
301337	Town of Eatonville Community Redevelopment Agency *		
301835	Towne of Seahaven Community Development District	11/21/2008	
301285	Tradition Community Development District No. 1		
301286	Tradition Community Development District No. 2		
301287	Tradition Community Development District No. 3		
301288	Tradition Community Development District No. 4		

<u>Government ID</u>	<u>Local Government Name</u>	<u>AFR Received</u>	<u>Audit Received</u>
301341	Tradition Community Development District No. 6		
300319	Trailer Estates Park & Recreation District		
300051	Tri-County Airport Authority		
300234	Twelve Oaks Special District		
301836	U.S. Highway 441/27 Community Redevelopment Agency *		
300482	Union County Housing Authority		
301749	Valparaiso Cable Authority *	10/14/2008	
300623	Valrico Manor Special Dependent Tax District *	10/24/2008	10/7/2008
300979	Venice Housing Authority *		
301613	Verandah East Community Development District	10/1/2008	10/1/2008
301750	Verandahs Community Development District		
301617	Villages of Avignon Community Development District		
300742	Volusia County Housing Finance Authority *		
300743	Volusia County Industrial Development Authority *		
300488	Volusia Soil & Water Conservation District	11/4/2008	11/4/2008
300747	Washington County Development Authority *	10/7/2008	
301838	Water and Sewer Expansion Authority *		
300370	West Orange Healthcare District		
300407	West Palm Beach Downtown Development Auth		
300928	West Palm Beach Housing Authority *		
301435	West Villages Improvement District	10/2/2008	10/6/2008
301758	Williams Community Development District Number Five	10/2/2008	
301759	Williams Community Development District Number Four	10/2/2008	
301761	Williams Community Development District Number Seven	10/2/2008	
301762	Williams Community Development District Number Six	10/2/2008	
301763	Williams Community Development District Number Three	10/2/2008	
301764	Williams Community Development District Number Two	10/2/2008	
300963	Winter Haven Housing Authority *		
300910	Winter Park Housing Authority *		
300356	Yellow River Soil & Water Conservation Dist		
Other Entities			
500007	Apalachee Regional Planning Council		2/1/2008
500021	Florida Intergovernmental Financing Commission		9/2/2008
500020	Florida Ports Financing Commission		

331 Non-Complaint Local Government Entities

* Indicates Dependent Special District

**Non-Compliant Municipalities and Independent Special Districts Missing 4/30/2008 File Date
Pursuant to Sec. 215.32(e) F.S.**

Municipalities and independent special districts not required to have an annual financial audit pursuant to Section 218.39, F.S. that were to file by April 30, 2008

Exhibit 2					
<u>Unit ID</u>	<u>Unit Name</u>	<u>FY 2007 AFR Receipt Date</u>	<u>AFR Filed with Audit?</u>	<u>FY 2007 Revenues</u>	<u>FY 2007 Expenditures</u>
Municipalities					
200120	Glen Ridge	5/5/2008	N	138,773	115,431
200282	Otter Creek	6/25/2008	N	108,694	102,870
200318	Raiford	5/1/2008	N	64,619	72,571
Independent Special Districts					
300060	Alachua Soil and Water Conservation District	9/30/2008	N	4,875	5,028
300064	Baker Soil and Water Conservation District	5/5/2008	N	0	0
301649	Bella Fonte Community Development District	9/10/2008	N	5,527	5,527
301650	Bella Venetia Community Development District	5/5/2008	N	0	0
300070	Bradford County Development Authority	8/13/2008	N	29,631	18,520
300117	Calhoun County Transportation Authority	11/14/2008	N	0	0
301655	Century Gardens at Tamiami Community Development District	9/30/2008	N	18,997	18,997
300118	Chipola River Soil & Water Conservation District	5/19/2008	N	150	204
301157	Civil Service Board of Santa Rosa County	11/17/2008	N	0	0
300323	Cold Springs Improvement District	8/29/2008	N	4,232	4,350
301663	Copperhead Community Development District	12/1/2008	N	18,686	18,686
300358	Coquina Road & Bridge District	9/8/2008	N	0	0
300177	Franklin Soil & Water Conservation District	5/19/2008	N	0	0
300423	Greater Seminole Area Special Rec Dist	11/17/2008	N	0	0
301684	Grove Community District	9/30/2008	N	49,475	42,393
300193	Hamilton County Soil and Water Conservation District	1/3/2009	N	0	0
300431	Haines City Drainage District	5/19/2008	N	15,082	5,779
300195	Hardee Soil & Water Conservation District	10/23/2008	N	854	160
301814	Keys Edge Community Development District	12/2/2008	N	4,800	3,261
301697	Lakeside Community Development District	9/18/2008	N	6,466	6,466
301704	Mandarin Grove Community Development District	9/29/2008	N	20,000	19,429
301816	Mills Park Community Development District	11/21/2008	N	0	0
300188	Moore Haven Mosquito Control District	7/9/2008	N	76,396	77,474

<u>Unit ID</u>	<u>Unit Name</u>	<u>FY 2007 AFR Receipt Date</u>	<u>AFR Filed with Audit?</u>	<u>FY 2007 Revenues</u>	<u>FY 2007 Expenditures</u>
301818	North Park Isles Community Development District	11/21/2008	N	13,808	13,808
301506	RC Jupiter Community Development District	8/22/2008	N	15,513	12,059
301725	RiverPark Community Development District	9/29/2008	N	0	0
300470	Seminole County Expressway Authority	11/26/2008	N	0	761
301729	Silverleaf Community Development District	5/5/2008	N	46,374	44,465
300456	St Lucie Soil & Water Conservation District	9/30/2008	N	38,594	36,346
300045	Sunny Isles Reclamation and Water Control Special District	12/24/2008	N	0	0
301737	Sunnyland Farms Community Development District	9/25/2008	N	18,977	18,977
301835	Towne of Seahaven Community Development District	11/21/2008	N	0	0
300190	Tupelo Soil & Water Conservation District	9/17/2008	N	170	250
301430	Village Community Development District # 10	5/12/2008	N	0	0
301429	Village Community Development District # 9	5/15/2008	N	0	0
300491	Wakulla Soil & Water Conservation District	5/21/2008	N	276	1,102
301197	Walkabout Community Development District	8/28/2008	N	0	0
300054	Walton/Okaloosa/Santa Rosa Regional Utility Auth	8/14/2008	N	0	802
301754	Waterleaf Community Development District (Hillsborough Co)	9/29/2008	N	47,776	48,700
301758	Williams Community Development District Number Five	10/2/2008	N	0	0
301759	Williams Community Development District Number Four	10/2/2008	N	0	0
301761	Williams Community Development District Number Seven	10/2/2008	N	0	0
301762	Williams Community Development District Number Six	10/2/2008	N	0	0
301763	Williams Community Development District Number Three	10/2/2008	N	0	0
301764	Williams Community Development District Number Two	10/2/2008	N	0	0

Pursuant to Section 218.32(3), Florida Statutes, the Department of Financial Services is to 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." The list below is comprised of municipalities that have not submitted an AFR for at least 2 consecutive fiscal years.

Government ID	Local Government Name	2007	2006	2005	2004
200042	Bronson	X	X	X	
200058	Century	X	X	X	X
200169	Islandia	X	X	X	X
200284	Pahokee	X	X		
200387	Westville	X	X	X	

"x" = No report submitted

Blank = Report was submitted

WHITE.DEBORAH

From: Justin Young [Justin.Young@myfloridacfo.com]
Sent: Friday, January 23, 2009 2:30 PM
To: WHITE.DEBORAH
Cc: Brandy Tunnell; Burton Marshall
Subject: RE: Lake Beluthahatchee CDD
Attachments: Sept 30 1-24-09.xls

Hi Debbie.

Attached is the updated non-compliance list with updated date fields if the AFR was received since the last version and the comment field for the dependents.

Lake Beluthahatchee 2006 Revenue is: \$39,088 / Expenditures: \$7,444

Just reply with any further questions.

Have a great afternoon / weekend – Justin

Justin Young
Financial Administrator
Bureau of Local Government
Phone: (850) 413-5712
Fax: (850) 413-5548

From: WHITE.DEBORAH [mailto:WHITE.DEBORAH@leg.state.fl.us]
Sent: Friday, January 23, 2009 2:20 PM
To: Justin Young
Subject: Lake Beluthahatchee CDD

Justin,

Per LOGER, the '06 AFR for Lake Beluthahatchee CDD (#301582) was received on 1/5/2009. Please e-mail me the total revenue and total expenditure/expense amounts submitted by the CDD. I need to determine if the audit threshold was met.

Thanks,

Debbie White, CPA, Analyst
Joint Legislative Auditing Committee
Telephone #: (850) 922-5668
Fax #: (850) 922-5667
white.deborah@leg.state.fl.us

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

Nor. pliant Local Governments with S.218.32(d)F.S. for Fiscal Year 200

Exhibit County	Local Government Name	AFR Received	AFR Received	Comments
100012	Columbia	10/3/2008	10/27/2008	
100032	Jackson	10/9/2008	10/9/2008	
100034	Lafayette			
100039	Liberty		9/28/2008	
100087	Washington	10/7/2008	10/7/2008	
Files				
200002	Alford	10/7/2008	10/6/2008	
200004	Altha		9/16/2008	
200023	Bella Glade			
200028	Belleair Shore			
200036	Boynton Beach			
200042	Bronson			
200047	Callahan			
200052	Carrabelle	1/14/2008	1/16/2009	
200053	Caryville			
200055	Cedar Grove	10/26/2008	10/28/2008	
200056	Cedar Key	10/8/2008	10/8/2008	
200057	Center Hill			
200058	Century			
200066	Cloud Lake			
200074	Cottondale			
200081	Davenport	10/14/2008	10/14/2008	
200082	Davis			
200086	Eatonville			
200101	Esto			
200105	Fellsmere	10/1/2008	9/25/2008	
200122	Golden Beach		7/31/2008	
200130	Greenville			
200132	Graina			
200169	Islandia			
200172	Jacob City			
200178	Jupiter Inlet Colony	11/12/2008	11/13/2008	
200179	Jupiter Island			
200194	Lake Hamilton	10/3/2008		
200207	Laurel Hill	10/27/2008	10/27/2008	
200210	Lazy Lake Village	12/1/2009		
200225	Mangonia Park			
200229	MarineLand		11/29/2007	
200259	Noma	12/18/2008		
200268	Oakland		10/6/2008	
200284	Pahokee			
200287	Paxton			
200307	Polk City			

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DISSOLVED IN 10/2008

Government ID	Local Government Name	APR Received	Received	Comments
200313	St Richey	10/28/2008	9/25/2008	
200317	Quincy	10/10/2008		
200322	Riviera Beach			

Governmental Agency Name	APR Received	Received	Comments
200325 City Harbor		9/16/2008	
200343 Sewalls Point			
200347 South Bay			
200330 St Lucie Village			
200356 Sweetwater			
200375 Virginia Gardens	10/2/2008	10/6/2008	
200387 Westville			
Special Districts			
300056 Alachua County Housing Authority *	10/22/2008		
300342 Almarante Fire District			
301784 Aqua Isles Community Development District			
300164 Area Housing Commission			
300212 Arts Council of Hillsborough County			
301355 Ave Maria Stewardship Community District	10/2/2008	10/6/2008	
301552 Avelar Creek Community Development District	12/12/2008		
300860 Avon Park Housing Authority *			Parent lists them Independently Reported
300343 Baker Fire District			
301109 Barefoot Bay Recreation District			
300085 Bay Colony Special Recreation District	12/22/2008		
300889 Beacon Meadows Special Dependent Tax District *			Parent Lists them as No Report Submitted
301444 Bella Verde East Community Development District			
301445 Bella Verde Golf Community Development District			
301446 Bella Verde Lake Community Development District			
301786 Bellalago Educational Facilities Benefit District *			New district added to DCA database
301143 Belmont Lakes Community Development District			
300119 Belmont Drainage District			
301787 Big Bend Water Authority	1/5/2009		
301214 Blackman Fire District			
300915 Boca Raton Housing Authority *			Parent Lists them as No Report Submitted
300658 Brooksville Housing Authority *			Parent lists them Independently Reported
300086 Broward County Education, Research and Training Authority			
301788 Bunnell Community Redevelopment Agency *	12/23/2008		
300117 Calhoun County Transportation Authority	11/14/2008		
300248 Campbellton-Graceville Hospital			
300447 Capron Trail Community Development District	10/2/2008	10/6/2008	
300851 Carrabelle Community Redevelopment Agency *	1/14/2009	1/16/2009	
300852 Carrabelle Hospital Tax District *	1/14/2009	1/16/2009	
300853 Carrabelle Port and Airport Authority *	1/14/2009	1/16/2009	
301653 Cedar Grove Community Redevelopment Agency * DISPLAYED IN 10/2/08			Parent has not submitted
300198 Central County Water Control District	12/2/2008		
301654 Century Gardens Village Community Development District	10/2/2008	10/6/2008	
301460 Chapel Creek Community Development District			
300989 Chipley Housing Authority *			Parent lists them Independently Reported
300125 Citrus County Mosquito Control District			6/12/2008
300005 Citrus, Levy, Marion Reg Workforce Dev Bd			
300880 City of Cape Coral Health Facilities Authority *	11/7/2008		
301215 City of Cedar Key Community Redevelopment Agency *	10/26/2008	10/28/2008	

Government ID	Local Government Name	Received	Comments
301359	City of Riviera Beach Utility Special District *		Parent has not submitted
301157	Civil Service Board of Santa Rosa County	11/17/2008	
301562	Clearwater Bay Community Development District	10/22/2008	11/12/2008
300934	Clearwater Housing Authority *		Parent lists them independently Reported
301801	Coleman Community Redevelopment Agency *		New district added to DCA database
300136	Collier Soil and Water Conservation Dist	1/8/2009	1/13/2009
300544	Columbia County Industrial Development Auth *	10/3/2008	10/27/2008
300151	Columbia County Law Library		
301584	Community Redevelopment Agency of the City of Fellsmere *	10/1/2008	Parent Lists them as No Report Submitted
301156	Community Redevelopment Agency of the City of Umattilla *		New district added to DCA database
301802	Community Redevelopment Agency of the Town of Havana *		
301663	Copperhead Community Development District	12/1/2008	
300217	Cory Lakes Community Development District		Parent Lists them as No Report Submitted
300598	Country Lakes-Special Dependent Tax District *		Parent lists them independently Reported
301168	Crescent Lakes Maintenance District *		
300901	Crestview Housing Authority *	11/18/2008	
300093	Cypress Club Recreation District	12/10/2008	
301667	Cypress Woods Common Facilities District *		Parent lists them independently Reported
300773	Dania Beach Housing Authority *		Parent lists them independently Reported
300774	Dania Neighborhood Improvement District *	11/20/2008	
300775	Dave Community Redevelopment Agency *		Parent has not submitted
300777	Deerfield Beach Housing Authority *		Parent lists them independently Reported
300993	Deland Housing Authority *		Parent lists them independently Reported
300619	Delray Beach Housing Authority *		12/28/2007 Parent lists them independently Reported
300346	Dorcas Fire District		
301806	Duette Fire and Rescue District		New district added to DCA database
300553	Duval County Research and Development Auth *		Parent Lists them as No Report Submitted
300272	East Mulloch Water Control District		
301241	East Park Community Development District	10/13/2008	10/13/2008
300012	Englewood Area Fire Control District		9/30/2008
300845	Escambia-Pensacola Human Relations Commission *		Parent lists them independently Reported
300171	Flagler County Housing Authority		
301118	Florida Crown Workforce Board, Inc.		
300903	Fort Walton Beach Housing Authority *		Parent lists them independently Reported
300183	Gilchrist County Housing Authority		
301683	Grand Bay at Doral Community Development District	10/2/2008	10/6/2008
300423	Greater Seminole Area Special Rec Dist	11/17/2008	
300854	Greina Housing Authority *		Parent has not submitted
300655	Greina Neighborhood Improvement District *		Parent has not submitted
301540	Groveland Community Redevelopment Agency *		Parent Lists them as No Report Submitted
301308	Habitat Community Development District	1/14/2009	1/14/2009
300192	Hamilton County Memorial Hospital		
300193	Hamilton County Soil & Water Conservn Dist	1/3/2008	
301247	Harbour Lake Estates Community Development Dist.		
300185	Hardee Soil & Water Conservation District	10/23/2008	
301170	Harmony Community Development District	10/1/2008	10/1/2008
301667	Hawk's Point Community Development District	10/24/2008	10/24/2008

Government ID	Local Government Name	APR Received	Comments
301541	Indelhome Community Redevelopment Agency *		Manually filed without Component Unit forms
300222	Heartland Library Cooperative		
301577	Heights Community Development District, The	12/15/2008	
300572	Hendry Soil & Water Conservation District *		9/30/2008 Parent lists them independently Reported (only certification & submission required)
300204	Hendry-La Belle Recreation Board	10/13/2008	9/30/2008
300220	Heritage Isles Community Development District		
300205	Hermando County Housing Authority		Parent Lists them as No Report Submitted
300815	Hialeah Housing Authority *		Parent Lists them as No Report Submitted
300816	Hialeah Redevelopment Agency *		10/3/2008 Parent Lists them as No Report Submitted
300603	Hickory Hill Special Dependent District *		
301248	Highlands County Housing Authority		
300409	Highlands Road & Bridge District		
300605	Hillsborough County Industrial Dev Auth *		Parent lists them independently Reported
300328	Hobe-Saint Luce Conservancy District	12/30/2008	
300463	Holiday Park, Park & Recreation District		
300789	Hollywood Housing Authority *	10/20/2008	
300350	Hot Fire District		
300953	Housing Authority of Barrow *		Parent Lists them as No Report Submitted
300073	Housing Authority of Brevard County		
300760	Housing Authority of Springfield *		Parent lists them independently Reported
300950	Housing Authority of Tarpon Springs *	12/12/2008	
300838	Housing Authority of The City of Arcadia *		Parent lists them independently Reported
300765	Housing Authority of The City of Cocoa *		Parent lists them independently Reported
300874	Housing Authority of The City of Eustis *		Parent lists them independently Reported
300899	Housing Authority of The City of Fernandina Beach *		Parent Lists them as No Report Submitted
300818	Housing Authority of The City of Homestead *		Parent Lists them as No Report Submitted
300961	Housing Authority of The City of Lakeland *		9/15/2008 Parent Lists them as No Report Submitted
300962	Housing Authority of The City of Mulberry *		Parent lists them independently Reported
300797	Housing Authority of The City of Pompano Beach *		Parent lists them independently Reported
300978	Housing Authority of The City of Sarasota *		Parent lists them independently Reported (only certification & submission required)
300896	Housing Authority of The City of New Smyrna Beach *		Parent lists them independently Reported (only certification & submission required)
300703	Housing Finance Authority of Polk County *	12/3/2008	
301378	Hurlington Community Development District		
301690	Independence Park Community Development District	11/17/2008	11/17/2008
301691	Indian Creek Commons Facilities District *		Parent lists them independently Reported
301171	Indian Point Common Facilities District *		Parent lists them independently Reported
301314	Islands at Dora(SW) Community Development Dist.	10/17/2008	10/22/2008
300250	Jackson Co Soil & Water Conservation Dist.		
300631	Jackson County Agricultural Center *	10/9/2008	
300163	Jacksonville Transportation Authority		
300894	Jupiter Island Beach Protection District *		Parent has not submitted
301581	K-Bar Ranch Community Development District	12/29/2008	12/29/2008
301252	Kendall Breeze Community Development District	10/17/2008	10/22/2008
301814	Keys Edge Community Development District	12/2/2008	
300264	Lafayette Soil & Water Conservation District		
301582	Lake Belluwhatchee Community Development District	1/5/2009	

Government ID	Local Government Name	AER Received	IR Received	Comments
301696	...e Padgett Estates Independent Special District	11/24/2008	11/24/2008	
301206	Lake Powell Residential Golf Community Dev Dist	10/1/2008	10/1/2008	Parent lists them Independently Reported
300957	Lake Wales Housing Authority *			
300308	Lakewood Ranch Community Development Dist 2			
300309	Lakewood Ranch Community Development Dist 3 - <i>Disolved in 9/2008</i>			
300310	Lakewood Ranch Community Development District 1			
301207	Lakewood Ranch Community Development District 4			
301208	Lakewood Ranch Community Development District 5			
301386	Lakewood Ranch Community Development District 6	1/5/2008	1/5/2008	
300179	Lanark Village Water & Sewer District			
300527	Lauderdale Isles Water Management District *			Parent lists them Independently Reported
301689	Lauderhill Housing Authority *			
301700	Legends Bay Community Development District			
300642	Leon County Educational Facilities Authority *	12/12/2008		
300301	Levy County Housing Authority			Parent Lists them as No Report Submitted
300987	Live Oak Housing Authority *			Parent lists them Independently Reported
300786	Maccleddy Housing Authority *	10/20/2008	10/20/2008	
300846	Madison County Health and Hospital District *			
300484	Magnolia Bluff Community Development Dist			
301782	Magnolia Park Community Development District	10/24/2008	10/24/2008	
300312	Manatee County Mosquito Control District	3/6/2008		
300658	Martin County Industrial Development Auth *			Parent lists them Independently Reported
300330	Martin Soil & Water Conservation District			
301319	Meadow Pines Community Development District			
301390	Midtown Miami Community Development District	10/17/2008	10/17/2008	
300460	Midway Fire District	10/3/2008		
301816	Millis Park Community Development District	11/21/2008		
300973	Millon Housing Authority *	1/13/2009		
300334	Monroe County Housing Authority			
300443	Municipal Service District of Ponte Vedra Beach			
300651	Myakka Fire Control District *			Parent lists them Independently Reported
300340	Nassau Soil & Water Conservation District			
301487	New Port-Tampa Bay Community Development District	1/5/2009	1/5/2009	
301588	New River Community Development District	12/10/2008	12/10/2008	
300352	North Okaloosa County Fire District	11/2/2008	11/2/2008	
301818	North Park Isles Community Development District	11/21/2008		
300100	North Springs Improvement District			
301392	North Sumter County Hospital District			
300746	Northwest Florida Community Hospital Dist *	10/7/2008		
300028	Northwest Florida Regional Housing Authority			
301709	Northwest Florida Transportation Corridor Authority			
300341	Ocean Highway & Port Authority			
300287	Ochlocknee River Soil & Water Conservation District			
301818	Ocoee Community Redevelopment Agency *			New district added to DCA database
300489	Orange Hill Soil & Water Conservation Distr			
300366	Orange Soil & Water Conservation District			
301820	Ormond Beach Community Redevelopment Agency *			New district added to DCA database

Government	Local Government Name	ARR Received	Received	Comments
300897	World Beach Housing Authority *	11/14/2008		
300922	Panokee Housing Authority, Inc *			Parent has not submitted
300885	Palm Beach Co Educational Facilities Auth *	11/7/2008		
300686	Palm Beach County Health Facilities Auth *			Parent lists them independently Reported
301713	Palm Beach Municipal Services Special District *			Parent Lists them as No Report Submitted
301715	Palm River Community Development District	11/24/2008		
301349	Panther Traca II Community Development District	12/29/2008		
300592	Pasco County Health Facilities Authority *	12/2/2008		
300416	Pasco County Mosquito Control District			
300694	Pasco County Road & Bridge District			
300417	Peace River Soil & Water Conservation Dist			
30160	Pembroke Harbor Community Development District			
301827	Pine Hollow Special Dependent District *	11/24/2008		Parent Lists them as No Report Submitted
300618	Pine Island Community Development District	1/18/2009	1/21/2009	
301503	Pinecraft Lighting District			
300465	Pinellas County Housing Authority	12/17/2008	12/9/2008	
300426	Pinellas Suncoast Transit Authority	11/25/2008	11/25/2008	
300429	Plant City Housing Authority *			Parent lists them independently Reported
300865	Polk Transit Authority			New district added to DCA database
301829	Port Richey Community Redevelopment Agency *	10/28/2008		
301718	Preserve at Wilderness Lake Community Dev Dist	11/12/2008	11/12/2008	
301211	Punta Gorda Health Facilities Authority *	10/29/2008		
300805	Quincy Community Development District	11/3/2008	11/3/2008	
301505	Quincy Community Redevelopment Agency *	10/10/2008		
301149	Renaissance Community Development District			
301212	Reunion East Community Development District	11/13/2008	11/14/2008	
301270	Rivercrest Community Development District	12/29/2008	12/29/2008	
301184	Sanford Housing Authority *			Parent lists them independently Reported
300865	Santa Fe Soil and Water Conservation Dist			
300153	Santa Rosa Bay Bridge Authority			
300461	Sarasota National Community Development District	10/1/2008	10/1/2008	
301728	Seminole County Expressway Authority	11/26/2008		
300470	Seminole County Housing Authority			
300472	Seminole County Soil & Water Conservation Dist			
300157	Southern Grove Community Development District 5	12/2/2008	12/2/2008	
301340	St Lucie County Expressway and Bridge Authority			
300454	St Petersburg Housing Authority *			Parent Lists them as No Report Submitted
300947	Stonebrier Community Development District	11/12/2008	11/12/2008	
301606	Sumter Soil & Water Conservation District			
300473	Sunny Isles Reclamation and Water Control Special District	12/24/2008		
300045	Sunrise Lakes Phase IV Recreation District	8/29/2008	8/29/2008	
300110	Suwannee County Housing Authority			
300476	Suwannee Valley Transit Authority			
300047	Tallahassee Housing Authority *			Parent lists them independently Reported
300687	Tampa Bay Area Regional Transportation Authority			
301833				

Government ID	Local Government Name	APR Received	10/31/2008	NR Received	11/3/2008	Comments
300229	npa Palms Community Development District					
301776	Tapestry Community Development District					
300622	Tarwood Grove Special District *					Parent lists them as No Report Submitted
300479	Taylor County Development Authority					
300731	Taylor County Health Facilities Authority *					Parent lists them Independently Reported
301450	Tem Bay Community Development District					
301337	Town of Eatonville Community Redevelopment Agency *					Parent has not submitted
301835	Towne of Seahaven Community Development District		11/21/2008			
301285	Tradition Community Development District No. 1					
301286	Tradition Community Development District No. 2					
301287	Tradition Community Development District No. 3					
301288	Tradition Community Development District No. 4					
301341	Tradition Community Development District No. 6					
300318	Trailer Estates Park & Recreation District					
300051	Tri-County Airport Authority					
300234	Twelve Oaks Special District					
301836	U.S. Highway 441/27 Community Redevelopment Agency *					New district added to DCA database
300482	Union County Housing Authority					
301749	Valparaiso Cable Authority *	10/14/2008				
300623	Valrico Manor Special Dependent Tax District *	10/24/2008		10/7/2008		
300878	Venice Housing Authority *					Parent lists them Independently Reported
301613	Verandah East Community Development District	10/11/2008		10/1/2008		
301750	Verandahs Community Development District					
301617	Villages of Avignon Community Development District					
300742	Volusia County Housing Finance Authority *					Parent lists them Independently Reported
300743	Volusia County Industrial Development Authority *	1/13/2009				
300488	Volusia Soil & Water Conservation District	11/4/2008		11/4/2008		
300747	Washington County Development Authority *	10/7/2008				
300370	West Orange Healthcare District					
300407	West Palm Beach Downtown Development Auth					
300928	West Palm Beach Housing Authority *					Parent lists them Independently Reported
301435	West Villages Improvement District	10/2/2008		10/6/2008		
301758	Williams Community Development District Number Five	10/2/2008				
301759	Williams Community Development District Number Four	10/2/2008				
301761	Williams Community Development District Number Seven	10/2/2008				
301762	Williams Community Development District Number Six	10/2/2008				
301763	Williams Community Development District Number Three	10/2/2008				
301764	Williams Community Development District Number Two	10/2/2008				
300963	Winter Haven Housing Authority *					Parent lists them Independently Reported
300910	Winter Park Housing Authority *					Parent lists them Independently Reported
300356	Yellow River Soil & Water Conservation Dist					
Other Entities						
500007	Apalachee Regional Planning Council				2/1/2008	
500021	Florida Intergovernmental Financing Commission				9/2/2008	
500020	Florida Ports Financing Commission					



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-488-5534
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January 8, 2009

The Honorable Alex Diaz de la Portilla, Chair
Legislative Auditing Committee
111 West Madison Street, Room 876
Tallahassee, Florida 32399-1400

Dear Senator Diaz de la Portilla:

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 2006-07 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 2006-07 fiscal year was previously made in a letter dated November 3, 2008. A recap of our determination for local governmental entities as of January 7, 2009, is as follows:

Description	Counties (1)	Municipalities (1)	Special Districts	Total
Individual Entity Reports Received	66	372	715	1,153
Included in Another Entity's Audit Report (2)	n/a	n/a	439	439
Not Required to File (3)	n/a	7	221	228
Unable to Determine Whether Audit Was Required (4)	n/a	5	65	70
Did Not File Required Audit Report	<u>0</u>	<u>28</u>	<u>48</u>	<u>76</u>
Total Entities	<u>66</u>	<u>412</u>	<u>1,488</u>	<u>1,966</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 did not meet the threshold for required submission of audit reports.
- (4) Unable to obtain sufficient information to determine whether these entities met the threshold requiring submission of an audit report.

The Honorable Diaz de la Portilla
January 8, 2009
Page Two

For the 2006-07 fiscal year, pursuant to Section 218.39(1), Florida Statutes, the following entities were required to provide for an annual financial audit of their accounts and records within 12 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(8), 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 12 months after the end of the fiscal year of the local governmental entity. The following is a summary of those local governmental entities that either did not file required audit reports or did not timely file audit reports:

- A total of 76 local governmental entities that were required to provide for an audit for the 2006-07 fiscal year had not submitted an audit report to us. These local governmental entities are listed on Attachment A.
- An additional 70 local governmental entities may have been required to provide for an audit for the 2006-07 fiscal year, but had 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.
- Of the 1,153 audit reports that were submitted to us, 126 were not received within 12 months of the local governmental entity's fiscal year-end, contrary to Section 218.39(8), Florida Statutes. These local governmental entities are listed on Attachment C.

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

Sincerely,



David W. Martin

DWM/mg/am
Attachments

c: Mr. Terry Shoffstall, Staff Director, Legislative Auditing Committee

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required
(As of January 7, 2009)**

Attachment A

	<u>Applicable Note</u>
<u>MUNICIPALITIES</u>	
1 Altha, Town Of	1, 3
2 Belle Glade, City Of	1
3 Boynton Beach, City Of	1, 3
4 Bronson, City Of	2, 3
5 Caryville, Town Of	2
6 Cedar Grove, Town Of	4
7 Century, Town Of	1
8 Cottondale, City Of	1, 3
9 Davie, Town Of	1, 3
10 Eatonville, Town Of	1, 3
11 Esto, Town Of	1, 3
12 Gretna, Town Of	1, 3
13 Hillsboro Beach, Town Of	1, 3
14 Mangonia Park, Town Of	1, 3
15 Melbourne Village, Town Of	1
16 Noma, Town Of	1
17 Pahokee, City Of	1, 3
18 Pinellas Park, City Of	1
19 Polk City, Town Of	1, 3
20 Port St. Joe, City Of	1
21 Quincy, City Of	1, 3
22 Riviera Beach, City Of	1, 3
23 Sewall's Point, Town Of	1, 3
24 South Bay, City of	1, 3
25 St. Leo, Town Of	1
26 St. Lucie Village, Town Of	2
27 Sweetwater, City Of	1, 3
28 Weeki Wachee, City Of	1
<u>INDEPENDENT SPECIAL DISTRICTS</u>	
1 Argyle Fire Control District	1
2 Barefoot Bay Recreation District	1, 3
3 Bay Creek Community Development District	1, 3
4 Bella Verde Golf Community Development District	1, 3
5 Belmont Lakes Community Development District	1
6 Chapel Creek Community Development District	1, 3
7 Collier Soil & Water Conservation District	1, 3
8 Cory Lakes Community Development District	1, 3
9 Dorcas Fire District	1
10 Habitat Community Development District	1
11 Hamilton County Memorial Hospital	1
12 Harbour Lake Estates Community Development District	1
13 Hastings Drainage District	2
14 Heritage Isles Community Development District	1
15 Huntington Community Development District	1
16 K-Bar Ranch Community Development District	1, 3
17 Lafayette Soil & Water Conservation District	2
18 Lakewood Ranch Community Development District 1	1, 3

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit Was Required
(As of January 7, 2009)**

Attachment A

	Applicable Note
<u>INDEPENDENT SPECIAL DISTRICTS</u> (Continue)	
19 Lakewood Ranch Community Development District 2	1, 3
20 Lakewood Ranch Community Development District 3	1, 3
21 Lakewood Ranch Community Development District 4	1, 3
22 Lakewood Ranch Community Development District 5	1, 3
23 Lakewood Ranch Community Development District 6	1, 3
24 Lanark Village Water & Sewer District	1
25 Lee Soil & Water Conservation District	2
26 Manatee River Soil & Water Conservation District	1
27 Martin Soil & Water Conservation District	1, 3
28 Meadow Pines Community Development District	1
29 Merritt Island Public Library District	1
30 North Springs Improvement District	1
31 Ocean Highway & Port Authority	1
32 Orange Hill Soil & Water Conservation District	1
33 Panther Trace II Community Development District	1, 3
34 Pasco County Mosquito Control District	1
35 Pasco Heights Road & Bridge District	1
36 Pine Island Community Development District	1
37 Renaissance Community Development District	1, 3
38 Rivercrest Community Development District	1
39 Seminole Soil & Water Conservation District	1
40 StoneLake Ranch Community Development District	1, 3
41 Stoneybrook Community Development District	1, 3
42 Sunrise Lakes Phase IV Recreation District	1
43 Suwannee Valley Transit Authority	1
44 Tern Bay Community Development District	1, 3
45 Tradition Community Development District	1
46 Tri-County Airport Authority	1, 3
47 Viera East Community Development District	1
48 Withlacoochee Regional Water Supply Authority	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 2006-07 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) The entity either requested an extension or indicated that the audit was in progress; however, as of January 7, 2009, we had not received the audit report.
- (4) The Town was dissolved by referendum on September 30, 2008

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit May Have Been Required
(As of January 7, 2009)**

	<u>Last Audit Received</u>
<u>MUNICIPALITIES</u>	
1 Belleair Shore, Town Of	2006
2 Cloud Lake, Town Of	(1)
3 Islandia, City Of	(1)
4 Loxahatchee Groves, Town of	(1)
5 Westville, Town Of	2002
<u>INDEPENDENT SPECIAL DISTRICTS</u>	
1 Alachua Soil & Water Conservation District	(1)
2 Almarante Fire District	(1)
3 Aqua Isles Community Development District	(1)
4 Avenues Walk Community Development District	(1)
5 Baker Fire District	2000
6 Bella Verde East Community Development District	2006
7 Bella Verde Lake Community Development District	2006
8 Bermont Drainage District	(1)
9 Big Bend Water Authority	(1)
10 Blackman Fire District	(1)
11 Boynton Village Community Development District	(1)
12 Broward County Education, Research & Training Authority	(1)
13 Chandler's Meadow Community Development District	(1)
14 Civil Service Board of Santa Rosa County	2002
15 Duette Fire and Rescue District	(1)
16 Hamilton County Soil & Water Conservation District	(1)
17 Isles of Bartram Park Community Development District	(1)
18 Highlands Road & Bridge District	2003
19 Holt Fire District	2005
20 Jackson Soil & Water Conservation District	2006
21 Lake Beluthahatchee Community Development District	(1)
22 Legends Bay Community Development District	(1)
23 Magnolia Bluff Community Development District	(1)
24 Nassau Soil & Water Conservation District	1999, (1)
25 Northwest Florida Transportation Corridor Authority	(1)
26 Ocala Downtown Development District	2005
27 Ochlockonee River Soil & Water Conservation District	(1)
28 Orange Soil & Water Conservation District	(1)
29 Peace River Soil & Water Conservation District	(1)
30 Pembroke Harbor Community Development District	(1)
31 Pinecraft Lighting District	(1)
32 Polk Transit Authority	(1)
33 Santa Fe Soil and Water Conservation District	(1)
34 Santa Rosa Bay Bridge Authority	2000, (1)
35 St. Lucie County Expressway and Bridge Authority	2002
36 Sumter Soil & Water Conservation District	(1)
37 Tampa Bay Area Regional Transportation Authority	(1)
38 Tampa Bay Commuter Transit Authority	(1)
39 Treaty Oaks Community Development District	(1)
40 Tupelo Soil & Water Conservation District	(1)
41 Verandahs Community Development District, The	(1)
42 Villages of Avignon Community Development District	(1)
43 Yellow River Soil & Water Conservation District	2006

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal Year Audit Reports
Have Not Been Received - Audit May Have Been Required
(As of January 7, 2009)**

Attachment B

**Last Audit
Received**

DEPENDENT SPECIAL DISTRICTS

44 Beacon Meadows Special Dependent Tax District	(1)
45 Broward Economic Development Board	(1)
46 Carrabelle Hospital Tax District	(1)
47 Cedar Grove Community Redevelopment Agency	(1)
48 Community Redevelopment Agency of the Town of Havana	(1)
49 Country Lakes Special Dependent Tax District	(1)
50 Cypress Woods Common Facilities District	(1)
51 Eastern Volusia Regional Water Authority	(1)
52 Gadsden County Industrial Development Authority	2003
53 Hillsborough Educational Facilities Authority	(1)
54 Marion County Industrial Development Authority	(1)
55 Northwest Neighborhood Improvement District	(1)
56 Pace Property Finance Authority	(1)
57 Palm Beach County Educational Facilities Authority	(1)
58 Palm Beach County Health Facilities Authority	2005
59 Pasco County Health Facilities Authority	(1)
60 Pine Hollow Special Dependent District	1999, (1)
61 Seminole County Industrial Development Authority	2005
62 Springfield Community Redevelopment Agency	(1)
64 Tarawood Grove Special District	1999, (1)
65 Water and Sewer Expansion Authority	(1)

Note

(1) No record of audit received for the 2000-01 through 2005-06 fiscal years.

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal year Audit Reports Were
Not Received within 12 Months of Fiscal Year-End**

Attachment C

(As of January 7, 2009)

	Date Audit Report Received
<u>COUNTIES</u>	
1 Columbia County	11/12/08
2 Jackson County	10/08/08
3 Lafayette County	10/21/08
4 Union County	11/03/08
 <u>MUNICIPALITIES</u>	
5 Alford, Town Of	10/06/08
6 Briny Breezes, Town Of	12/05/08
7 Carrabelle, City Of	10/15/08
8 Cedar Key, City Of	10/27/08
9 Center Hill, City Of	11/18/08
10 Davenport, City Of	11/03/08
11 DeBary, City Of	10/20/08
12 Fort White, Town Of	10/06/08
13 Golden Beach, Town Of	11/12/08
14 Greenville, Town Of	11/21/08
15 Highland Park, Village Of	11/14/08
16 Jacob City, City Of	11/17/08
17 Jupiter Inlet Colony, Town Of	11/12/08
18 Lake Hamilton, Town Of	12/08/08
19 Lake Park, Town Of	11/17/08
20 Laurel Hill, City Of	10/02/08
21 Longboat Key, Town Of	11/14/08
22 Miami Shores, Village Of	11/14/08
23 Paxton, City Of	10/15/08
24 Surfside, Town Of	12/11/08
25 Umatilla, City Of	10/07/08
26 Virginia Gardens, Village Of	10/06/08
 <u>INDEPENDENT SPECIAL DISTRICTS</u>	
27 Amelia Island Mosquito Control District	11/21/08
28 Arlington Ridge Community Development District	10/31/08
29 Ave Maria Stewardship Community District	10/02/08
30 Avelar Creek Community Development District	12/15/08
31 Bartram Springs Community Development District	10/06/08
32 Bay Colony Special Recreation District	11/20/08
33 Bayside Improvement Community Development District	11/10/08
34 Brooks of Bonita Springs Community Development District	10/08/08
35 Campbellton-Graceville Hospital	11/21/08
36 Capron Trail Community Development District	10/02/08
37 Central County Water Control District	12/08/08
38 Central Florida Regional Transportation Authority (LYNX)	11/24/08
39 Century Gardens Village Community Development District	10/06/08
40 Clearwater Cay Community Development District	10/24/08

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal year Audit Reports Were
Not Received within 12 Months of Fiscal Year-End**

Attachment C

(As of January 7, 2009)

	Date Audit Report Received
<u>INDEPENDENT SPECIAL DISTRICTS</u> (continued)	
41 Colonial Country Club Community Development District	10/02/08
42 Country Greens Community Development District	10/08/08
43 Cypress Club Recreation District	10/14/08
44 Destin Fire Control District	11/24/08
45 Downtown Development Authority City of Miami	12/08/08
46 East Mulloch Water Control District	12/08/08
47 East Naples Fire Control And Rescue District	12/08/08
48 East Park Community Development District	10/15/08
49 Eastlake Oaks Community Development District	10/15/08
50 Fallschase Community Development District	10/31/08
51 Fiddlers Creek Community Development District	10/08/08
52 Fiddler's Creek Community Development District #2	10/08/08
53 Florida Atlantic Research And Development Authority	12/17/08
54 Florida Crown Workforce Board, Inc.	12/03/08
55 Gateway Services Community Development District	10/16/08
56 Gilchrist Soil & Water Conservation District	10/07/08
57 Grand Bay at Doral Community Development District	10/06/08
58 Hammock Bay Community Development District	10/06/08
59 Hardee County Indigent Health Care Special District	11/26/08
60 Harmony Community Development District	10/02/08
61 Hawk's Point Community Development District	10/29/08
62 Heights Community Development District (The)	12/15/08
63 Heritage Harbour Market Place Community Development District	10/08/08
64 Heritage Harbour South Community Development District	10/08/08
65 Heritage Pines Community Development District	10/08/08
66 Lake Padgett Estates Independent Special District	11/24/08
67 Hillsboro Inlet District	12/01/08
68 Hillsborough County Public Transportation Commission	12/01/08
69 Hobe-St. Lucie Conservancy District	01/07/09
70 Holiday Park Park & Recreation District	12/01/08
71 Independence Park Community Development District	11/17/08
72 International Drive Master Transit And Improvement District	11/26/08
73 Islands at Doral (SW) Community Development District	10/22/08
74 Jacksonville Transportation Authority	11/21/08
75 Kendall Breeze Community Development District	10/22/08
76 Key Largo Fire Rescue and Emergency Medical Services District	10/02/08
77 Lake Powell Residential Golf Community Development District	10/08/08
78 Lakeside Plantation Community Development District	10/08/08
79 Landmark at Doral Community Development District	10/08/08
80 Lee County Trauma Services District	12/01/08
81 Lee Memorial Health System	12/01/08
82 Levy Soil & Water Conservation District	10/07/08
83 Magnolia Park Community Development District	10/29/08
84 Mediterra North Community Development District	10/08/08
85 Mediterra South Community Development District	10/08/08

**Alphabetical List of Local Governmental Entities
For Which 2006-07 Fiscal year Audit Reports Were
Not Received within 12 Months of Fiscal Year-End**

Attachment C

(As of January 7, 2009)

	Date Audit Report Received
<u>INDEPENDENT SPECIAL DISTRICTS</u> (continued)	
86 Midtown Miami Community Development District	10/21/08
87 Miromar Lakes Community Development District	10/08/08
88 Moody River Estates Community Development District	10/08/08
89 New Port - Tampa Bay Community Development District	12/08/08
90 New River Community Development District	12/08/08
91 North Okaloosa County Fire District	11/12/08
92 Ocean City/Wright Fire Control District	11/25/08
93 Palm Bay Community Development District	10/08/08
94 Palm River Community Development District	11/24/08
95 Parklands Lee Community Development District	10/31/08
96 Parklands West Community Development District	10/08/08
97 Pensacola-Escambia Promotion And Development Commission	11/26/08
98 Pinellas Suncoast Transit Authority	11/26/08
99 Plantation Acres Improvement District	12/10/08
100 Municipal Service District of Ponte Vedra Beach	12/22/08
101 Preserve At Wilderness Lake Community Development District, The	11/10/08
102 Quarry Community Development District	11/04/08
103 Reunion East Community Development District	11/14/08
104 River Ridge Community Development District	10/08/08
105 Sarasota National Community Development District	10/08/08
106 South Dade Soil & Water Conservation District	12/17/08
107 South Lake County Hospital District	12/01/08
108 South Trail Fire Protection & Rescue Service District	11/26/08
109 Space Florida	12/08/08
110 St. Augustine Port, Waterway And Beach District	12/01/08
111 Stonebrier Community Development District	11/17/08
112 Sunshine Water Control District	10/08/08
113 Tampa Bay Estuary Program	12/01/08
114 Tampa Palms Community Development District	11/04/08
115 Three Rivers Regional Library System	12/03/08
116 University Square Community Development District	10/08/08
117 Verandah East Community Development District	10/08/08
118 Verandah West Community Development District	10/08/08
119 Volusia Soil & Water Conservation District	11/04/08
120 Wentworth Estates Community Development District	10/08/08
121 West Villages Improvement District	10/02/08
<u>DEPENDENT SPECIAL DISTRICTS</u>	
122 Bellalago Educational Facilities Benefit District	11/21/08
123 Crescent Lakes Maintenance District	12/28/08
124 Flora Ridge Educational Facilities Benefit District	11/21/08
125 Hillsborough County Industrial Development Authority	12/01/08
126 Pace Property Finance Authority	12/01/08

11.40 Legislative Auditing Committee.—

* * * * *

(5) 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. If a hearing is scheduled, the committee shall 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 Community Affairs that the special district has failed to comply with the law. Upon receipt of notification, the Department of Community Affairs shall proceed pursuant to the provisions specified in 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.

* * * * *

11.45 Definitions; duties; authorities; reports; rules.—

* * * * *

(7) AUDITOR GENERAL REPORTING REQUIREMENTS.--

(a) The Auditor General shall notify the Legislative Auditing Committee of any local governmental entity, district school board, charter school, or charter technical career center that does not comply with the reporting requirements of s. 218.39. The committee shall proceed in accordance with s. 11.40(5).

(b) The Auditor General, in consultation with the Board of Accountancy, shall review all audit reports submitted pursuant to s. 218.39. The Auditor General shall request any significant items that were omitted in violation of a rule adopted by the Auditor General. The items must be provided within 45 days after the date of the request. If the governmental entity does not comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee. The committee shall proceed in accordance with s. 11.40(5).

(c) The Auditor General shall provide annually a list of those special districts which are not in compliance with s. 218.39 to the Special District Information Program of the Department of Community Affairs.

(d) During the Auditor General's review of audit reports, he or she shall contact those units of local government, as defined in s. 218.403, that are not in compliance with s. 218.415 and request evidence of corrective action. The unit of local government shall provide the Auditor General with evidence of corrective action within 45 days after the date it is requested by the Auditor General. If the unit of local government fails to comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee. The committee shall proceed in accordance with s. 11.40(5).

(e) The Auditor General shall notify the Governor or the Commissioner of Education, as appropriate, and the Legislative Auditing Committee of any audit report reviewed by the Auditor General pursuant to paragraph (b) which contains a statement that a local governmental entity, charter school, or district school board has met one or more of the conditions specified in s. 218.503. If the Auditor General requests a clarification regarding information included in an audit report to determine whether a local governmental entity, charter school, or district school board has met one or more of the conditions specified in s. 218.503, the requested clarification must be provided within 45 days after the date of the request. If the local governmental entity, charter school, or district school board does not comply with the Auditor General's request, the Auditor General shall notify the Legislative Auditing Committee. If, after obtaining the requested clarification, the Auditor General determines that the local governmental entity, charter school, or district school board has met one or more of the conditions specified in s. 218.503, he or she shall

notify the Governor or the Commissioner of Education, as appropriate, and the Legislative Auditing Committee.

(f) The Auditor General shall annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in audit reports reviewed in paragraph (b) or otherwise identified by the Auditor General's review of such audit reports and financial information, and identified in audits of district school boards conducted by the Auditor General. The Auditor General shall include financial information provided pursuant to s. 218.32(1)(e) for entities with fiscal years ending on or after June 30, 2003, within his or her reports submitted pursuant to this paragraph.

(g) If the Auditor General discovers significant errors, improper practices, or other significant discrepancies in connection with his or her audits of a state agency or state officer, the Auditor General shall notify the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee. The President of the Senate and the Speaker of the House of Representatives shall promptly forward a copy of the notification to the chairs of the respective legislative committees, which in the judgment of the President of the Senate and the Speaker of the House of Representatives are substantially concerned with the functions of the state agency or state officer involved. Thereafter, and in no event later than the 10th day of the next succeeding legislative session, the person in charge of the state agency involved, or the state officer involved, as the case may be, shall explain in writing to the President of the Senate, the Speaker of the House of Representatives, and to the Legislative Auditing Committee the reasons or justifications for such errors, improper practices, or other significant discrepancies and the corrective measures, if any, taken by the agency.

(h) The Auditor General shall transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee by December 1 of each year a list of statutory and fiscal changes recommended by the Auditor General. The Auditor General may also transmit recommendations at other times of the year when the information would be timely and useful for the Legislature.

* * * * *

189.419 Effect of failure to file certain reports or information.--

(1) If a special district fails to file the reports or information required under s. 189.415, s. 189.416, or s. 189.417 with the local governing authority, the person authorized to receive and read the reports or information shall notify the district's registered agent and the appropriate local governing authority or authorities. If requested by the district, the governing authority shall grant an extension of time of up to 30 days for filing the required reports or information.

(2) If at any time the local governing authority or authorities or the board of county commissioners determines that there has been an unjustified failure to file the reports or information described in subsection (1), it may notify the department, and the department may proceed pursuant to s. 189.421.

(3) If a special district fails to file the reports or information required under s. 112.63, s. 218.32, s. 218.38, or s. 218.39 with the appropriate state agency, the agency shall notify the department, and the department shall proceed pursuant to s. 189.421.

History.--s. 10, ch. 79-183; s. 26, ch. 89-169; s. 14, ch. 96-324; s. 145, ch. 2001-266; s. 20, ch. 2004-305.

Note.--Former s. 189.007.

189.421 Failure of district to disclose financial reports.--

(1) When notified pursuant to s. 189.419, the department shall attempt to assist a special district to comply with its financial reporting requirements by sending a certified letter to the special district, and a copy of the letter to the chair of the governing body of the local general-purpose government, which includes the following: 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 extension of time 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. The department may grant an additional 30-day extension of time if requested to do so in writing by the special district. The department shall notify the appropriate entity of the new extension of time. In the case of a special district that did not timely file the reports or information required by s. 218.38, the department shall send a certified technical assistance letter to the special district which summarizes the requirements and encourages the special district to take steps to prevent the noncompliance from reoccurring.

(2) Failure of a special district to comply with the financial reporting requirements after the procedures of subsection (1) are exhausted shall be deemed final action of the special district. The 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 (3).

(3) Pursuant to s. 11.40(5)(b), the Legislative Auditing Committee shall notify the department of those districts that failed to file the required report. Within 30 days after receiving this notice or within 30 days after the extension date provided in subsection (1), whichever occurs later, the department shall proceed as follows: notwithstanding the provisions of chapter 120, the department shall file a petition for writ of certiorari with the circuit court. Venue for all actions pursuant to this subsection shall be in Leon County. The court shall award the prevailing party attorney's fees and costs in all cases filed pursuant to this section 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 shall otherwise be 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.

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 in accordance with s. 218.39(1) must submit the annual financial report with the audit report. A copy of the audit report and annual financial report must be submitted to the department within 45 days after the completion of the audit report but no later than 12 months after the end of the fiscal year.

(e) Each local governmental entity that is not required to provide for an audit report in accordance with s. 218.39 must submit the annual financial report to the department no later than April 30 of each 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 shall include balance sheet information to be utilized by the Auditor General pursuant to s. 11.45(7)(f). The department must forward the financial information contained within these entities' 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 of the local governmental entity's failure to comply with the reporting requirements. The committee shall proceed in accordance with s. 11.40(5).

(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 Community Affairs 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.

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 12 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.

(c) Any special district with revenues or the total of expenditures and expenses in excess of \$100,000.

(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 that 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 that has not been subject to a financial audit pursuant to this subsection for the 2 preceding fiscal years.

(2) The county audit report shall 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 to such requirements, 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, such separate audit shall be included in the county audit report.

(3)(a) A dependent special district may make provision for an annual financial audit by being included within the audit of another local governmental entity upon which it is dependent. An independent special district may not make provision for an annual financial audit by being included within 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 each local governmental entity or the chair's designee, or with the elected official of each county agency or with the elected official's designee, or with the chair of the district school board or the chair's designee, or with the chair of the board of the charter school or the chair's designee, or with the chair 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, or charter school for which 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.

(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) 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.

(8) All audits conducted in accordance with this section must be conducted in accordance with the rules of the Auditor General promulgated pursuant to s. 11.45. All audit reports and the officer's written statement of explanation or rebuttal must be submitted to the Auditor General within 45 days after delivery of the audit report to the entity's governing body, but no later than 12 months after the end of the fiscal year.

(9) 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.

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

(11) 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.

AGENDA ITEM 3



Food Services

A presentation to the Joint Legislative Auditing Committee
February 16, 2009

Wade Melton

Staff Director
OPPAGA

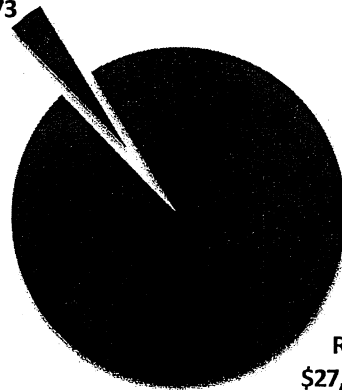
Overview

- Many School Districts' Food Service Programs Generally Are Not Financially Self-Sufficient
- Providing a Free Breakfast to All Public School Students Would Be Costly for Most School Districts
- Best Practices Could Help School Districts Improve Their Food Service Program Operations
- No Changes Are Necessary to the State's Organization of School Nutrition Programs

BACKGROUND

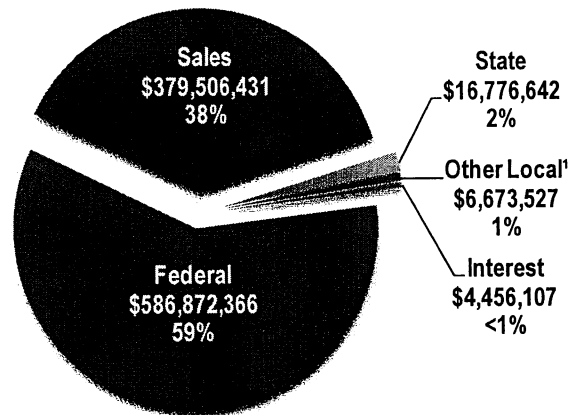
Food Service Programs Accounted for 3% of School District Revenues (2006-07)

Food Service
Revenues
\$994,285,073
3%



District
Revenues
\$27,476,732,681
97%

Federal Funds Accounted for 59% of Food Service Revenues (2006-07)



Florida Legislature Office of Program Policy Analysis & Government Accountability

5

Federal Funding

- Fiscal Year 2008-09, the federal government reimbursed
 - Up to \$1.68 for each breakfast served
 - Up to \$2.59 for each lunch served
 - \$0.71 for each after school snack
- Federal reimbursement rates vary based on
 - Type of meal served
 - Economic status of the student
 - Economic status of the school's student population
 - Adjusted annually for inflation
- School districts also received commodities with an average minimum value of \$0.21 for each reimbursable lunch served

Florida Legislature Office of Program Policy Analysis & Government Accountability

6

School Districts' Role

- School districts are responsible for local program administration
- School districts select menus, prepare meals, set prices, collect revenue, and manage program budgets
- School districts must serve meals that meet federal nutritional requirements and offer free or reduced price lunches to eligible children

School Districts' Role

- School districts should manage their food service programs as business enterprises
- Ensure that their programs
 - operate in an efficient and effective manner
 - pay their share of district operating expenses
 - maintain a healthy financial position and an adequate fund balance to protect the district from unanticipated emergencies

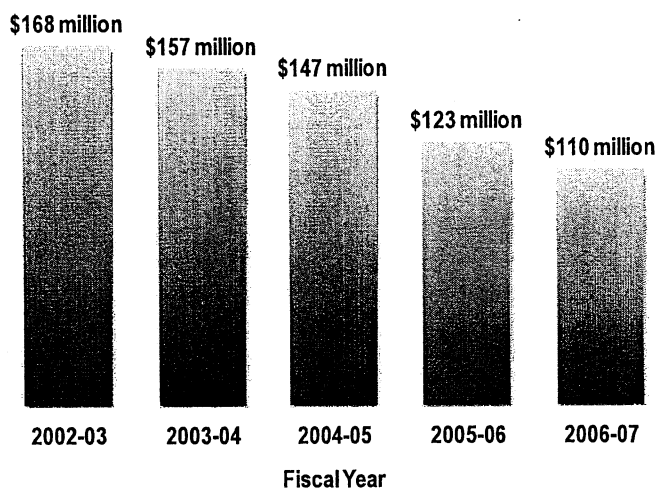
Are school district food service programs fiscally self-sufficient?

Many school districts food service programs are not financially self-sufficient

School district financial performance is mixed

- Most (64 of 67) food service programs had positive fund balances for 2006-07
- More than one-third of programs (25) had limited fund balances
- School district food service fund balances statewide declined 35% (\$58 million) over 4 years

Food Service Program Fund Balances Declined 35% Since 2002-03



Florida Legislature Office of Program Policy Analysis & Government Accountability

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Food Service Program Fund Balances Declining

- Over one-half (37 of 67) of school districts experienced an overall decrease in their fund balances during this period
- Appears to be more of a problem for the state's smallest districts
 - Two-thirds of small school districts (fewer than 20,000 students) had declining fund balances

Florida Legislature Office of Program Policy Analysis & Government Accountability

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Food Service Fund Balances May Overstate Program Financial Strength

- Over one-third of school districts transferred general funds to subsidize their food service programs
- Most food service programs do not pay all indirect and support costs that could be reasonably attributed to their programs
 - 29 school districts did not apply the federal indirect cost rate
 - School districts often did not charge food service programs for other direct support expenses such as electricity and other utilities

Most Districts Did Not Allocate All Support Costs to Food Services

Food Service Programs Charged for Other School District Support			
Service	Yes	No	NA
Janitorial Services	17	50	0
School Site Utilities	26	41	0
School Site Electricity	28	39	0
Pest Control	32	35	0
Trash Removal	34	33	0
Warehouse Storage	33	30	4
Transportation	50	16	1

How do meal prices relate to meal costs?

Meal Prices and Meal Costs Have Increased by Similar Rates

- From 2002-03 to 2006-07, school district breakfast and lunch prices increased on average about 16% and 13%, respectively
- Reported meal costs increased an average of 14%
- During the period, 46 school districts raised school lunch prices while 31 raised breakfast prices

Meal Prices Vary, Lowest Prices Charged to Elementary Students

Price	Elementary	Middle	High
Range	\$1.25-\$2.00	\$1.25-\$2.35	\$1.45-\$2.35
\$1.01-\$1.50	37	13	12
\$1.51-\$2.00	30	48	48
\$2.01-\$2.35	0	6	7
Average	\$1.55	\$1.81	\$1.84

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Elementary School Meal Prices Increased the Least

School Level Meal Type	Average Price Increase From 2002-03 to 2006-07	Number of School Districts Increasing Prices
Elementary Schools		
Lunch	\$0.26	45
Breakfast	0.22	31
Middle Schools		
Lunch	\$0.31	44
Breakfast	0.23	28
High Schools		
Lunch	\$0.30	46
Breakfast	0.23	28

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What is the estimated cost of implementing free breakfast to all students statewide?

Providing Free Breakfast to All Students Would Be Costly

- Most school districts could not offer free breakfasts to all students within existing breakfast resources
- The projected cost of implementing universal-free breakfast for the 2010-11 school year would exceed projected revenues by \$33 million to \$69 million

Most Public Schools Provided Breakfast in 2006-07

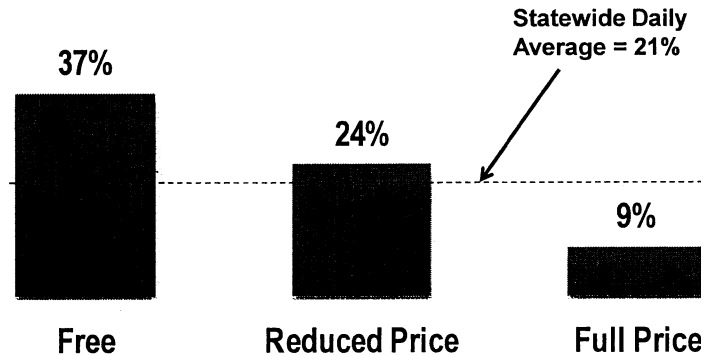
School Level	Serve Breakfast	Total Schools	Percentage
Elementary	1,758	1,758	100.0%
Middle	481	538	89.4%
High	467	520	89.8%
Combination	197	200	98.5%
Total	2,903	3,016	96.3%

- 43 of 67 districts made breakfast programs available to all students
- Only 113 schools statewide did not offer breakfast

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Statewide Only 21% of Students Participated in School Breakfast Each Day



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Breakfast Program Costs Must Be Estimated

- District financial accounting systems school do not track food expenses by meal type
- National Food Service Management Institute estimates that school districts can generally produce a breakfast for about two-thirds of the cost of a lunch
- About one-half of school districts (31) estimated that they produced breakfasts at a lower cost than the institute's estimates would suggest

Cost Estimates

- We developed two sets of estimates
 - One set of estimates was based on district's survey responses to their breakfast costs
 - One set of estimates was based on the National Food Service Management Institute guidelines – this methodology provides a consistent cost basis for all districts

Free Breakfast Might Be Cost Feasible in Ten School Districts

School District	Estimated Revenues Minus Costs	
	District Meal Estimates	National Meal Estimates
Jackson	19,845	-149,058
Franklin	39,871	-37,678
Hamilton	69,335	-38,062
Sumter	172,687	-249,771
Escambia	232,583	-839,718
Sarasota	375,138	-1,141,995
Collier	579,405	-1,235,724
Volusia	860,240	-1,620,446
Orange	2,689,012	-5,499,382
Miami-Dade	3,347,466	-4,761,826

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Implementing Free Breakfast in High Poverty Schools Might Be More Feasible

- Providing free breakfast to all students in high poverty schools (i.e., 80% or more of students are eligible for free or reduced price meals) could be cost feasible for many school districts
- Available federal reimbursements, and state general revenue for these schools would meet or exceed the costs of providing these breakfast meals

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In 26 School Districts, Free Breakfast at High Poverty Schools Might Be Cost Feasible

School District	Estimated Revenues Minus Costs		School District	Estimated Revenues Minus Costs	
	District Meal Estimates	National Meal Estimates		District Meal Estimates	National Meal Estimates
Bay	16,456	-20,048	Pinellas	41,070	-38,848
Broward	193,264	-65,797	Sarasota	45,248	-436
Collier	303,824	-21,378	St. Lucie	12,372	-8,788
Duval	229,640	-32,515	Sumter	5,086	-432
Escambia	195,749	-74,737	Volusia	149,057	-3,463
Franklin	22,307	-8,503	Brevard	14,768	14,768
Hillsborough	724,243	-44,443	Highlands	1,862	1,239
Indian River	3,758	-22,199	Jackson	1,158	71
Leon	86,524	-1,334	Lake	1,490	170
Levy	771	-5,919	Miami-Dade	3,284,664	4,771
Martin	7,435	-8,041	Palm Beach	63,865	63,865
Manatee	-689	2,342	Polk	1,026	1,026
Orange	1,346,812	-510,135	Santa Rosa	979	273
Pasco	39,466	-17,027			

What best practices could districts implement to improve their food service programs?

Report focuses on actions districts can take to improve their food services programs

- establishing strong management systems
- reducing food costs
- Increasing efficiency & reducing labor and operational costs
- Increasing operating revenues

Are changes needed to the organization of school nutrition programs?

No Compelling Reason to Change the Current Structure

- Current structure aligns key program activities with the core missions of state agencies
- Changing the structure would not produce identifiable cost savings or other substantial benefits
- Transferring programs and functions from one agency to another would result in short-term disruptions in services to school districts

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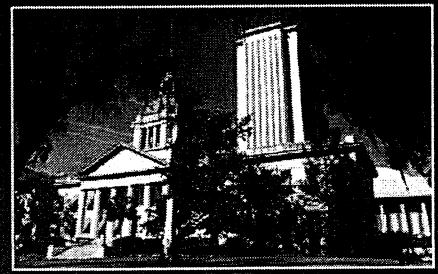
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Best Practices Could Help School Districts Reduce Their Food Service Program Costs

at a glance

School districts can implement best practice strategies to improve the efficiency and effectiveness of their food service operations. These options include

- establishing strong management systems that provide a framework for short-term and long-term decision making and help ensure that district food service programs remain in a healthy financial position;
- reducing food costs by joining cooperatives to receive volume discounts, maximizing use of USDA commodities, and improving food purchasing practices;
- ensuring that food service employees carry out their functions in an efficient and effective manner, implementing alternative meal counting methods and making program changes that reduce the number of employees needed to prepare meals; and
- identifying and removing barriers to student participation in breakfast and lunch programs, catering school-related functions, negotiating single-source vending machine contracts, and considering meal price increases.

Scope

Florida law directs OPPAGA to review Florida's school nutrition programs.¹ This report identifies best practices for the efficient and effective operation of school district food service programs. Separate reports will assess the self-sufficiency of the district food service programs, the financial impact of implementing a statewide universal free breakfast program, and the state-level organizational placement of school nutrition programs.

Background

Due to the relationship between good nutrition and the capacity of students to develop and learn, it is the policy of both the federal and state government for local school districts to establish and maintain school nutrition programs.²

The U.S. Department of Agriculture (USDA) administers four major school nutrition programs; three that provide federal funding through grants to the states and one that coordinates the distribution of commodities to schools. These are the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program, and the Child Nutrition Commodity Program.³ These programs

¹ Chapter 2008-190, *Laws of Florida*

² The National School Lunch Act, as amended (42 U.S.C. 1751-1769), and the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773), and Section 1006.06, *F.S.*

³ Schools in the National School Lunch or School Breakfast Programs may also participate in the Special Milk Program to provide milk to children in half-day pre-kindergarten and kindergarten programs where children do not have access to the school meal programs. The Special Milk Program provides milk to children in schools and childcare institutions who do not participate in other federal meal service programs. The program partially reimburses schools for the milk they serve.

provide financial assistance to school districts through cash reimbursements and allocations of food commodities for each meal they serve. In return, the districts must serve meals that meet federal nutritional requirements and districts must offer free or reduced price lunches to eligible children. School districts also can be reimbursed for snacks served to children through age 18 in after school programs.

School boards are responsible for local program administration. Within state and federal regulations, districts select menus, prepare meals, set prices, collect revenue, and manage program budgets.

Two state agencies have a role in administering the programs. The Department of Education administers the three programs that provide federal funding to the school districts, ensuring that federal funds are properly used and that school district nutrition programs meet state and federal guidelines. The department operates these programs (the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program) through agreements with school districts.⁴ The Florida Department of Agriculture and Consumer Services administers the commodity programs, and assists districts in selecting foods that they are entitled to receive from lists of commodities purchased by the USDA.

Best Practices. School districts should manage their food service programs as business enterprises. As such, they should ensure that their programs operate in an efficient and effective manner, comply with federal and state requirements, pay their share of district operating expenses, and maintain a healthy financial position and adequate fund balance to protect the district from unanticipated emergencies.

This report identifies best practices for school districts based on professional literature, recommendations from OPPAGA's reviews of food service operations of 30 of the state's 67 school districts, and similar reviews conducted by other organizations.⁵ These best practices are presented in four broad areas:

- establishing strong management systems;
- reducing food costs;
- increasing efficiency, and lowering labor and operational costs; and
- optimizing potential revenues.

Establishing Strong Management Systems

It is critical for school districts to establish strong management systems for their food service programs. These management systems must provide a framework for short-term and long-term decision making and help ensure that the food service program remains in a healthy financial position. Key aspects of these management systems are to create an operating plan that establishes clear program direction, establish performance expectations, develop budgets that identify all costs and revenues, and ensure that the programs are self-supporting.

Districts should create an operating plan that provides program direction. A well-managed food service program should have a school board-approved operating plan that provides clear program direction. The plan should specify how the food service program will provide nutritious meals to students in the most efficient and cost effective manner, and should be consistent with the district's overall strategic plan to ensure that the program supports the school board's broader districtwide goals and objectives.

⁴The US Department of Agriculture administers other food assistance programs in Florida such as the Child and Adult Food Care Program administered by the Florida Department of Health.

⁵ More information on OPPAGA's reviews of school district food service programs can be found on OPPAGA's website at www.oppaga.state.fl.us/school_districts/districtreviews.html.

Specifically, food service operating plans should include a mission statement, goals, objectives, and strategies that describe what the program desires to accomplish and timeframes within which these accomplishments are to be achieved. Plan objectives should be quantifiable so that progress toward each goal's accomplishment and overall program efficiency and effectiveness can be measured. The extensiveness of operating plans may differ by size of the district. For instance, larger districts should have highly developed, detailed plans for their food service operations, whereas smaller districts may need less extensive general plans. However, all operating plans should enable district leaders and program staff to ensure that food service operations are efficiently and effectively managed and program costs are adequately controlled.

Districts should establish expectations and measures for program performance and cost.

School districts should have a performance measurement system that allows managers at both the district and school level to evaluate food service program performance and make informed decisions on the use of limited resources. An effective performance measurement system enables managers to regularly monitor how food service program performance and costs compare to established benchmark standards. The systems also report findings to the superintendent and school board and identify the need to take corrective actions when needed to address problems such as excessive program costs, low staff productivity, or low student participation and satisfaction.

The systems should include a comprehensive set of input, output, outcome, and cost-efficiency measures. The sophistication of the measurement system can vary with district size; large districts should have formal systems with automated reporting, while smaller districts may adopt fewer measures, a less formal reporting system, and a simpler methodology for the development and validation of benchmarks. Program managers should periodically review and revise performance benchmarks and efficiency standards for appropriateness. Exhibit 1 provides examples of commonly used food service program performance and efficiency measures.

**Exhibit 1
Examples of School Food Service Performance and Efficiency Measures to Help District Monitoring**

School Level	District Level (Districtwide and by School)
<ul style="list-style-type: none"> • Food cost per meal served • Number of meals served per labor hour • Participation rates • Results of student satisfaction survey 	<ul style="list-style-type: none"> • Revenues and expenditures by type, including profit and loss • Food margin (food cost as a percentage of total cost) • Labor margin (labor costs as a percentage of total cost) • Gross margin (total revenue less total expenses as a percentage of cost) • Participation rates (regular and free/reduced meals recipients as a percentage of eligible students) • Districtwide summary of school satisfaction surveys

Source: OPPAGA.

Districts should develop effective annual budgets and long-term program plans.

These documents serve as the program's financial plan and help to ensure that the program will not drain resources that could be used to support classrooms. The budgets and financial plans should capture all anticipated program costs and revenues. To the extent possible, they should link to the program's operating plan, district's strategic plan, and school board goals.

In establishing the annual food service budget, districts should identify all program revenue and costs, including both direct (food and labor) and other support costs such as utilities, equipment maintenance, custodial services, and warehousing.⁶ These costs also include the federal indirect rate.⁷ Budgeting all costs allows food service program managers to determine if the program is self-supporting or relies on general operating funds that could otherwise be used to educate students.

⁶ Districts should track actual or reasonably estimate all program-related expenditures such as cafeteria utilities, janitorial service, equipment maintenance, armored car services, delivery services, and renovation costs. For instance, districts can estimate the cost of janitorial services and utilities based on the percentage of square footage of the kitchen compared to the remainder of the building.

⁷ As part of a grant program, federal and state rules provide for an "indirect rate" that covers district personnel and accounting support provided to the food service program. Yet, some districts do not charge the food program for the costs of these services.

District food service programs also should develop long-term financial plans that project revenues and costs for the next five years, including considerations of changes in the student population and needed major equipment purchases and renovations. (Changes in student population can affect program costs, revenues, and the amount of federal cash reimbursements the program will receive.) These long-term financial plans help districts determine whether their food service program will be able to maintain self sufficiency in the future.

In establishing a long-term financial plan, districts should ensure that they maintain an adequate reserve fund balance to cover emergencies or unanticipated expenditures over the five-year period. While there are no legal minimum requirements for a food service program fund balance, a balance of at least 3% to 5% of total actual expenditures will usually provide adequate monies to cover unforeseen expenditures.⁸ Federal regulations prohibit school districts from accumulating a fund balance in excess of three months average operating expenditures without a planned use for this surplus. If the five-year projection indicates that the program will not be able to cover its costs and maintain a healthy reserve fund balance, the district may need to consider exploring opportunities to reduce costs or increase revenue.

Reducing Food Costs

It is important for school districts to adopt strategies to manage the cost of the food used in their meals. Successful strategies for lowering food costs include joining cooperatives to receive volume discounts, maximizing use of USDA commodities, and matching food items to supplier stock items.

Districts can join purchasing cooperatives to receive quantity discounts. Smaller districts have less purchasing volume and thus often pay higher prices for food items than larger districts that can

take advantage of quantity discounts. Smaller districts can often reduce their food costs by joining purchasing cooperatives. In these arrangements, one district typically serves as the host district and partners with the other districts to increase the volume of food ordered from commercial distributors. Some districts report saving at least 5% in food costs by participating in purchasing cooperatives.

Districts should maximize use of USDA commodities. Districts can reduce food costs by effectively using USDA commodities. Through this program, districts receive a commodity allocation, or credit, that enables them to select food items at no cost that they would otherwise have to purchase. Available commodity food items typically include meat, fish, poultry, fruits, cheese, oil, and grains.⁹ School districts should take steps to ensure that they maximize their use of USDA commodities by structuring their menus to use commodities as part of each planned meal.

Districts can increase the value of their commodity allocations by making strategic food item selections. Whenever possible, districts should use their commodity allocations to select food items that produce the largest savings to the district.

Some districts have been able to further reduce food costs by using processing companies to convert USDA commodities into ready-to-serve food items. These districts have arranged to ship their USDA bulk commodities allocation items directly to food processors who convert the items into final ready-to-heat-and-serve menu items for delivery to the districts as needed. Using food processing companies in this manner allows the districts to reduce their labor and storage costs.

Districts should match food items to supplier stock items. Districts can often obtain savings by modifying their school menus to match their food suppliers' stock inventory of food items.¹⁰ This helps avoid the need to buy more expensive

⁸ Some factors that a food service program should consider when establishing the approximate level for its food service fund balance reserve include historical, financial, student enrollment patterns, and exposure to emergencies.

⁹ Typically, districts receive an annual dollar allocation that is then used by the districts to order food items from the USDA list of available items. The allocation is based on the total number of lunches served in the National School Lunch Program.

¹⁰ Nutritional value should be a primary consideration when making adjustments to school menus.

special order items. For instance, a district could avoid requiring a supplier to special order, stock, and deliver three-ounce hamburger patties when lower priced two-ounce portions already are kept in the supplier's inventory.

Increasing Efficiency, and Lowering Labor and Operational Costs

Districts can take several steps to maximize food service program efficiency and minimize its labor and operating costs. These costs vary among districts but typically constitute a major proportion of program expenditures. Best practices for maximizing program efficiency include establishing clear lines of organizational authority, ensuring that employees have clear program policies and procedures and are trained appropriately, using federally authorized strategies to streamline administrative requirements, efficiently linking employee benefits with hours worked, implementing shared manager programs, using a central kitchen, and considering outsourcing of warehousing, delivery services, and food preparation when appropriate.

Districts should establish clear lines of authority.

It is important for districts to clarify management responsibility for food service programs. A dual-supervisory relationship exists in most districts in which school-based food service personnel—cafeteria managers and staff—are under the authority of both the school principal and the district's food services director. In this model, both principals and the food services director often have shared authority for hiring, firing, and evaluating school-based food services managers and employees. This can lead to confusion and conflicts regarding who has decision-making authority in areas such as performance expectations, staffing levels, and implementing cost-saving strategies. To avoid these problems, districts should clarify and balance authority and responsibilities for food service directors, school cafeteria managers, and principals. Districts should

also maintain functional organizational and job descriptions to help managers and staff understand their organizational relationships, assign responsibilities, and avoid conflicts.

Districts should ensure that program employees have access to policies and procedures.

Districts should maintain up-to-date policies and procedures to help ensure that activities are carried out in an efficient and effective manner and are in compliance with federal and state laws. Well-developed written procedures establish a variety of processes, including many that are related to the financial well-being of the food service program. These include properly accounting for federal reimbursable meals, meal preparation and portion sizes, collecting and depositing cash proceeds, and managing inventory. In addition, written procedures document a district's institutional memory for key processes and help to minimize disruption to essential services and reduce the need for costly training and assistance when staff turnover and absenteeism occurs. To ensure that employees know and use program policies and directives, school districts should make comprehensive procedures manuals available to all food service managers and should regularly review these manuals to ensure that they are current and complete.

Districts should ensure that the food service staff receives appropriate training.

Training helps ensure that program employees understand performance expectations and have the skills and knowledge necessary to efficiently and effectively carry out their duties. School districts should have a process for identifying food service employee training needs and ensuring that staff receive this training. Additionally, program managers should receive comprehensive training in essential program functions such as food safety, portion control, production control, special diets, inventory, meal count procedures, receiving and storing food and supplies, emergency procedures, and customer service. Districts may also benefit from cross-training food service employees to enable them to perform duties in multiple areas of cafeteria operation.

School districts can partner with other districts and other organizations to lower their training costs. For example, some districts have partnered with regional consortia, the Florida Department of Education, and professional associations to provide training for food service employees. For example, professional associations, such as the national School Nutrition Association and the Florida School Nutrition Association often offer industry certification programs to their members.

Districts should consider implementing USDA alternative meal counting methods to help reduce administrative costs and increase student participation. To reduce local paperwork and administrative burdens, the USDA has developed alternative procedures districts may adopt for implementing the federal school lunch and breakfast programs. These alternatives, commonly referred to as Provisions 1, 2, and 3, allow schools with relatively high ratios of students eligible for free and reduced price meal participation to decrease administrative costs and expand student meal participation. These provisions allow districts to reduce how often they must process eligibility applications for free and reduced price meals. Exhibit 2 illustrates the relevant requirements of the provisions.

Provisions 2 and 3 represent the largest potential savings to districts. These options require schools to serve meals to all students at no charge and significantly decrease the submission frequency for free and reduced lunch eligibility applications, as well as simplify meal counting and claiming procedures.¹¹ In general, these provisions require districts to maintain counts of student breakfast and/or lunch meals by paying category for one year, a base year. For at least the next three years, districts may apply the base-year ratio of participation of free, reduced price, and paid meals to their total count of meals for federal funding purposes, and all meals are provided to students free of charge.

These provisions allow a district to reduce labor costs by not having a cashier and reduce paperwork by eliminating the need to make annual determinations of eligibility for free and reduced price meals. Participating districts then frequently increase the volume of meals they serve, and the federal per-meal funds they receive may offset the lost cash income. This option also reduces paperwork for parents and students by eliminating the need for completing the free and reduced price meals application.

¹¹ Provision 1 reduces the application frequency from annual to bi-annual for free and reduced price meal participants.

**Exhibit 2
School Districts May Reduce Administrative Costs Through Alternative Meal-Counting Methods**

Federal Provision	Qualified Schools	Frequency of Certification	Method Used to Calculate Reimbursement
Provision 1	Schools where at least 80% of the children enrolled are eligible for free or reduced price meals	Every two years	Schools continue to take daily meal counts of the number of meals served to children by type as the basis for calculating reimbursement claims.
Provision 2	Schools that serve meals to children at no charge	Every four years. Additional four-year extensions are possible when certain conditions are met.	This provision reduces application burdens and simplifies meal counting and claiming procedures. It allows schools to establish claiming percentages and to serve all meals at no charge for a four-year period.
Provision 3	Schools that serve meals to children at no charge	Every four years. Additional four-year extensions are possible when certain conditions are met.	This provision reduces application burdens and meal counting and claiming procedures. It allows schools to simply receive the same level of federal cash and commodity assistance each year, with some adjustments, for a four-year period.

Source: U.S. Department of Agriculture.

In the past, some districts may have been able to cover the cost of their entire breakfast or lunch program by receiving only the federal per-meal funding if they had a high ratio of students eligible for free and reduced price meals, such as 60% to 75% or greater. However, due to recent significant increases in food costs, the federal reimbursement rates alone may no longer be sufficient to cover the cost of all meals served.¹²

Before implementing these alternatives, districts need to evaluate whether these steps would be profitable for their schools. In doing so, districts should consider all costs of their breakfast or lunch programs and any anticipated changes in those costs. In addition, districts should consider the impact of increases in meal participation on their staffing costs. If greater participation creates the need to hire additional staff or to pay increased benefits to staff that must begin working full-time, small increases in participation may not be cost-effective.

Districts that implement one of the federal provisions should periodically re-evaluate their program participation rates to ensure that it continues to be cost feasible. Studies show that the greatest increase in participation tends to come from students who previously paid for their breakfasts and/or lunches. As a result, over time the proportion of paid students receiving free meals may increase significantly which may result in less federal revenue. If the district is required to calculate a new base year for renewal, federal reimbursements may no longer be sufficient to cover the costs of the increased participation of paid students.¹³

Districts should consider increasing the minimum number of hours employees must work to receive benefits. School districts may be able to reduce labor costs by raising the minimum number of hours per week food service employees must

work to receive full health and retirement benefits. Our October 2008 survey of Florida school districts found that the majority (70%, or 47 of 67) allowed food service employees who work 20 or fewer hours per week to receive full health and retirement benefits. Due to the relatively high benefit costs associated with part-time positions, school boards should examine the appropriateness of their current benefits policies and consider requiring district personnel to work a minimum of 30 hours per week to qualify for full benefits. Such a policy shift may require changes to labor contracts but could be grandfathered in to protect current part-time personnel from losing their benefits. This could bring district practices more in line with those in the private sector to achieve cost savings.

Districts should implement shared manager programs. Districts may be able to reduce labor costs by implementing shared manager programs, which reduce labor costs by having two schools share one cafeteria manager. This step is particularly effective when the two schools serve a relatively small number of meals (about 400 or fewer meals served per school) and are close in proximity to one another. In addition, shared manager programs work best at elementary schools because they typically offer set meal plans and few a la carte items. School districts may be able to achieve significant cost savings from implementing such a strategy depending on the number of schools involved.

Districts should consider using a central kitchen. Some school districts may be able to reduce labor and operating costs by using central kitchens to cook meals for multiple schools. In this system, staff at one school prepares meals for its students and for students at one or more additional schools. The meals are placed in insulated containers and delivered to the other school cafeterias. The receiving school's serving line must include temperature controls to keep the food warm until it is served. Central kitchens can produce savings in several ways, including reducing the number of cafeterias that need appliances to refrigerate or heat food items and wash dishes and utensils. In addition, since the

¹² The federal government adjusts its cash reimbursements each year to reflect changes in food and labor costs based on the Food Away From Home series of the Consumer Price Index for All Urban Consumers. These annual adjustments in the cash reimbursement rates help schools deal with rising costs over time; however, near-term cost increases can be challenging to schools.

¹³ New base years are required when the family incomes of the student population changes significantly. With no significant change, extensions can be granted for up to four years at a time.

receiving school does not have to prepare meals, it can reduce employee staffing.

Districts should review warehousing and delivery services. Districts may be able to lower their operating costs by outsourcing food storage and delivery services. For example, some school districts have outsourced warehousing and delivery of all food, commodities, and supplies. Outsourcing these services may be particularly beneficial to districts that are having difficulty keeping pace with rapidly growing student populations, do not have funds available to purchase land and/or build the necessary facilities needed for storage, or are experiencing high property and construction costs.

Outsourcing decisions should be based on a thorough evaluation of a district's current food service warehousing and delivery arrangements. This evaluation should take into consideration current or projected district warehousing space need and availability, staffing, and potential delivery costs if the district continues to warehouse internally. Availability and proximity of suppliers and commercial warehouse space as well as the availability and cost of district staff to manage district-owned warehouse space are also key factors in making outsourcing decisions. As districts grow, the economics of outsourcing can change. Therefore, districts should perform outsourcing evaluations every few years.

Districts should consider using commercially prepared foods to minimize scratch cooking and reduce labor costs. Some school districts have reduced labor costs by increasing their use of commercially prepared foods. For example, districts that use pre-portioned and ready-to-bake bread dough instead of preparing the dough from the basic ingredients can reduce labor costs by significantly reducing preparation and clean-up time as well as improving product consistency. While the extent to which Florida districts use pre-prepared foods varies, most school districts we reviewed in the past could have reduced labor hours and, in some cases the number of kitchen staff they employed, by reducing scratch cooking.

Optimizing Potential Revenues

To help ensure that school food service programs are self-supporting, it is important for districts to take actions to maximize program revenues in addition to reducing costs. These include promoting participation in school lunch and breakfast programs, identifying and reducing participation barriers, using a la carte items, and initiating innovative breakfast programs. District food service programs may also increase revenues by catering school-related functions, negotiating single-source vending machine contracts, implementing alternative meal counting methods, and, as a last resort, raising meal prices.

Districts should promote their food service program. School districts can often increase student participation in their food service programs and encourage good nutritional habits through promotional campaigns. These campaigns can employ strategies such as distributing newsletters, menus, and nutritional information. Some districts have also used special events where participating students win small prizes while learning about the importance of good nutrition, and theme days such as Fajita Cookouts, pasta bars, and Grandparents Day.

Districts should identify and reduce participation barriers. Some districts also have increased revenues in their food service programs by identifying and addressing barriers to student participation. These barriers include poor food quality, inadequate lunch periods, insufficient seating, and untimely bus scheduling.

Districts can identify many of these barriers by surveying students about their satisfaction with food quality, service, and school cafeterias. Districts can place these questionnaires on their websites or can conduct periodic surveys at schools. Food service managers and principals can use this information to identify problem areas and develop corrective actions that increase breakfast and lunch program participation.

Districts should use a la carte items. Districts can also increase revenues through the sale of a la carte food items.¹⁴ For example, our June 2003 Best Practices Review of the Wakulla County School District showed that its program offered a variety of popular items and annually sold about twice as much a la carte items per student as its peer school districts.

Districts need to take care in pricing a la carte items to avoid reducing sales of full meals for which they receive federal funds. This could decrease the district's overall federal reimbursement as well as reduce student nutrition.¹⁵ However, districts that offer carefully priced and healthy a la carte items can supplement existing program revenues.

Districts should initiate innovative breakfast programs. Districts can receive federal cash reimbursements to help cover the cost of breakfast programs. However, many districts have found that student participation in these programs is hindered because bus scheduling does not allow students enough time to eat breakfast before school begins. To address this issue, some school districts have rearranged bus schedules to provide students with additional time to eat once they arrive on campus. Other districts have instituted "Breakfast on the Bus" programs in which students can pick up a bag breakfast as they board their bus to eat while traveling to school. Alternatively, other districts have made breakfast available on meal carts at bus drop off points to allow students an opportunity to pick up a ready-to-go breakfast. Districts can also initiate "Breakfast in the Classroom" programs in which cafeterias prepare breakfasts and sends them to the classroom, rather than students coming to the cafeterias. By selecting a best-fit option, districts can increase student breakfast participation and program revenues.

¹⁴ A la carte items can be defined as any food item that is not part of a reimbursable breakfast or lunch meal. These include items such as ice cream, pizza, chips, soft drinks, bottled water, and cookies. Also considered a la carte are extra items the student requests, such as an extra carton of milk, entrée, or dessert.

¹⁵ "Reimbursable meals" are those meals for which the federal government provides grant payments to the school district through states for nutritionally balanced, low-cost meals served to children eligible under the program for free and reduced meals under the National School Lunch and School Breakfast Programs.

Districts can offer catering to school-related functions. Food service departments can provide catering services for district events at a cost-plus-recovery basis. In these cases, districts charge the sponsoring organization for the cost of the food items, any extra labor costs required for food preparation and delivery, and a profit markup. In addition to increasing program revenue, an active catering service can assist the program in covering department overhead and equipment as well as provide an in-house service to the district.

Districts can consider using snack vending machines. Where district policy allows, food service programs can expand the sale of snacks in middle and high schools to hours when the cafeteria is not open by making vending machines readily accessible. Districts that adopt this option should exercise care that the snacks are nutritious and not be ready substitutes for meals. The vending machines can either be district owned and stocked, or be outsourced with a percentage of sales going to the food services program.

Some larger school districts may be able to benefit financially by negotiating single-source contracts for snack vending machines districtwide. In some cases, district food service programs may be able to receive commissions of 5% to 10% of annual vending machine proceeds. In addition, school districts may be able to negotiate an initial bonus for signing a single-source contract.

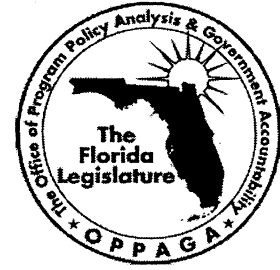
Districts should consider revising meal prices only after ensuring that the Food Service Program is efficient and effective. Due to the financial impact on families, a district should raise meal prices only after it has taken steps to minimize operating costs and has taken advantage of other opportunities to increase program revenues. However, districts should consider doing so if its best efforts have not enabled the program to become self-supporting, resulting in subsidies from resources that could otherwise be used to fund classroom instruction. Revised meal prices should ensure that the program is able to cover its costs and maintain a healthy reserve fund balance into the future.

Districts should also consider how a potential price increase would affect participation rates and, thus, overall revenue including the cash reimbursement it receives from the federal government to operate its food service program.

Agency Response ---

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Department of Education to review and respond. We met with department officials to discuss report findings, and the department chose not to submit a formal, written response.

The Florida Legislature
Office of Program Policy Analysis
and Government Accountability



OPPAGA provides performance and accountability information about Florida government in several ways.

- OPPAGA reviews deliver program evaluation, policy analysis, and Sunset reviews of state programs to assist the Legislature in overseeing government operations, developing policy choices, and making Florida government better, faster, and cheaper.
- OPPAGA PolicyCasts, short narrated slide presentations, provide bottom-line briefings of findings and recommendations for select reports.
- Florida Government Accountability Report (FGAR), an Internet encyclopedia, www.oppaga.state.fl.us/government, provides descriptive, evaluative, and performance information on more than 200 Florida state government programs.
- Florida Monitor Weekly, an electronic newsletter, delivers brief announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.
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Project supervised by David D. Summers (850/487-9257)
Project conducted by Wade Melton (850/488-6994), Don Wolf, Byron Brown, Mark Frederick, and Kent Hutchinson
Jane Fletcher, Education Policy Area Staff Director, OPPAGA
Gary R. VanLandingham, Ph.D., OPPAGA Director



No Changes Are Necessary to the State's Organization of School Nutrition Programs

at a glance

Florida's current organizational structure that divides school nutrition program functions between two state agencies is reasonable and has several advantages. The Department of Education is taking steps to resolve customer service issues reported by school districts.

Scope

As directed by the Legislature, OPPAGA reviewed Florida's school nutrition programs.¹ This report assesses the program's state-level organizational placement and addresses three questions.

- How are Florida's school nutrition programs organized, and how does this compare with other states?
- What are the advantages and disadvantages of Florida's current program structure?
- What would be the advantages and disadvantages of consolidating the school nutrition and commodity programs in Florida?

Separate OPPAGA reports assess the self-sufficiency of district school food service programs, evaluate the financial impact of implementing a statewide free breakfast program, and identify best practices for the efficient and effective operation of school district food service programs.

¹ Chapter 2008-190, *Laws of Florida*.

Background

Due to the relationship between good nutrition and student development and learning, both the federal and state governments have adopted policies for local school districts to operate school nutrition programs.²

The U.S. Department of Agriculture (USDA) administers four major school nutrition programs that support school district operations. Three of these programs—the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program—provide federal grants to the states. The Child Nutrition Commodity Program distributes food commodities to schools.³

Two state agencies have a role in administering these programs. The Florida Department of Education administers the National School Lunch, the School Breakfast, and the Summer Food Service programs.⁴ The department operates these programs through agreements with school districts

² The National School Lunch Act, as amended (42 U.S.C. 1751-1769), and the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773), and Section 1006.06, *F.S.*

³ The United States Department of Agriculture also supports other food assistance programs in Florida, including the Child and Adult Food Care Program, which is administered by the Department of Health.

⁴ Schools in the National School Lunch or School Breakfast Programs may also participate in the Special Milk Program to provide milk to children in half-day pre-kindergarten and kindergarten programs where children do not have access to the school meal programs. The Special Milk Program provides milk to children in schools and childcare institutions who do not participate in other federal meal service programs. The program partially reimburses schools for the milk they serve.

and has a significant regulatory and oversight role with respect to the programs. The department is responsible for ensuring that federal funds are properly used and that school district food service programs meet federal and state guidelines. The department also provides technical assistance to school district programs to help them comply with federal regulations, enhance operational efficiency, and improve the quality and nutritional content of meals served. The department conducts federally mandated administrative compliance reviews of school district food service programs. These activities are performed by the Food and Nutrition Management section within the Bureau of School Business Services; this bureau is located within the Office of the Deputy Commissioner for Finance and Operations. The department has allocated 45 full-time and seven part-time staff to the program.

The Florida Department of Agriculture and Consumer Services administers the commodity program, and assists districts in selecting foods that they are entitled to receive from lists of commodities purchased by the USDA. These activities are performed by 18 staff in the Bureau of Food Distribution within the Division of Marketing.

To receive federal grants and commodities through the programs, local school districts must serve meals that meet federal nutritional requirements. They must also offer free or reduced price lunches to eligible children from low-income families. Within state and federal rules, districts select menus, prepare meals, set prices and collect revenue, and manage program operations.

Questions and Answers——

How are Florida's school nutrition programs organized, and how does this compare with other states?

Florida's school nutrition programs are divided between two state agencies. The Department of Education administers the school lunch and breakfast programs and the Summer Food Service Program and ensures that these programs meet federal and state guidelines. The department develops state policies and procedures, provides training and technical assistance to district food service programs, and processes school districts' program applications and cash reimbursement

requests. The department conducts federally mandated administrative compliance reviews of school district food service programs.

The Department of Agriculture and Consumer Services administers the Child Nutrition Commodity Program, which provides food commodities purchased by the USDA directly to school districts. The department informs school districts of the types of food commodities that are available, which includes vegetable, fruit, dairy and meat products.⁵ The department also provides technical assistance to the districts in both ordering and using the commodities.

Federal law requires that state education agencies administer the school meals programs. However, federal officials report that two states, Texas and New Jersey, have sought and received federal approval to administer their school-based nutrition programs through their agricultural agency. In contrast, it is more frequent for the commodity program to be administered by the state education agency. For example, Georgia, Alabama, Mississippi, and South Carolina have each consolidated school nutrition programs within the state department of education.

What are the advantages and disadvantages of Florida's current program structure?

Florida's current practice of dividing school food nutrition program administration between the Department of Education and the Department of Agriculture and Consumer Services aligns program responsibilities with other functions of the two agencies. School districts report that they are generally satisfied with the current program structure. However, some districts report issues in working with the Department of Education, and these should be addressed.

The Department of Education provides leadership, technical assistance, and support to school districts in a wide range of educational program areas. The school nutrition program supports the Department of Education's core mission, which focuses on student achievement. The school nutrition program ensures that students receive the nutrition they need to facilitate effective learning.

⁵ Most food commodities are available in bulk quantities such as bulk packs of chicken drumsticks. However, the USDA has agreements with food processors to produce products such as chicken nuggets, so a district can obtain the commodities in more user-friendly packaging.

It is one of several non-instructional, educational support programs the department administers at the state level; others include transportation and facilities construction and management.

The current arrangement also enables the Department of Education to readily collect economic data from district food service programs, which it uses to determine district, school, and student eligibility for federal Title I funds, which are distributed to schools serving low income students. The department also uses this data to report No Child Left Behind Accountability measures to the federal government and to ensure that low income students in schools that do not meet federal accountability requirements are provided school choice options and supplemental student services.

The Department of Agriculture and Consumer Services administers the food commodity program. Placing the Child Nutrition Commodity Program within the Department of Agriculture and Consumer Services is consistent with its relationship with USDA and administration of nutrition and food marketing programs within Florida. This placement also leverages the department’s expertise in food quality, nutrition, and safety, which are key considerations in the commodity program. While the department does not have a direct role in supporting school districts, its administration of the federal commodity program also serves the Emergency Food Assistance Program, which provides emergency food and nutrition assistance to low-income Americans.

School districts are generally satisfied with the performance of the two departments in administering the programs. In September 2008, we surveyed the state’s 67 school districts to determine their level of satisfaction with the two state agencies involved in the administration of the school nutrition and commodity programs. Districts indicated general satisfaction with the performance of both agencies (see Exhibit 1). Over two-thirds of the districts’ responses indicated the districts were either satisfied or very satisfied with the performance of the Department of Education, and over 90% of the districts were either satisfied or very satisfied with the performance of the Department of Agriculture and Consumer Services.

However, survey responses from 13 school districts said the district was either dissatisfied or very dissatisfied with the performance of the Department of Education. In contrast, only one response indicated dissatisfaction with the performance of the Department of Agriculture and Consumer Services. The difference in satisfaction levels partly reflects the significant regulatory and oversight role played by the Department of Education in monitoring district program administration, whereas the Department of Agricultural and Consumer Services provides assistance to school districts in obtaining food commodities.

**Exhibit 1
School Districts Were Generally Satisfied With the Performance of the Two State Agencies**

District Response	Department of Education	Department of Agriculture and Consumer Services
Very Satisfied	22%	40%
Satisfied	46%	52%
Neutral	12%	5%
Dissatisfied	15%	2%
Very Dissatisfied	5%	0%

Source: OPPAGA analysis of survey responses.

Survey respondents cited three general areas the Department of Education’s Food and Nutrition Management Program could improve:

- responsiveness to district questions and requests for assistance;
- guidance and direction for the districts; and
- paperwork requirements.

The issues raised by survey respondents are management-oriented rather than organizational concerns. While they should be resolved, changing the program’s organizational structure would not necessarily address these concerns. Department of Education officials reported that they have taken several steps to address these issues in recent months, including personnel changes within the Food and Nutrition Management section, improvements in the training of district staff, and streamlining of paperwork. Four districts indicated that the Department of Education’s performance had improved in recent months.

What would be the advantages and disadvantages of consolidating the school nutrition and commodity programs in Florida?

If Florida were to consolidate the four school nutrition programs, the program could be placed within either the Department of Education or the Department of Agriculture and Consumer Services. The primary advantage of consolidation would be potential efficiencies resulting from placement of all of the school nutrition programs under a single agency. The primary disadvantage would be possible transitional issues related to moving a program from one agency to another, which can include the loss of experienced staff and short-term interruptions in program service. States that have consolidated programs have reported that the consolidated program works well. However, it is not clear that this step would produce substantial benefits for Florida.

Consolidating the programs within Florida's Department of Education would place all four school nutrition programs completely within the K-12 educational system. However, one issue that would need to be addressed if the programs were consolidated within the state's education agency is the placement of the Emergency Food Assistance Program, a commodity program which is not related to K-12 education. This could require separating the education and non-education components of the commodity program. Several states serve as models should Florida decide to consolidate the programs in the Department of Education. For example, Alabama administers all of the food commodity programs through its department of education, while South Carolina's Department of Education administers all of the school nutrition programs but not the Emergency Food Assistance Program. Administrators in both states indicated that housing the food distribution program within the education agency seems to work well in terms of policy making, administrative decisions, and communication among program staff.

Consolidating the programs within the Department of Agriculture and Consumer Services would take advantage of the department's food and nutrition mission and expertise. Officials in Texas and New Jersey indicated that consolidating the federal

programs into their agriculture departments had provided two primary benefits. First, it improved coordination between the various programs. Second, the officials said that consolidating the programs within the agriculture agency had increased program visibility and administrative support by functioning within a smaller agency, rather than as a non-curriculum program within the larger state education agency.

Officials in both Texas and New Jersey indicated that the primary disadvantage of consolidation was that it created transitional issues during the transfer. For example, when consolidation was being discussed, several Department of Education staff became concerned about the future of their positions and took other employment. As a result, after the transfer the Department of Agriculture had to hire new employees who were unfamiliar with the program, contributing to interruptions in the delivery of program services. In addition, a former USDA official familiar with the two states indicated that some school districts have found consolidation challenging because they had to report to and be responsive to the requirements of both state agencies.

Another challenge to consolidating school nutrition programs within the agricultural agency is that it could create either data sharing and/or duplicate data reporting issues. Federal regulations protect the privacy of student records, and school districts and the Department of Education are generally restricted from disclosing this data and must establish safeguards set up to protect this information. Thus, if the programs were transferred to the Department of Agriculture and Consumer Services, sharing of student enrollment and related information, which the agency would need for activities such as determining school-level participation rates, would need to be addressed. In addition, steps would need to be taken to ensure that school districts would not be required to provide duplicate data to both state agencies.

While these two consolidation models would be feasible in Florida, we found no compelling reason to change the current structure of Florida's school nutrition programs. The current structure aligns key program activities with the core missions of state agencies, and changing the structure would

not produce identifiable cost savings or other substantial benefits. Furthermore, transferring programs and functions from one agency to another would likely result in at least short-term disruptions in services to school districts.

Agency Response —————

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Department of Education and the Department of Agriculture and Consumer Services to review and respond. Both written responses have been reprinted herein in Appendix A.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

Florida Monitor: www.oppaga.state.fl.us

Project supervised by David D. Summers (850/487-9257)

Project conducted by Byron Brown (850/487-9215), Wade Melton, Kent Hutchinson, Mark Frederick, and Don Wolf
Jane Fletcher, Staff Director, Education Policy Area
Gary R. VanLandingham, Ph.D., OPPAGA Director

Appendix A

FLORIDA DEPARTMENT OF EDUCATION



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Commissioner of Education



January 15, 2009

Dr. Gary R. VanLandingham
Director, Office of Program Policy Analysis
and Government Accountability
Claude Pepper Building
111 West Madison Street, Room 312
Tallahassee, Florida 32399

Dear Dr. VanLandingham:

This memorandum provides the Department of Education's response to the revised draft report, "No Changes Are Necessary to the State's Organization of School Nutrition Programs."

We would like to expand on some of the points made in this report, including the relative size, complexity, and scope of responsibility for the programs administered by the Department of Education (DOE).

It is important to recognize that DOE currently administers and regulates four large and complex programs (National School Lunch Program, School Breakfast Program, Summer Food Service Program, and Special Milk Program) which provide more than \$600 million in federal funding. DOE is responsible for all programmatic oversight and regulation including, but not limited to, approval of applications, reimbursement of claims (and associated fiscal management), data collection and analysis, technical assistance and training, monitoring of program compliance, and enforcement of statutory and regulatory requirements.

Dr. Gary R. VanLandingham
January 15, 2009
Page Two

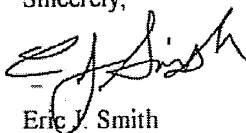
The findings and related recommendations contained in this report rely heavily on a survey designed to assess satisfaction of school districts with the services provided by DOE. Prior to receiving the results of this survey, DOE had already taken additional steps to address the issues raised by the survey results. Among those are:

- Provision of additional and systematic guidance through a series of policy memoranda and associated training.
- Increasing availability of and capacity for training through WebEx and other distance learning modalities.
- Reduction of paperwork and redundancies for districts, for example, establishment of one agreement between the district and DOE to cover all programs; changes in menu review requirements; simplification of production records and the renewal process; and reorganization of program staff to provide a single point of contact for all programs.
- Increasing flexibility for districts, for example, allowing alternate locations for Point of Service and providing for alternate methods of recording participation.
- Streamlining processes for districts by continuing to upgrade and enhance the capabilities of the Child Nutrition Program (CNP) Data Processing System.

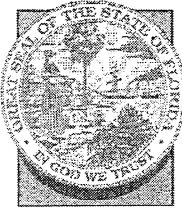
Because the DOE has established and nurtured an extensive network of support for school districts in areas such as finance, transportation, reporting, and federal grants management; it is uniquely positioned to provide the intensive kinds of program oversight, administration, assistance, and compliance support required for school nutrition programs.

We appreciate the opportunity to respond to this draft report. Please let me know if you need additional information or clarification.

Sincerely,



Eric J. Smith
Commissioner



Florida Department of Agriculture and Consumer Services
CHARLES H. BRONSON, Commissioner
The Capitol • Tallahassee, FL 32399-0800
www.doacs.state.fl.us

Please Respond to:

January 6, 2009

Gary R. VanLandingham, Director
Office of Program Policy Analysis and Government Accountability
Claude Pepper Building, Room 312
111 West Madison Street
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

The following comments are provided in response to your review of the organizational placement of Florida's School Nutrition Program including the Department of Agriculture and Consumer Services.

We concur with your conclusion that there is no compelling reason to change the current organizational structure of the Florida's school nutrition programs. We agree that the current structure aligns key program activities with the core missions of state agencies, and that consolidating these programs would produce minimal benefits while creating the potential for transitory disruptions in the services provided to school districts.

We are pleased that the report acknowledges the high level of satisfaction achieved through the efforts of the Department of Agriculture and Consumer Services in their administration of the commodities component of the school nutrition program. We will continue to work diligently to provide exemplary service and assistance to Florida schools.

Our Department appreciates the interest and efforts of your staff and the professionalism they exhibited in helping improve the operations of state government.

Sincerely,

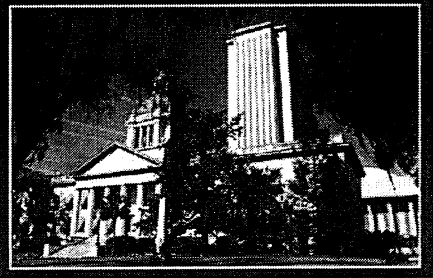
A handwritten signature in cursive script that reads "Charles H. Bronson".

CHARLES H. BRONSON
COMMISSIONER OF AGRICULTURE

CHB/gb



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School Districts' Food Service Programs Generally Are Not Financially Self-Sufficient

at a glance

The financial condition of the state's school district food service programs is mixed. Although most programs have positive fund balances, almost one half have experienced significant declines in these reserves in recent years and current levels may not be sufficient to cover unforeseen expenses or revenue shortfalls. In addition, fund balances often overstate the financial status of food service programs because most school districts do not charge the programs for all indirect and support costs, and many school districts use general funds to subsidize their food service programs.

Several factors affect meal prices including meal costs, federal reimbursement revenue, levels of student participation, federal commodities, and a la carte sales. Over the past five-year period, about two-thirds of school districts have raised meal prices to cover rising costs. On average, meal prices and meal costs increased by similar rates.

The current methodology used to allocate state general revenue funds to support school district food service programs does not provide incentives to promote fiscal efficiency. If the Legislature continues current funding levels, it could change the methodology to better meet Legislative objectives.

Scope

As directed by the Legislature, OPPAGA reviewed Florida's school nutrition programs.¹ This report assesses program finances and addresses three questions.

- Are school district food service programs fiscally self-sufficient?
- How do meal prices relate to meal costs, and how have prices changed over the last five years?
- Does the current methodology used to allocate state funds to school district food service programs create incentives for fiscal efficiency?

Separate OPPAGA reports assess the state-level organizational placement of school nutrition programs, evaluate the financial impact of implementing a statewide universal-free breakfast program, and identify best practices for the efficient and effective operation of school district food service programs.

Background

In recognition of the relationship between good nutrition and the capacity of students to develop and learn, it is the policy of both the state and federal government for local school authorities to establish and maintain food service programs to meet the nutritional needs of children.²

¹ Chapter 2008-190, *Laws of Florida*.

² The National School Lunch Act, as amended (42 U.S.C. 1751-1769), and the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773), and s. 1006.06, *F.S.*

The U.S. Department of Agriculture (USDA) administers four major school nutrition programs that support school district operations. Three of these programs, the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program, provide federal grants to the states.³ The Child Nutrition Commodity Program distributes food commodities to schools.⁴

These programs provide financial assistance to school districts through cash reimbursements for each meal served and allocations of USDA commodities for each lunch served. In return, the school districts must serve meals that meet federal nutritional requirements and school districts must offer free or reduced price lunches to eligible children. School districts can also be reimbursed for snacks served to children through age 18 in after school programs.

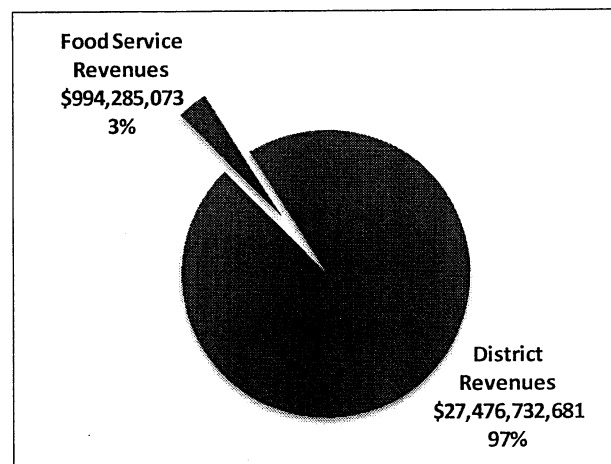
Two state agencies have a role in administering the programs. The Department of Education administers the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program. The department operates these programs through agreements with school districts. The Florida Department of Agriculture and Consumer Services administers the commodity program and assists school districts in selecting foods that they are entitled to receive from lists of commodities purchased by the USDA.

School districts (governed by locally elected school boards) are responsible for local program administration. Within state and federal rules, school districts select menus, prepare meals, set prices, collect revenue, and manage program budgets. School district food service programs face competing pressures. They seek to operate

efficiently as self-supporting units to avoid the need for school districts to subsidize their operations with funds that otherwise could be used in the classroom. However, the programs also are under pressure to keep meal prices low, and federal regulations prohibit the programs from generating profits.⁵ Ideally, food service programs can build up cash reserves within federal limits and operate on a breakeven basis over time.

Food service revenues account for a small part of school district's overall budgets. For Fiscal Year 2006-07, the most recent year for which complete data was readily available during our fieldwork, school districts reported that their total revenues from all governmental funds were \$28.5 billion.⁶ As shown in Exhibit 1, food service programs accounted for approximately 3% (\$994 million) of the school district revenues.

Exhibit 1
In Fiscal Year 2006-07, Food Service Programs Accounted for 3% of School District Revenues



Source: *Financial Profiles of Florida School Districts, 2006-2007 Financial Data Statistical Report*, May 2008, Florida Department of Education.

³ Schools in the National School Lunch or School Breakfast Programs may also participate in the Special Milk Program to provide milk to children in half-day pre-kindergarten and kindergarten programs where children do not have access to the school meal programs. The Special Milk Program provides milk to children in schools and childcare institutions who do not participate in other federal meal service programs. The program partially reimburses schools for the milk they serve.

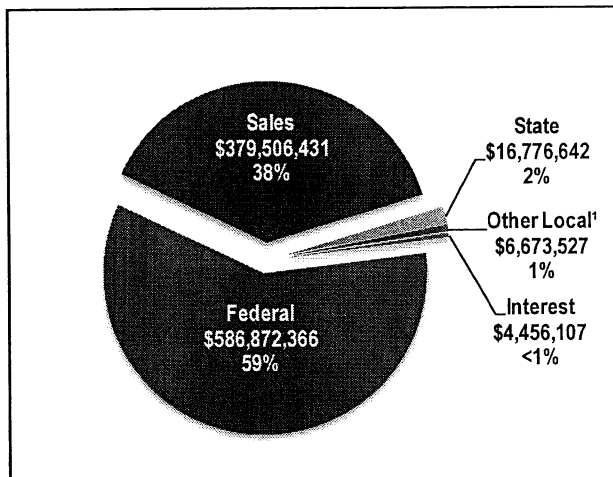
⁴ USDA also supports other food assistance programs in Florida including the Child and Adult Care Food Program, which is administered by the Department of Health.

⁵ Title 7 Section 210.9(b)(2), *Code of Federal Regulations*, limits food service programs' net cash resources to an amount that does not exceed three months average expenditures for its nonprofit school food service or such other amount as may be approved in accordance with § 210.19(a).

⁶ This report includes only the 67 school districts included in the department's school district financial profile revenue and expenditure reports and electronic annual financial report data (form ESE348) and therefore excludes entities such as the developmental research (laboratory) schools and charter schools.

While most (91%) school district revenues shown in Exhibit 1 were derived from state and local sources in Fiscal Year 2006-07, over one half (59%) of the food service revenues were from federal sources. As shown in Exhibit 2, food sales provided over one-third of program revenues, with funds from state sources representing only 2% of total revenues.^{7,8}

Exhibit 2
In Fiscal Year 2006-07, Federal Funds Accounted for 59% of Food Service Revenues



¹ Other local sources included revenues from gifts, grants, bequests, and other miscellaneous sources.
 Source: *Financial Profiles of Florida School Districts, 2006-2007 Financial Data Statistical Report*, May 2008, Florida Department of Education.

For Fiscal Year 2008-09, the federal government reimbursed Florida school districts up to \$1.68 for each breakfast served, up to \$2.59 for each lunch served, and \$0.71 for each after school snack served to children participating in the National School Lunch and School Breakfast Programs.⁹ This reimbursement rate is adjusted

annually for inflation.¹⁰ School districts also received commodities with an average minimum value of \$0.21 for each reimbursable lunch served in Fiscal Year 2008-09.

Are school district food service programs fiscally self-sufficient?

The financial condition of the state's school district food service programs is mixed. We examined five indicators of the programs' fiscal condition: their current fund balances, the level of these financial reserves, changes in fund balances over the past five years, whether the school districts have transferred general funds into their food service programs, and whether the programs are fully self-supporting. While most school districts have positive fund balances, almost one-half have experienced significant declines in fund balances in recent years and current reserve levels may not be sufficient to cover unforeseen expenses or revenue shortfalls. Twenty-one school districts transferred general funds into their food service programs during Fiscal Year 2006-07, which reduced funds available to meet other school district needs. Furthermore, the positive fund balances of many programs overstate their financial status because the food service programs do not pay all indirect and support costs that could be reasonably attributed to their programs. Instead these costs are paid by school district funds that otherwise could be used for instructional purposes.

Most school district food service programs had positive fund balances. Most (64 of 67) of the state's school district food service programs had positive fund balances for Fiscal Year 2006-07.¹¹

⁷ Food sales includes student and adult (e.g., school administrators, teachers, and parents) fees charged for meals served and revenue generated by selling a la carte foods that are sold separately from the school meal programs.

⁸ About one-half (\$9,165,197) of the state revenues are state required matching funds. Title 42 U.S.C. 1756, generally requires states to annually provide revenues for the operation of the National School Lunch Program of not less than 30% of a portion of the federal reimbursements they received for the school year beginning July 1, 1980. The remaining state revenues are appropriated to supplement the breakfast program and to offset the cost of school cafeteria health inspections.

⁹ Federal reimbursement rates vary depending on the type of meal served, the economic status of the student, and the economic

status of the school's student population.

¹⁰ School lunch and breakfast reimbursement rates are adjusted annually by law to reflect the programs' operating expenses as indicated by the change in the Food Away From Home Series of the Consumer Price Index for all Urban Consumers, published by the Bureau of Labor Statistics of the U.S. Department of Labor.

¹¹ OPPAGA used the Department of Education's annual financial report data as it was the only complete and readily available source for school district food service program financial account information. Annual financial report data provided by the Department of Education is unaudited. Therefore, OPPAGA used beginning fund balances to reflect prior year fund balances as these figures are more likely to include audit adjustments, if any.

Fund balances are an indicator of a food service program’s self sufficiency in that a positive fund balance indicates that the program’s revenues over time have exceeded its expenditures. Positive fund balances ranged from a low of \$2,892 in Holmes to a high of \$18,133,960 in Palm Beach, with a median fund balance of \$590,376. However, two school districts (Collier and Indian River) reported negative fund balances, while one school district (Baker) reported a fund balance of \$0.

More than one-third of programs have limited reserves. The magnitude of the fund balance in relation to annual program expenditures indicates a food service program’s financial position because it shows the program’s ability to cover large unforeseen expenditures. While there are no legal requirements for the size of fund balances, a reserve of 5% of annual expenditures provides reasonable flexibility in meeting unforeseen expenses.

As shown in Exhibit 3, the fund balances of 25 school district food service programs were below this threshold. These programs would be more likely to need to borrow funds or obtain financial assistance from their school districts’ general funds in the event of a large shortfall or financial emergency.

**Exhibit 3
Over One-Third of the Food Service Programs Had Limited Fund Balances in Fiscal Year 2006-07**

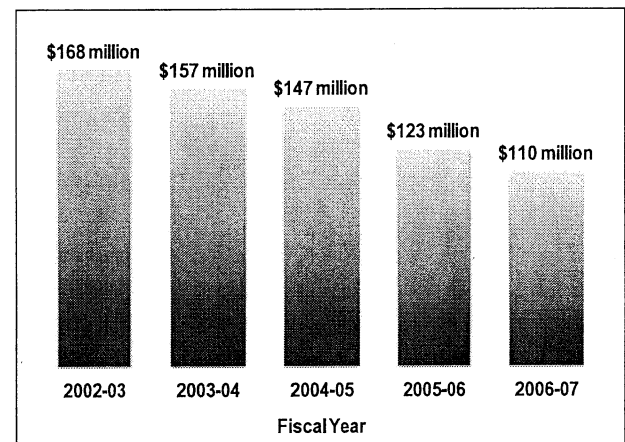
School Districts With Food Service Fund Balances Below 5% of Annual Expenditures		
Baker	Hendry	Orange
Broward	Highlands	Sarasota
Collier	Hillsborough	Suwannee
Duval	Holmes	Taylor
Franklin	Indian River	Wakulla
Gadsden	Jackson	Walton
Gilchrist	Madison	Washington
Gulf	Miami-Dade	
Hardee	Monroe	

Source: Department of Education annual financial report data and OPPAGA analysis.

Statewide, food service program fund balances have declined considerably in recent years.

As shown in Exhibit 4, school district food service fund balances statewide declined from \$168 million for Fiscal Year 2002-03 to \$110 million for Fiscal Year 2006-07, a net decline of \$58 million, or 35%.

**Exhibit 4
School District Food Service Program Fund Balances Declined 35% Since Fiscal Year 2002-03¹**



¹ Annual financial report data provided by the Department of Education is unaudited. Therefore, OPPAGA used beginning fund balances to reflect prior year ending fund balances as these figures are more likely to include audit adjustments, if any.

Source: Department of Education annual financial report data and OPPAGA analysis.

As shown in Exhibit 5, over one-half (37 of 67) of school districts experienced an overall decrease in their fund balances during this period. Most (32) of these school districts had balances that declined at least 25%, and 10 school district programs experienced fund balance declines each year over the period.¹² If this trend continues, over time many of these school districts might drain their existing program reserves and have to borrow funds or obtain financial assistance from school district general funds to continue to operate.

In contrast, 30 school districts experienced growth in their food service fund balances. Twenty-two of the school districts experienced growth that exceeded 25%.

¹² Baker, Broward, Collier, DeSoto, Dixie, Indian River, Lee, Madison, St. Lucie, and Taylor county school districts’ fund balances declined each year from 2002-03 through 2006-07.

**Exhibit 5
Changes in Beginning Fund Balances Mixed Between Fiscal Years 2002-03 and 2006-07**

Decrease in Fund Balance			Increase in Fund Balance			
Greater Than 25%			Less Than 25%	Less Than 25%	Greater Than 25%	
Baker	Glades	Martin	Citrus	Alachua	Brevard	Marion
Bay	Gulf	Miami-Dade	Columbia	Clay	Calhoun	Nassau
Bradford	Hamilton	Monroe	Putnam	Escambia	Charlotte	Orange
Broward	Hardee	Okaloosa	Union	Flagler	Hernando	Pasco
Collier	Hendry	Sarasota	Volusia	Levy	Jackson	Pinellas
DeSoto	Highlands	St. Lucie		Okeechobee	Jefferson	Polk
Dixie	Hillsborough	Suwannee		Osceola	Lafayette	Santa Rosa
Duval	Holmes	Taylor		Palm Beach	Lake	Seminole
Franklin	Indian River	Wakulla			Leon	St. Johns
Gadsden	Lee	Washington			Liberty	Sumter
Gilchrist	Madison				Manatee	Walton

Source: Department of Education annual financial report data and OPPAGA analysis.

The depletion of food service program fund balances appears to be more of a problem for the state’s smallest school districts. Approximately two-thirds of the state’s small school districts (those with fewer than 20,000 students) had declining fund balances in the past four years. In comparison, only 38% of the larger school districts experienced declines over the same period.

Over one-third of school districts have transferred general funds to subsidize the food service program. As shown in Exhibit 6, 25 school districts indicated that they had transferred general funds at least once to subsidize their food service program between Fiscal Years 2002-03 and 2006-07. Twenty-one school districts reported making such transfers during the 2006-07 fiscal year.¹³ While these transfers were often necessary to prevent food services fund balance from becoming negative, these actions reduced the money available to the school districts to meet other educational needs. In Fiscal Year 2006-07, general fund transfers ranged from a low of \$24,959 in Sumter to a high of \$505,000 in Monroe.

**Exhibit 6
One-Third of School Districts Used General Funds to Subsidize the Food Service Program at Least Once Between Fiscal Years 2002-03 and 2006-07**

General Funds Used to Subsidize Food Service Program		
Baker	Hendry	Miami-Dade
Calhoun	Hillsborough	Monroe
Duval	Holmes	Okaloosa
Franklin	Indian River	Sumter
Gadsden	Jackson	Suwannee
Gilchrist	Lafayette	Wakulla
Glades	Levy	Walton
Gulf	Liberty	Washington
Hamilton		

Source: OPPAGA school district survey results.

Food service program fund balances may overstate their financial strength. Most school district food service programs do not pay all indirect and support costs that could be reasonably attributed to their programs. Thus, their reported fund balances overstate the financial condition of their food service programs.

¹³ As part of this review, OPPAGA surveyed all 67 school districts.

The federal government has established an indirect cost allocation option that is intended to help school districts allocate costs for general services such as personnel, recruiting, accounting, and computer processing across all federal programs, including the National School Lunch Program.^{14, 15} Using this rate, while not required by the federal government, helps ensure that programs pay a fair share of school district operating costs. The allowable indirect cost rate varies by school district; in 2006-07, the approved rate ranged from 0.82% in Jefferson to 6.2% in Holmes.

When asked if they applied the federal indirect cost rate to their food service program in Fiscal Year 2006-07, 29 school districts responded that they did not (see Exhibit 7).¹⁶ Based on their reported expenses and federal indirect cost rates, these school districts could have charged indirect costs totaling \$3.7 million for Fiscal Year 2006-07 which would have further reduced their fund balances.

Furthermore, most school districts did not allocate all other support costs to their food service program. In addition to the federal indirect cost rate, school districts may charge food service programs for other direct support expenses such as electricity and other utilities, trash removal, and warehousing. School districts are not required to charge their food service programs for the costs of

these services. However, when these costs are not allocated, financial reports understate true program costs and school districts may make erroneous conclusions about their program's self-sufficiency.

**Exhibit 7
Twenty-Nine School Districts Reported Not Charging Indirect Costs to Their Food Service Programs in Fiscal Year 2006-07**

School Districts		
Baker	Gulf	Nassau
Bradford	Hamilton	Polk
Calhoun	Hendry	Sarasota
Columbia	Hernando	Suwannee
Desoto	Jefferson	Taylor
Dixie	Leon	Union
Duval	Levy	Wakulla
Gadsden	Liberty	Walton
Gilchrist	Madison	Washington
Glades	Monroe	

Source: OPPAGA school district survey results.

As shown in Exhibit 8, school districts often do not charge for one or more support services. Most school districts (50) reported that they did not charge their food service programs for janitorial services, and 41 did not charge for water and sewer utilities at school sites. In contrast, most school districts (50) did charge specific transportation costs to food service programs, and approximately one half charged for trash removal, warehouse storage, and pest control. Estimating some support costs can be complicated; for example, schools might not have a separate electric meter for the cafeteria. However, school districts can develop methods for allocating a portion of school or overall school district electricity bills so that food services programs pay their estimated contribution to these expenses.

¹⁴ Title 34 Section 76.560 through 76.563, *Code of Federal Regulations*, provides that each state educational agency, on the basis of a plan approved by the U.S. Department of Education Secretary, shall approve an indirect cost rate for each school district that requests it to do so.

¹⁵ Indirect costs are those costs of general management that are agency wide. General management costs consist of expenditures for administrative activities necessary for the general operation of the school district (e.g., accounting, budgeting, payroll preparation, personnel management, purchasing, and centralized data processing). The standardized method for distributing these indirect costs to programs is referred to as the indirect cost rate. State Board Rule 6A-7.0411(2)(k), *F.A.C.*, limits the amount of funds recovered annually for food service indirect costs to the school district's approved restricted federal indirect cost rate, multiplied by the total food service fund expenditures less expenditures for capital outlay, replacement of equipment, and USDA food commodities and cash-in-lieu of food commodities.

¹⁶ One additional school district (Osceola County) does not charge indirect costs because the food service program performs all general management activities that would generally be classified as indirect costs.

**Exhibit 8
Most School Districts Did Not Allocate All Other
School District Support Costs to the Food Service
Program in Fiscal Year 2006-07**

Food Service Programs Charged for Other School District Support			
Service	Yes	No	NA ¹
Janitorial Services	17	50	0
School Site Utilities	26	41	0
School Site Electricity	28	39	0
Pest Control	32	35	0
Trash Removal	34	33	0
Warehouse Storage	33	30	4
Transportation	50	16	1

¹ NA=Not applicable because the district does not incur any costs in the category area surveyed.

Source: OPPAGA school district survey results.

As is the case with the federal indirect cost rate, school districts that do not assess all direct support costs to their food service programs tend to overstate the financial condition of the programs. School district food service program fund balances would have been lower if all reasonable costs had been charged to these programs.

How do meal prices relate to meal costs, and how have prices changed over the last five years?

Meal costs are one of several factors that determine how much a school district charges for breakfast and lunch meals. Other factors include federal cash reimbursement revenue, levels of student participation, value of commodities, and amount of a la carte sales. Over the past five years, about two-thirds of school districts have raised meal prices between 12% and 16%. During this same period estimated school district meal costs increased by similar rates.

Several factors affect meal prices. School districts balance several factors when deciding whether and how much to increase meal prices. These factors include meal costs, federal cash reimbursement revenue, the value of commodities, anticipated changes in student

participation and a la carte food sales, and school district financial support for the food service program.

Meal costs have increased in recent years. According to Department of Education data, these costs increased by an average of 14% over the past five years (2002-03 to 2006-07 school years).¹⁷ This increase reflects changes in food and labor costs, which rose by about 13% over this period.¹⁸

School districts received increased federal funding to help offset this increase. Federal subsidies represent the largest source of revenue for school district food service programs and the amount reimbursed for students receiving free meals increased by about 12% over the five-year period. In Fiscal Year 2006-07, the total federal subsidy for students receiving a free lunch (\$2.57 per lunch) exceeded the estimated average meal cost (\$2.51 per lunch) by an average of \$0.06 per lunch meal (based on the Department of Education’s calculated average cost per lunch meal served).

The total federal subsidy includes the value of commodities. In Fiscal Year 2006-07, the average minimum value of commodities was \$0.17 for each reimbursable lunch served. These subsidies enhance program offerings and help districts keep meal prices down.

School districts may also cover increased food costs by increasing the prices charged for meals and a la carte foods, but often do so only as a last resort due to resistance from students and parents. School districts must consider whether higher meal prices will result in lower sales. Raising meal prices may result, at least initially, in lower revenues as students may begin to bring their lunches rather than eating school food service meals at the cafeteria.¹⁹

¹⁷ The Department of Education estimates meal costs using a per meal cost calculation worksheet that distributes school meal expenditures across the number of meal equivalents served (school meals and sales converted to lunch equivalents).

¹⁸ This increase is based on the Food Away From Home series of the Consumer Price Index for All Urban Consumers.

¹⁹ Chapter 2008-190, *Laws of Florida*, provides that beginning with the 2009-10 school year, each school district must annually set

Some school districts may be able to avoid having to raise meal prices by absorbing at least some food service program costs or by transferring monies from the school district's general fund to underwrite the food service program. While these actions may help school districts from having to increase meal prices, they may require the use of funds which could otherwise be spent in the classroom.

Meal prices vary across school districts, with lowest prices charged to elementary students.

In the 2006-07 school year (the most recent year for which both meal price and cost data were available from the Department of Education during our fieldwork), most school districts charged between \$1.25 and \$2.35 for school lunches. In general, elementary schools charged the lowest average student lunch prices at \$1.55 per meal, while middle and high schools had higher student lunch prices at \$1.81 and \$1.84 per meal, respectively (see Exhibit 9).

**Exhibit 9
For Fiscal Year 2006-07, School District Lunch Prices Varied by Level of School**

Price	Elementary	Middle	High
Range	\$1.25-\$2.00	\$1.25-\$2.35	\$1.45-\$2.35
\$1.01-\$1.50	37	13	12
\$1.51-\$2.00	30	48	48
\$2.01-\$2.50	0	6	7
Average	\$1.55	\$1.81	\$1.84

Source: Department of Education school district reported meal prices and OPPAGA analysis.

Statewide, average meal prices and reported meal costs have increased by similar rates.

From 2002-03 to 2006-07, average meal prices and meal costs have increased by similar rates. During this period, school district breakfast and lunch prices increased on average about 16% and 13%, respectively. During the same period, reported meal costs increased an average of 14%.

prices for breakfast meals at rates that, combined with federal reimbursements, are sufficient to defray costs of school breakfast programs without requiring allocations from the district's operating funds, except if the district school board approves lower rates.

During these five years, 46 school districts raised school lunch prices while 31 raised breakfast prices. As shown in Exhibit 10, the average price increase for lunch ranged from \$0.26 in elementary schools to \$0.31 in middle schools, while the average breakfast price increased between \$0.22 in elementary schools and \$0.23 in middle and high schools.

**Exhibit 10
Elementary School Meal Prices Increased the Least Between Fiscal Years 2002-03 and 2006-07**

School Level Meal Type	Average Price Increase From 2002-03 to 2006-07 ¹	Number of School Districts Increasing Prices
Elementary Schools		
Lunch	\$0.26	45
Breakfast	0.22	31
Middle Schools		
Lunch	\$0.31	44
Breakfast	0.23	28
High Schools		
Lunch	\$0.30	46
Breakfast	0.23	28

¹ The average price increase is for those school districts that increased prices.

Source: Department of Education school district reported meal prices and OPPAGA analysis.

In their survey responses to OPPAGA, most school districts (49) reported increasing their student meal prices, while 57 increased prices for a la carte foods in the 2008-09 school year to address rising food costs. Most school districts (55) also reported that they modified their menus to reduce meal costs.

Does the current methodology used to allocate state funds to school district food service programs create incentives for fiscal efficiency?

The current allocation methodology does not provide incentives to promote efficiency but instead provides incentives to maximize student participation in the federal free and reduced price school nutrition programs. The federal government requires states to distribute state

matching funds to school districts. The Florida Department of Education distributes matching funds as well as the state's breakfast supplement to school districts based on student participation in the programs. However, the Legislature could modify the department's allocation methodology for matching funds, the breakfast supplement, and/or inspection funds to influence school district food service programs to meet state policy objectives.

The methodology used to distribute the \$16.9 million appropriated by the Legislature varies by program component. For Fiscal Year 2008-09, the Legislature appropriated approximately \$16.9 million in general revenue funds to school district food service programs. About \$9.2 million (54%) of the appropriation was used to satisfy federal matching requirements associated with the National School Lunch Program. The remaining funds were provided mainly to support a 1989 legislative initiative that breakfast be available at all elementary schools; a small amount was used to help school districts pay for required health inspections of their food preparation and storage areas. The Department of Education has developed different procedures to allocate the appropriation among the program's three components.

The Lunch Allocation. The \$9,165,197 allocation used to satisfy the federal matching fund requirement is referred to as the lunch allocation. The federal government requires that the state matching funds be provided to school districts for food service operations. The department distributes this allocation to school districts based on their total dollar value of claims submitted for reimbursement of free and reduced lunch meals, breakfast meals, and snacks. This allocation method provides an incentive for school districts to encourage families of students eligible for free and reduced price meals to participate in these programs. The amount of required state matching is set by the USDA each year.²⁰

²⁰ This fixed base amount is not less than 30% of the funds received by the states under Section 4 of the National School Lunch Act as of the school year beginning July 1, 1980, and subject to

The Breakfast Allocation. This allocation totals \$7,590,912 for Fiscal Year 2008-09 and was initiated by the Legislature in 1989 to encourage and later to require breakfast availability in all elementary schools. The funding amount is prorated to school districts based on the number of free and reduced elementary breakfast meals they claim for reimbursement. This funding method provides an incentive for school districts to encourage families of students eligible for free and reduced price meals to participate in the breakfast program.

The Inspection Allocation. This allocation is \$129,937 for Fiscal Year 2008-09. It is allocated to school districts based on each school district's proportionate share of the statewide cost for sanitary inspections of school food preparation and storage areas.²¹

The Legislature could modify the allocation methodology. The Legislature could consider altering the funding allocation methodology to pursue other policy goals, such as encouraging school districts to maximize the efficiency of their food service programs and/or to avoid subsidizing these programs with funds that otherwise could be used to support classroom operations. Several possible options, and their advantages and disadvantages, are presented below.

- **Option 1 – Create an incentive to maximize program efficiency.** In this option, the Legislature would direct the Department of Education to allocate a portion of appropriated funds based on each school district's performance on efficiency measures such as meals per labor hour or average food costs per meal served.²² However, using

adjustment relative to Florida's per capita income compared to the national average. The \$9,165,197 cited above is the requirement for School Year 2008-09.

²¹ Although documentation could not be found, interview testimony indicates that this allocation moved to the Department of Education in Fiscal Year 1994-95 when the then Florida Department of Health and Rehabilitative Services was abolished and its functions were split among several agencies.

²² This option might result in the unintended consequence of school districts using less costly, lower quality food items to reduce their per meal costs which could affect student participation.

these types of measures to allocate funds could result in penalizing small school districts that might have difficulty achieving economies of scale. To address this issue, the Legislature could direct the department to create a supplemental allocation for small school districts when distributing the funds.

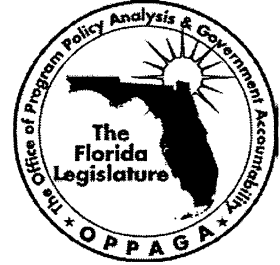
- **Option 2 – Provide funding for innovative programs.** In this option, the Legislature would direct the Department of Education to set aside a portion of the appropriation for those school districts that implement innovative programs such as “Breakfast in the Classroom” or “Breakfast on the Bus” programs. To do so, the department could distribute the appropriation based on a formula that includes all revenue for breakfasts, including free, reduced price, and full price meals. This option would provide an incentive for expanding breakfast to all students who may not have eaten at home, not just those eligible for free and reduced price breakfast. However, it would reduce funding available for other school districts unless the Legislature chose to increase the overall appropriation.
- **Option 3 – Eliminate funding for school breakfasts and inspections.** Given the state’s budget crisis, the Legislature could eliminate state funding for the breakfast and inspection allocations, which accounted for \$7.7 million (46%) of the state’s \$16.9 million appropriation to school district food service programs in Fiscal Year 2008-09. Eliminating state funding for these allocations would preserve the required state match and would not endanger federal funding. However, it would likely have an adverse impact on the financial condition of school district food service programs, could result in school districts taking additional actions to reduce program costs such as modifying menus for both lunch and breakfast meals, and could result in districts raising their meal prices.

Option 4 – Create an incentive for school districts to allocate all costs to their food service programs. Currently school districts have great flexibility in determining which costs should be charged to their food service programs and in using general funds to subsidize the program. To encourage school districts to account for all program costs and avoid subsidizing programs with funds that could otherwise be used in the classroom, the Legislature could direct the Department of Education to require school districts to identify and charge all reasonably identifiable food service costs incurred by the school district to their food service program, and to allocate a portion of the appropriation to those school districts that operate on a full cost-recovery basis. The Legislature could also direct the department to develop a methodology to assist districts in estimating these costs, when necessary. The primary advantage of this option is that it would give clear guidance to school districts on where to report these costs in their financial accounting systems and provide more uniform reporting statewide. The primary disadvantage is that it would restrict the ability of school districts to take local conditions into account when allocating available funds. It would also require school districts to amend their accounting procedures and establish cost allocation methodologies and procedures.

Agency Response ---

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Department of Education to review and respond. We met with department officials to discuss report findings, and the department chose not to submit a formal, written response.

The Florida Legislature
Office of Program Policy Analysis
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Providing a Free Breakfast to All Public School Students Would Be Costly for Most School Districts

at a glance

Most public schools make breakfast available to students, but on average only 21% of students participate. Establishing a free breakfast program serving all students could increase participation but would be costly to implement. The cost of implementing a free breakfast program would exceed breakfast revenues for most district school food service programs. We estimate that the revenue shortfalls of these districts would total \$33 million to \$69 million for the 2010-11 school year. However, such a program could be implemented within projected revenues in many districts' high poverty schools in which 80% or more of students are eligible for free or reduced price meals. Available federal reimbursements, commodities, and state general revenue for these schools would meet or exceed the costs of providing breakfast meals.

Scope

As directed by the Legislature, OPPAGA reviewed Florida's school nutrition programs.¹ This report assesses the feasibility of implementing a free breakfast program in all Florida public schools and addresses four questions.

- To what extent is breakfast available in Florida public schools?

- What revenues are available to fund school breakfast programs in Florida?
- What costs are incurred to produce school breakfast meals?
- What is the estimated cost to implement a free breakfast program for all students?

Separate OPPAGA reports assess the state-level organizational placement of school district school nutrition programs, evaluate the self-sufficiency of school district nutrition programs, and identify best practices for the efficient and effective operation of school district food service programs.

Background

As part of school nutrition programs, Congress authorizes states to use federal funds to provide breakfast to students. Several studies have linked nutritious breakfast to improved dietary status and academic performance. The School Breakfast Program provides funding to enable school districts to make breakfast available in all schools where it is needed to provide adequate nutrition for children in attendance.

However, national participation in the School Breakfast Program by children from low-income households is lower than these students' participation in the National School Lunch Program. The U.S. Department of Agriculture (USDA) attributes this to several factors, including a perceived stigma that associates school breakfast

¹ Chapter 2008-190, *Laws of Florida*.

participation with poverty. One approach to increasing participation in the School Breakfast Program is to offer free breakfast to all students, regardless of their household's ability to pay for the meal.

Proponents for offering free breakfast programs (typically called universal-free breakfast) assert that it would result in more children consuming a nutritious breakfast and beginning the school day ready to learn. Proponents contend that offering breakfast to all students would eliminate the program's stigma and therefore would increase students' breakfast participation rates. Proponents also assert that the costs of implementing universal-free breakfast could be covered by the additional federal funding school districts would receive through increased participation by students eligible for free and reduced meals.^{2,3}

However, some recent studies have questioned the value and financial feasibility of implementing universal-free breakfast programs. In 2004, the USDA Food and Nutrition Service reported that the availability of universal-free breakfast significantly increased school breakfast participation but had little impact on other outcomes including academic achievement test scores, attendance, tardiness, health, and discipline. The USDA study also reported that although participating students were more likely to consume a nutritional breakfast there was almost no difference in their average food and nutrient intake over the course of the day.⁴ In addition, an analysis conducted by the Florida Department of Education in May 2008 indicated that Florida school districts may not have sufficient revenue to

offset the cost of providing a statewide universal-free breakfast program.⁵

School breakfast programs operate under guidelines established by the USDA Food and Nutrition Service. The Florida Department of Education enters into an agreement with the USDA to oversee the program within the state and is responsible for providing technical assistance to school districts, monitoring school district performance, and establishing fiscal recordkeeping systems. The state's 67 school boards are responsible for local program administration. Within state and federal regulations, school districts select menus, prepare meals, set prices, collect revenue, and manage program budgets.

To assess the feasibility of implementing a universal-free breakfast program in Florida, we reviewed federal and state requirements, and analyzed the Florida Education Estimating Conference forecast and school district food service financial data. We also reviewed national studies on breakfast participation, interviewed Auditor General and state agency staff, and collected and analyzed program information from the 67 school districts. For a more detailed description of the methodology used to make these projections, see Appendices A and B.

Questions and Answers —

To what extent is breakfast available in Florida public schools?

Breakfast is currently available to students at most (96.3%, or 2,903 of 3,016) public schools in Florida.⁶ While state law for 2006-07 required that only

² *Prepare 2008: Public Policy Strategies for Economic Justice*, Florida Impact, 2008.

³ According to federal guidelines, when the federal subsidy for serving lunches and/or breakfasts at no charge to all participating students is insufficient to cover program costs, the school district must pay the difference from non-federal sources.

⁴ Bernstein L.S., J.E. McLaughlin, M.K. Crepinsek, L.M. Daft., *Evaluation of the School Breakfast Program Pilot Project: Final Report*, Nutrition Assistance Program Report Series, No. CN-04-SBP, Project Officer: Anita Singh. U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation, Alexandria, VA: 2004.

⁵ The Department of Education's May 2, 2008, bill analysis for House Bill 623, reported \$126.1 million total breakfast revenue and \$164 million school district cost for breakfast meals (i.e., a \$37.9 million difference) in 2006-07.

⁶ These figures exclude adult and vocational/technical centers, alternative school residential centers, charter schools that operate their own food service programs, Department of Juvenile Justice non-residential and residential programs, home bound programs, hospital programs, jails, preschool programs, special needs schools, university lab schools, and virtual schools. Financial data was not available for these types of school sites and it is likely that not all public education sites that serve K-12 students would be included as part of a mandated school breakfast program.

elementary schools offer breakfast, most middle and high schools also provided breakfast to their students.⁷ However, on average only about 21% of students participate in these breakfast programs each day.

Most public schools make breakfast available to students. In 1989, the Florida Legislature mandated that school districts implement school breakfast programs in all elementary schools in which students are eligible for free and reduced price lunch meals.⁸ As shown in Exhibit 1, most (96.3%) of the 3,016 public schools we examined offered breakfast during the 2006-07 school year. This included all elementary schools, over 89% of middle and high schools, and 98.5% of combination schools.

**Exhibit 1
Most Public Schools Provided Breakfast in the 2006-07 School Year**

School Level	Serve Breakfast	Total Schools	Percentage
Elementary	1,758	1,758	100.0%
Middle	481	538	89.4%
High	467	520	89.8%
Combination ¹	197	200	98.5%
Total	2,903	3,016	96.3%

¹ Combination schools' grade configurations deviate from the traditional grades served, such as by serving all grades kindergarten through 12th grade. The three combination schools without breakfast programs serve middle and high school students.
Source: Department of Education master school identification file of active schools, food service site listing report, and OPPAGA analysis.

Nearly two-thirds of school districts (43 of 67) made breakfast programs available in all their elementary, middle, and high schools during the 2006-07 school year. However, as shown in Exhibit 2, about one-third (24) of school districts did not operate breakfast programs in one or more of their middle and/or high schools during the 2006-07 school year. In total, breakfast was not offered in 113 schools. The 2008 Legislature amended the *Florida Statutes* to require that all

middle and high schools provide breakfast beginning with the 2010-11 school year.⁹

**Exhibit 2
In 2006-07, 24 School Districts Did Not Offer Breakfast in at Least One Secondary School**

School District(s)	Number of Schools in Each District Not Offering Breakfast in 2006-07
Lee	23
Orange	20
Escambia, Pinellas	10
Palm Beach, Polk	9
Duval	6
Brevard, Wakulla	3
Broward, Gulf, Marion, Santa Rosa, Sumter	2
Citrus, Hernando, Highlands, Lafayette, Levy, Martin, Okaloosa, Pasco, Seminole, Walton	1

Source: Department of Education master school identification file of active schools, food service site listing report, and OPPAGA analysis.

Breakfast participation is generally low but varies by school district and students' economic status. Overall, the estimated daily average student participation in school district breakfast programs is low. About one-fifth (21%) of students, on average, participated in their school district's breakfast programs in 2006-07.¹⁰ Student participation varied by school district ranging from a low of 8% in St. Johns to a high of 52% in Jefferson.

Student participation in breakfast programs also varied depending on the students' economic status. As shown in Exhibit 3, during the 2006-07 school year, the highest average daily participation rate (37%) was among students who received free breakfast meals. Participation rates for these students ranged from a low of 25% in Bradford to 72% in Seminole. Students who received reduced price breakfasts had the next highest average daily participation rate (24%), which ranged from 7% in Gulf to 54% in Jefferson. Those students who paid the full student breakfast price had the lowest

⁷ Chapter 2008-190, *Laws of Florida*, requires that by the beginning of the 2010-11 school year, the school breakfast programs shall make breakfast meals available to all student in each elementary, middle, and high school.

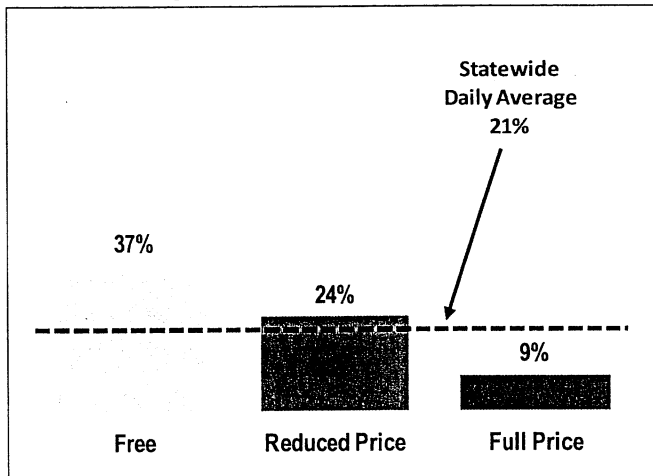
⁸ Section 1, Ch. 89-221, *Laws of Florida*, currently in s. 1006.06(5)(a), *F.S.*

⁹ Chapter 2008-190, *Laws of Florida*.

¹⁰ Breakfast participation refers to students being served a meal that qualifies for federal reimbursement. Students may also purchase a la carte food items provided by the school district breakfast program, but these food purchases do not count towards this breakfast participation rate.

average daily participation rate at 9%, ranging from 1% in Gulf to 32% in Jefferson.

**Exhibit 3
Average Daily Student Participation in School District Breakfast Programs Varied in 2006-07**



Source: Department of Education food service site listing report, earnings report data, and OPPAGA analysis.

Research indicates that student participation in school breakfast programs can be influenced by many factors including the extent to which families provide breakfast in the home, the extent to which schools make breakfast accessible to students before or during class, the quality and attractiveness of the breakfast being served, and whether the school provides breakfast free of charge to all students.¹¹

What revenues are available to fund school breakfast programs in Florida?

Florida school districts received \$142 million in revenues to support breakfast programs in the 2006-07 school year. There are four major sources of

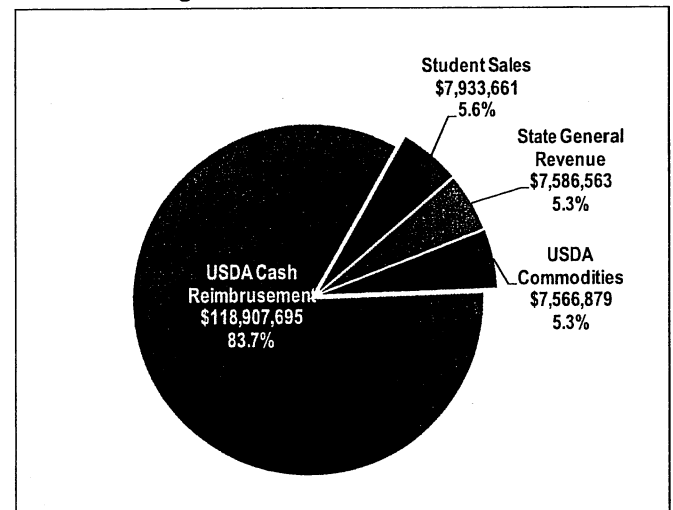
¹¹ Some school districts such as Hillsborough have implemented universal-free breakfast programs. Most other school districts have implemented federal programs at select school sites (934) that are in effect very similar to universal-free breakfast programs. That is, in an effort to reduce paperwork and other administrative burdens at the local level, Congress incorporated into section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 USC 1759a) three alternative provisions to the traditional requirements for annual determinations of eligibility for free and reduced price school meals and daily meal counts by type. These alternatives are commonly referred to as Provision 1, Provision 2, and Provision 3. Provisions 2 and 3 require that the school serve meals to participating children at no charge.

revenue associated with the school breakfast program:

- federal cash reimbursements for qualified breakfast meals served to students;
- fees paid by students;
- state general revenue appropriated to supplement the school breakfast program; and
- federal commodities (donated food) used to produce breakfast meals.¹²

As shown in Exhibit 4, federal per-meal reimbursements and commodities accounted for the vast majority (89%, \$126.5 million) of breakfast program revenues. Student sales and state general revenue each contributed about 5% of the total resources.

**Exhibit 4
In 2006-07, Federal Reimbursements and Commodities Accounted for Most (89%) School Breakfast Program Revenues**



Source: Department of Education school district annual financial report data, school district survey responses, and OPPAGA analysis.

¹² The USDA does not provide commodity assistance for school breakfast programs. The only USDA commodities that schools receive are pursuant to the National School Lunch Program. However, schools often use some of the commodity foods from their lunch program allocation to produce breakfast meals. Schools do not receive any additional commodities to replace or pay back the commodities used for breakfast meals.

Federal cash reimbursement is the primary School Breakfast Program revenue source.

Federal cash reimbursements accounted for 83.7% (\$118.9 million of \$142 million) of the breakfast revenue associated with student meals served in 2006-07. Federal cash reimbursement is an entitlement, per-meal cash payment to the school district. The amount of this reimbursement is based on the economic status of the students being served. As shown in Exhibit 5, during the 2006-07 school year, federal cash reimbursements ranged from \$1.56 per breakfast served to students eligible for free meals in 'severe need schools' to \$0.24 per breakfast for students who are not eligible for free or reduced price meals and pay the full student breakfast price.¹³

**Exhibit 5
Federal Cash Breakfast Reimbursement Rates Depend on Student Meal Price Classification and Whether a School Is Classified as Severe Need**

Student Meal Price Classification	Standard Per-Meal Reimbursement Rate	Severe Need School Per-Meal Reimbursement Rate
Free	\$1.31	\$1.56
Reduced Price	1.01	1.26
Full Price	0.24	0.24

Source: Federal Register / Vol. 71, No. 132 / Tuesday, July 11, 2006 / Notices for the 2006-07 school year.

The federal government bases reimbursement rates on two criteria: student eligibility for free and reduced rate meals, and whether schools have a high proportion of eligible students (severe need). To be eligible for free breakfast meals, students must be from families whose annual earnings are at or below 130% of the poverty level. Students become eligible for reduced price meals, if their family income is between 130% and 185% of the poverty level; these students pay no more than \$0.30 for breakfast. Children from families with incomes above 185% of the poverty level must pay the full student meal price set by their school district.

The federal government provides higher breakfast subsidies to schools where at least 40% of the lunches served to students were at free or reduced prices. It classifies these schools as "severe need" and during the 2006-07 school year provided an additional \$0.25 over the standard federal per-meal reimbursement rate for every free or reduced price breakfast served.¹⁴ These schools receive no additional subsidies for students who pay full prices for breakfast.

Sales revenues, state funds, and federal commodities each provide about 5% of School Breakfast Program revenue.

School districts received \$23 million from sales revenues, state general revenue, and commodities to support their breakfast programs in 2006-07. Each of these sources accounted for less than 6% of total food service program revenues.

Student payments for breakfast meals totaled \$7.9 million in 2006-07, or 5.6% of total funding. School districts that charge for meals typically charged students eligible for reduced price meals \$0.30 for breakfast, the maximum amount allowed by the federal government. Elementary school students who did not qualify for low-income status paid an average of \$0.89 for breakfast, ranging from \$0.50 in three school districts (Citrus, Flagler, and Okaloosa) to \$1.50 in Monroe. Prices charged in middle and high schools were slightly higher, averaging about \$0.96, and ranging from \$0.50 in Flagler to \$1.50 in three school districts (Gilchrist, Levy, and Monroe).

State general revenue appropriations for the school breakfast program were \$7.6 million in 2006-07, or 5.3% of total funding. The Department of Education allocated these funds based on each school district's proportional share of the statewide number of free and reduced price breakfast meals served in elementary schools. Department allocations to school districts ranged from \$2,992 for Lafayette to \$1,150,490 for Miami-Dade. On a per-meal basis, the allocation ranged

¹³ School breakfast reimbursement rates are adjusted annually by law to reflect the programs' operating expenses as indicated by the change in the Food Away From Home series of the Consumer Price Index for all Urban Consumers, published by the Bureau of Labor Statistics of the U.S. Department of Labor.

¹⁴ Title 7, Section 220.9(d), *Code of Federal Regulations* (1-1-06 Edition) establishes two criteria for determining severe need status. First, the school is participating in or desiring to initiate a breakfast program; and at least 40% of the lunches served to students at the school in the second preceding school year must have been served free or at a reduced price.

from \$0.05 per breakfast served in two school districts (Flagler and Nassau) to \$0.17 in Glades.

Federal commodities used for breakfast meals were an estimated \$7.6 million in 2006-07, or 5.3% of total funding. In that year, school districts received a total of \$45 million in commodities for their lunch programs. Because school districts do not separately report the value of lunch program commodities used to produce breakfast meals, we estimated this value based on a meal equivalent model used to distribute food service program costs by meal type.¹⁵ On a per-meal basis, we estimated that the value of lunch commodities used for breakfast ranged from \$0.02 per breakfast served in Suwannee to \$0.16 in Glades.

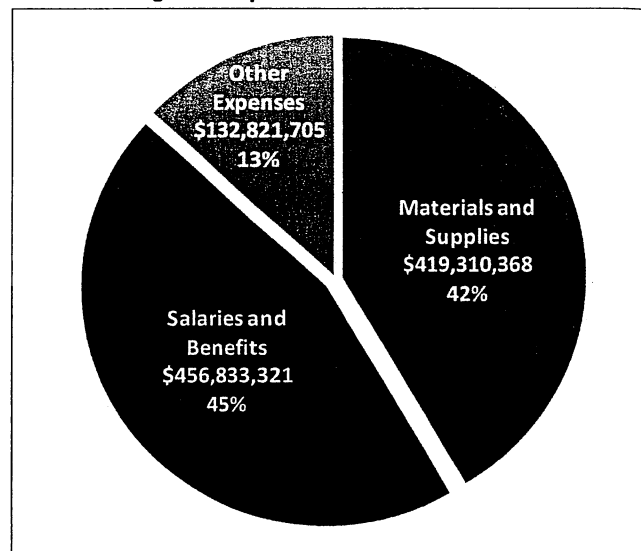
What costs are incurred to produce school breakfast meals?

School districts incurred \$1 billion in food service related expenses in Fiscal Year 2006-07. While school districts do not separately report costs for their breakfast programs, we estimate that they spent \$145 million to \$164 million to provide breakfast meals in Fiscal Year 2006-07. In addition, we identified several issues that limit the usefulness of Department of Education data in estimating costs by meal type (including breakfast, lunch, and snacks.)

Labor and food costs account for the majority of food service program expenses. As shown in Exhibit 6, salaries and benefits accounted for the largest percentage (45%) of food service program costs school districts reported in Fiscal Year 2006-07. Materials and supplies (including food) were a slightly lower component, accounting for 42% of costs. All other costs, including contract services, energy services, indirect charges by school districts, and capital outlay represented 13% of reported costs.

¹⁵ To assist food service managers evaluate their effectiveness, the National Food Service Management Institute established meal equivalent weights in order to convert total food service program expenditures into per-meal costs by meal type (i.e., breakfast, lunch, and snacks).

Exhibit 6
In Fiscal Year 2006-07, Salaries and Benefits and Materials and Supplies Accounted for Most Food Service Program Expenses



Source: Department of Education annual financial report data and OPPAGA analysis.

Estimated breakfast program costs vary from \$145 million to \$164 million depending on the meal equivalent weights used. The financial accounting systems school districts use to track food service program expenditures are not designed to track expenses by meal type (i.e. breakfast, lunch, and snacks). While the expense school districts incur to produce breakfast cannot be precisely determined, OPPAGA estimated these costs based on meal estimates developed by the National Food Service Management Institute which reported that school districts can generally produce each breakfast for about two-thirds of the cost it incurs to produce each lunch.¹⁶ Applying this ratio results in an overall estimated statewide breakfast cost of \$164 million in 2006-07, or an average cost of \$1.68 per breakfast.

¹⁶ The Department of Education uses similar estimates to distribute total meal costs to breakfast, lunch, and snacks. This methodology for estimating meal costs by meal type provides a means for comparing costs among the school districts using a consistent methodology. However, individual district meal costs may vary from this estimate depending on factors such as differences in program operation and menus served. Varying assumptions relating to meal equivalents produce varying cost allocation among meal types.

Responses to our survey of school districts indicated that the meal estimates developed by the National Food Service Management Institute may not be appropriate for some school districts. About one-half of the school districts (31, or 46%) estimated that they produced breakfasts at a lower cost than the institute's estimates would suggest; some school districts reported that their breakfast costs were as low as one-third of the cost of a lunch. By applying the meal estimates reported by these school districts, we estimated statewide breakfast cost would be \$145 million, or an average cost of \$1.49 per breakfast. See Appendix A for more information.

Several issues exist with data and worksheets used by the Department of Education to compute school district per-meal cost. Successful financial management of a school district food service program requires careful review and analysis of accurate and reliable financial data.¹⁷ School districts need this information to gauge the efficiency of their school food service programs and to ensure that program revenues cover costs. For instance, district administrators can benchmark food service program efficiency by tracking per-meal costs over time or by comparing their per-meal costs to those of similar school districts. Districts also need per-meal cost information to establish breakfast, lunch, and snack prices that ensure their food service programs are self-supporting.¹⁸

The Florida Department of Education developed worksheets for school districts to distribute program expenses necessary to compute per-meal costs. However, our review of these worksheets identified four issues that may impact data reliability. These issues required us to adjust the department's data to conduct our analysis of meal costs. The issues are described below.

- To adjust for fluctuations in capital outlay expenditures from year to year, the department developed a worksheet to determine the five-

year average capital outlay cost. However, for 43 school districts, the cost reported on the worksheet was not consistent with the data included in the districts' annual financial reports. In some cases the differences were substantial (e.g., a 348% overstatement for one school district), and either over or understated student meal costs. The department has since automated this worksheet and therefore should have reliable five-year average capital outlay figures beginning with the 2007-08 school year.

- As a means to exclude non-program expenditures such as catering from total program expenditures in the per-meal cost calculation, the department developed a revenue ratio worksheet that estimates the proportion of these non-program revenues to total revenues. However, several (14) school districts included non-program expenditures such as catering expenses in their program expenditures thereby overstating their student meal costs.
- The revenue ratio worksheet also coded adult breakfast and lunch payments as a program revenue but did not consistently include the number of such meals served in the per-meal cost calculation, which overstated student meal costs.
- Many (29) school districts reported that their annual financial report data did not allocate any costs for general administration such as personnel, recruiting, accounting, and computer processing to their food services programs. To help identify these costs, the department developed a separate worksheet for school districts to complete. However, we found an error in the worksheet design (which affects only two school districts that received cash in lieu of commodities) and several inconsistencies in the indirect cost calculations. For example, the worksheet instructs school districts to subtract cash received in lieu of commodities, resulting in the understatement of indirect costs.¹⁹

¹⁷ NFSMI *Financial Management Information System*, National Food Service Management Institute, NFSMI R-86-05, 2005.

¹⁸ Federal regulations mandate that the price for an adult meal must cover the full cost of the meal. The school district must ensure, to the extent practicable, that federal reimbursements, students' payments, and other non-designated nonprofit food service revenues do not subsidize program meals served to non-program adults.

¹⁹ Title 34 Section 76.560 through 76.563, *Code of Federal Regulations*, provides that each state educational agency, on the basis of a plan approved by the U.S. Department of Education Secretary, shall approve an indirect cost rate for each school district that requests it to do so. However, there is no requirement to charge indirect costs to the food service program.

To address these issues, we developed spreadsheets, similar to the department's worksheets and populated them with the department's annual financial report data to derive our meal cost estimates.²⁰ Although our per-meal cost by school district only varied a few cents compared to the department's calculations, this difference can be significant over the hundreds of thousands of meals that a school district may serve each year. To adequately compute school district student meal costs and to provide reasonably accurate school district meal cost comparisons, the Department of Education should take steps to improve data quality by automating school district food service per-meal cost calculations to ensure that reports that use this data are more reliable.

What is the estimated cost to implement a free breakfast program for all students?

School districts could incur \$33 million to \$69 million in additional costs to establish a universal-free breakfast program for the 2010-11 school year. Relatively few school districts could do so within their existing resources, although it may be financially feasible for many school districts to offer free breakfasts to all students in their high poverty schools.

Most school districts could not implement free breakfast programs for all students within their existing breakfast resources. Statewide, the projected cost of implementing universal-free breakfast for the 2010-11 school year would exceed projected revenues by \$33 million to \$69 million (see Exhibit 7). We estimate that only 10 of the 67 school districts could be able to do so within projected breakfast resources (see highlighted school districts). Thus, although current Florida law encourages school boards to provide free school breakfast meals to all of their

students, few school districts will be financially able to do so in the near future.

In making these projections, we used 2006-07 base year costs and revenues, applied two sets of meal estimates to project breakfast program costs.²¹ We also made adjustments for projected student membership, participation rates, federal cash reimbursements, commodity values, state revenues, and food and labor costs. It is important to note that these projections may understate projected costs for many school districts that do not report their full cost of producing meals.²² For a more detailed description of the methodology used to make these projections, refer to Appendix B.

As mentioned previously, the expenses school districts incur to produce breakfast cannot be precisely determined. Exhibit 7 estimates the per-school-district cost of establishing a free breakfast program at all schools using two calculations for each school district: the first based on meal cost estimates reported by the school district, and the second based on meal cost estimates developed by the National Food Service Management Institute. None of the school districts would be able to cover the costs of universal-free breakfast when national meal cost estimates are used.

Free breakfast programs for all students in high poverty schools may be feasible to implement in many school districts. While it does not appear to be financially viable to establish a statewide free breakfast program for all students, it may be feasible to do so in high poverty schools in many school districts. As shown in Exhibit 8, projected revenues for 26 school districts could be sufficient to support universal-free breakfast programs in all high poverty schools in which more than 80% of students are eligible for free and reduced price meals. Furthermore, many of the remaining school districts could implement such programs with relatively low additional funding; for example, nine districts would require less than \$10,000 to fund the programs in high poverty schools. This would occur because the higher federal reimbursement rates for serving these

²⁰ The Department of Education collects pre-audited financial data from school districts in a standardized format annually. OPPAGA used this annual financial report data for its revenue and expense analysis as it was the only readily available food service program financial data for all school districts. It is important to note that the Department of Education does not collect this same annual financial report data from university lab school and charter schools. Therefore, these types of public schools were excluded from OPPAGA's analysis.

²¹ These estimates are based on meal equivalents reported by the school districts to OPPAGA or the national guidelines established by the National Food Service Management Institute. This allows converting total program expenditures into per meal costs by meal type.

²² *School District Food Service Programs Generally Are Not Financially Self-Sufficient*, OPPAGA Report No. 09-04, January 2009.

students and other government subsidies would be close to sufficient to cover the cost of providing breakfast for all students in these schools.

However, this outcome depends on the methodology used to estimate breakfast costs. Exhibit 8 estimates the per school district cost of establishing a free breakfast program for all students in high poverty schools using meal cost estimates reported by each school district and

using meal cost estimates developed by the National Food Service Management Institute. If the national meal cost estimates are used to approximate breakfast program costs, the number of school districts that would be financially able to implement free breakfast in all high poverty schools drops to nine (see school districts highlighted in light green).

Exhibit 7

For Most School Districts, the Estimated Cost of Implementing Universal-Free Breakfast for the 2010-11 School Year Would Exceed Estimated Breakfast Revenues, Based on District and National Meal Estimates

School District	Estimated Revenues Minus Costs		School District	Estimated Revenues Minus Costs		
	District Meal Estimates	National Meal Estimates		Potentially Cost Feasible	Not Cost Feasible	National Meal Estimates
Palm Beach	\$-3,968,231	\$-3,968,231	Suwannee		-202,031	-202,031
Seminole	-3,857,111	-3,857,111	Wakulla		-181,431	-181,431
Broward	-2,397,278	-6,983,919	Holmes		-130,683	-130,683
Brevard	-1,942,696	-1,942,696	Hardee		-115,398	-115,398
Lee	-1,546,374	-1,546,374	Okeechobee		-112,712	-140,826
Clay	-1,335,252	-1,337,394	Calhoun		-108,670	-108,670
Hillsborough	-1,277,338	-5,394,762	Hendry		-107,039	-107,039
Polk	-1,129,433	-1,129,433	De Soto		-101,268	-98,273
Duval	-1,119,463	-3,272,478	Bradford		-92,163	-91,422
Osceola	-1,097,977	-1,097,977	Gulf		-82,355	-82,355
St. Johns	-1,062,969	-1,062,969	Madison		-70,962	-66,788
Manatee	-1,004,567	-978,873	Dixie		-68,631	-64,752
Marion	-785,419	-785,419	Washington		-61,221	-155,093
Pinellas	-775,993	-3,053,639	Taylor		-59,371	-128,658
Okaloosa	-731,370	-731,370	Union		-56,372	-55,465
Pasco	-718,953	-2,209,021	Lafayette		-50,616	-49,843
Monroe	-671,860	-671,860	Levy		-49,745	-199,329
Flagler	-572,025	-919,635	Glades		-40,523	-40,523
Alachua	-550,052	-550,052	Gilchrist		-38,696	-105,912
Citrus	-547,316	-547,316	Hernando		-34,397	-665,426
Charlotte	-450,123	-450,123	Jefferson		-32,555	-32,555
Martin	-438,244	-792,437	Liberty		-29,227	-62,244
Indian River	-380,150	-792,368	Highlands		-9,522	-345,968
Leon	-343,162	-943,434	Jackson	\$ 19,845		-149,058
Walton	-325,848	-325,848	Franklin	39,871		-37,678
Bay	-316,642	-900,701	Hamilton	69,335		-38,062
Nassau	-311,792	-374,866	Sumter	172,687		-249,771
St. Lucie	-267,940	-1,179,691	Escambia	232,583		-839,718
Gadsden	-261,895	-261,895	Sarasota	375,138		-1,141,995
Santa Rosa	-253,800	-812,810	Collier	579,405		-1,235,724
Baker	-243,203	-240,713	Volusia	860,240		-1,620,446
Lake	-241,309	-1,047,328	Orange	2,689,012		-5,499,382
Putnam	-236,729	-236,729	Miami-Dade	3,347,466		-4,761,826
Columbia	-216,884	-216,884	Total	\$8,385,582	\$-33,214,986	\$-69,420,699

Source: OPPAGA analysis.

Exhibit 8
For Many School Districts, Estimated Breakfast Revenues
Might Be Sufficient to Cover the Cost of Implementing
Universal-Free Breakfast in High Poverty Schools in 2010-11

School District ¹	Estimated Revenue Minus Costs			
	School District Meal Cost Estimates		National Meal Cost Estimates	
	Potentially Cost Feasible	Not Cost Feasible	Potentially Cost Feasible	Not Cost Feasible
Alachua		\$-13,284		\$-13,284
Bradford		-1,015		-1,004
Columbia		-887		-887
Gadsden		-154,380		-154,380
Hardee		-24,134		-24,134
Hendry		-11,296		-11,296
Holmes		-14,858		-14,858
Jefferson		-14,973		-14,973
Lee		-22,726		-22,726
Liberty		-128		-1,024
Madison		-34,597		-31,976
Manatee		-689	\$ 2,342	
Marion		-3,980		-3,980
Osceola		-9,573		-9,573
Putnam		-18,782		-18,782
Seminole		-24,196		-24,196
St. Johns		-6,360		-6,360
Taylor		-2,826		-13,246
Walton		-326		-326
Bay	\$ 16,456			-20,048
Broward	193,264			-65,797
Collier	303,824			-21,378
Duval	229,640			-32,515
Escambia	195,749			-74,737
Franklin	22,307			-8,503
Hillsborough	724,243			-44,443
Indian River	3,758			-22,199
Leon	86,524			-1,334
Levy	771			-5,919
Martin	7,435			-8,041
Orange	1,346,812			-510,135
Pasco	39,466			-17,027
Pinellas	41,070			-38,848
Sarasota	45,248			-436
St. Lucie	12,372			-8,788
Sumter	5,086			-432
Volusia	149,057			-3,463
Brevard	14,768		14,768	
Highlands	1,862		1,239	
Jackson	1,158		71	
Lake	1,490		170	
Miami-Dade	3,284,664		4,771	
Palm Beach	63,865		63,865	
Polk	1,026		1,026	
Santa Rosa	979		273	
Total	\$6,792,894	\$-359,010	\$88,525	\$-1,251,048

¹ Includes only school districts with at least one school that has 80% or more students eligible for free or reduced price meals.
 Source: OPPAGA analysis.

Conclusions and Recommendations

In 2006-07, breakfast was made available to students at most (96.3%, or 2,903 of 3,016) public schools in Florida. However, on average only about 21% of students participated in these breakfast programs each day. Establishing a free breakfast program for all students could increase participation, but would be costly to implement. We estimate that implementing a statewide free breakfast program would increase district school food service program costs by an estimated \$33 million to \$69 million for the 2010-11 school year. However, such a program could be implemented within projected revenues in many districts' high poverty schools in which 80% or more of students are eligible for free or reduced price meals.²³ Available federal reimbursements and commodities for these schools would meet or exceed the costs of providing breakfast meals. Additional districts could likely implement such programs with relatively limited funding.

Our analysis also identified issues with food service program financial data and worksheets used by the Department of Education to compute school district per-meal costs. To address these issues, we recommend that the department take steps to improve data quality by automating school district food service per-meal cost calculations to ensure that reports that use this data are more reliable.

²³ The USDA does not provide commodity assistance for school breakfast programs. The only USDA commodities that schools receive are pursuant to the National School Lunch Program. However, schools often use some of the commodity foods from their lunch program allocation to produce breakfast meals.

Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Department of Education to review and respond. We met with department officials to discuss report findings, and the department chose not to submit a formal, written response.

Appendix A

Breakfast Costs and Revenues for 2006-07

As shown in Table A-1, 18 of the state's 67 school districts would have earned sufficient government revenues, on average, to cover the average cost of producing a reimbursable breakfast meal in 2006-07 (see highlighted school districts). To simulate what would have happened if universal-free breakfast had been implemented during the 2006-07 school year at existing participation levels these figures do not include revenues received from students. The cost estimates in the table are based on meal cost estimates as reported by the school districts. The estimates may understate costs because many school districts do not report the full cost of producing meals.

Even without adjusting for increased costs, changes in participation, and other factors, breakfast revenues would have been sufficient to cover breakfast meal costs for only 18 of the state's 67 school districts in 2006-07 (the most recent year in which complete data was available during our fieldwork). If the meal cost estimates from the National Food Service Management Institute's guidelines are used to approximate breakfast program costs, none of the school districts would have sufficient government revenues to cover these costs in 2006-07.²⁴

²⁴ The Department of Education's May 2, 2008, bill analysis for House Bill 623, reported \$126.1 million total breakfast revenue and \$164 million school district cost for breakfast meals (i.e., a \$37.9 million difference) in 2006-07. In comparison, OPPAGA's estimates for the same period are \$134 million total breakfast revenue and \$164 million school district cost for breakfast meals (i.e., a \$30 million difference). The primary difference is the estimated value of commodities used for breakfast meal production; neither the department's nor OPPAGA's estimate includes revenues received from students.

Table A-1
About One-Quarter of School Districts' Government Revenues Were Sufficient to Cover Breakfast Meal Costs in 2006-07

School District	Average Government Revenue Per Breakfast	Average Cost Per Breakfast	Average Net Revenue Per Breakfast ¹
Monroe	\$1.39	\$2.71	\$-1.32
Baker	1.39	2.16	-0.77
Flagler	1.08	1.75	-0.67
Seminole	1.32	1.98	-0.66
Calhoun	1.38	1.99	-0.61
Gadsden	1.57	2.13	-0.56
Walton	1.41	1.96	-0.55
Holmes	1.32	1.86	-0.54
Clay	1.14	1.67	-0.53
Citrus	1.32	1.81	-0.49
Wakulla	1.25	1.70	-0.45
Suwannee	1.43	1.86	-0.43
Dixie	1.52	1.92	-0.40
Lafayette	1.59	1.99	-0.39
Gulf	1.75	2.14	-0.39
Hardee	1.48	1.86	-0.38
Glades	1.61	1.98	-0.37
Union	1.37	1.74	-0.37
St. Johns	1.30	1.65	-0.35
Brevard	1.11	1.45	-0.34
Bradford	1.49	1.83	-0.34
Charlotte	1.37	1.70	-0.33
Nassau	1.18	1.49	-0.31
Jefferson	1.51	1.82	-0.31
Okaloosa	1.20	1.50	-0.30
Lee	1.37	1.65	-0.28
Liberty	1.37	1.64	-0.27
Madison	1.70	1.94	-0.25
Osceola	1.42	1.66	-0.24
Hendry	1.50	1.75	-0.24
Columbia	1.52	1.74	-0.23
DeSoto	1.59	1.81	-0.22
Taylor	1.61	1.83	-0.22
Indian River	1.39	1.60	-0.21

School District	Average Government Revenue Per Breakfast	Average Cost Per Breakfast	Average Net Revenue Per Breakfast ¹
Putnam	1.51	1.72	-0.21
Manatee	1.39	1.60	-0.21
Marion	1.40	1.60	-0.20
Okeechobee	1.40	1.57	-0.17
Gilchrist	1.39	1.51	-0.12
Alachua	1.57	1.68	-0.11
Palm Beach	1.57	1.67	-0.10
Washington	1.44	1.52	-0.08
Hillsborough	1.15	1.23	-0.08
Santa Rosa	1.08	1.14	-0.06
Highlands	1.24	1.28	-0.04
Martin	1.38	1.41	-0.04
Polk	1.58	1.61	-0.04
Broward	1.30	1.31	-0.02
Duval	1.29	1.31	-0.01
Jackson	1.29	1.26	0.02
Pasco	1.35	1.32	0.03
Levy	1.54	1.50	0.04
Bay	1.43	1.38	0.04
St. Lucie	1.41	1.36	0.05
Leon	1.41	1.33	0.08
Lake	1.40	1.26	0.13
Hernando	1.36	1.23	0.13
Pinellas	1.47	1.31	0.16
Miami-Dade	1.48	1.30	0.19
Volusia	1.15	0.91	0.24
Escambia	1.56	1.29	0.26
Sumter	1.33	0.95	0.38
Collier	1.31	0.92	0.39
Franklin	1.53	1.06	0.47
Orange	1.50	1.03	0.47
Sarasota	1.36	0.86	0.51
Hamilton	1.58	1.01	0.58
Statewide Average	\$1.36	\$1.49	\$-0.12

¹In some cases, columns may not add due to rounding.

Source: Department of Education annual financial report data, school district survey responses, and OPPAGA analysis.

Appendix B

Methodology Used to Estimate Universal-Free Breakfast Costs and Revenues

To estimate the cost feasibility of implementing a universal-free breakfast program in the 2010-11 school year, OPPAGA made several assumptions, calculations, and data adjustments. These steps were necessary to project student enrollment, participation rates, federal reimbursements, commodity values, state revenues, and food and labor costs.²⁵ While most officials agreed that adjustments needed to be made, there was not always uniform agreement as to the size of the adjustments. Due to the lack of empirical data, we based some adjustments on anecdotal data. Future school enrollments may deviate from estimates, many factors may influence actual participation, and changes in economic conditions will affect student reimbursement rates. Our estimates were based primarily on the economic conditions and participation rates that were reported in the 2006-07 school year, and we believe these assumptions provide a likely set of conditions about future circumstances. Because these events have not taken place, these future circumstances may change and forecasted results may vary.

Student enrollment determines the potential demand for breakfast meals. We used the Florida Education Estimating Conference's December 2008 estimates of student enrollment to estimate school enrollment in the 2010-11 school year. Statewide student enrollment is expected to decline 2% between the 2006-07 and 2010-11 school years. During this period, student enrollment is expected to decline in 42 (63%) school districts and increase in 22 (33%) school districts. Three school districts (Clay, Holmes, and Indian River) are expected to experience no change in their student enrollment. See Table B-1.

These changes in student enrollment affect the number of breakfasts that a school district would potentially need to produce and projected labor, food, and other costs associated with the program. Therefore, we adjusted student membership during the 2006-07 school year to reflect estimated school district changes for the 2010-11 school year based on the Florida Education Estimating Conference's projections.

²⁵ Alternatives to serving meals in the cafeteria can have a dramatic impact on student participation. For example, making breakfast available in the classroom can significantly increase student participation. However, the costs for these alternative service delivery methods are generally high for food, labor, and supplies thus making the cost feasibility of a universal-free breakfast program less likely. Therefore, these additional costs were not factored into our estimates for a universal-free breakfast program.

Table B-1
Most (96%) School Districts' Student Enrollment Is Expected to Change Between
the 2006-07 and 2010-11 School Years

School District	Actual Enrollment 2006-07 School Year	Estimated Enrollment 2010-11 School Year	Percentage Change
Jefferson	1,196	973	-19%
Alachua	28,244	23,905	-15%
Gulf	2,151	1,819	-15%
Bradford	3,518	3,067	-13%
Gilchrist	2,787	2,421	-13%
Hamilton	1,922	1,696	-12%
Hendry	7,432	6,683	-10%
Putnam	11,757	10,684	-9%
Escambia	42,025	38,701	-8%
Madison	2,907	2,670	-8%
Taylor	3,092	2,837	-8%
Charlotte	17,572	16,382	-7%
Dixie	2,139	1,986	-7%
Pinellas	109,293	101,184	-7%
Sarasota	42,297	39,526	-7%
Volusia	65,357	60,467	-7%
Levy	6,164	5,815	-6%
Bay	26,306	25,020	-5%
Brevard	73,842	70,518	-5%
Okaloosa	30,161	28,590	-5%
Okeechobee	7,237	6,893	-5%
Miami-Dade	349,618	336,808	-4%
Union	2,217	2,136	-4%
Broward	259,962	250,953	-3%
Citrus	15,893	15,390	-3%
Collier	42,500	41,295	-3%
Columbia	10,089	9,787	-3%
Duval	126,030	122,337	-3%
Monroe	8,081	7,854	-3%
Orange	172,711	168,085	-3%
Seminole	65,943	63,943	-3%
De Soto	5,012	4,890	-2%
Gadsden	6,122	5,974	-2%
Highlands	12,364	12,085	-2%

School District	Actual Enrollment 2006-07 School Year	Estimated Enrollment 2010-11 School Year	Percentage Change
Jackson	7,165	7,045	-2%
Lee	78,066	76,411	-2%
Liberty	1,429	1,404	-2%
Washington	3,527	3,474	-2%
Hillsborough	190,910	188,637	-1%
Martin	17,827	17,730	-1%
Osceola	51,061	50,789	-1%
Santa Rosa	24,797	24,453	-1%
Clay	35,620	35,612	0%
Holmes	3,300	3,284	0%
Indian River	17,367	17,317	0%
Calhoun	2,193	2,214	1%
Leon	32,359	32,781	1%
Nassau	10,926	11,079	1%
Palm Beach	169,477	170,366	1%
Polk	92,020	92,722	1%
Suwannee	5,841	5,900	1%
Hernando	22,313	22,695	2%
Marion	41,971	42,790	2%
Hardee	5,095	5,268	3%
Manatee	41,744	42,896	3%
St. Lucie	38,673	39,906	3%
Franklin	1,226	1,281	4%
Lake	38,901	40,826	5%
Pasco	63,957	68,002	6%
Sumter	7,230	7,687	6%
Wakulla	4,988	5,324	7%
Flagler	12,015	13,108	9%
Walton	6,662	7,241	9%
Baker	4,793	5,325	11%
Glades	1,245	1,454	17%
Lafayette	1,053	1,229	17%
St. Johns	26,833	31,273	17%
Statewide	2,626,527	2,570,900	-2%

Source: Education Estimating Conference, Projected Student Enrollment (FTE) for Florida School Districts, December 12, 2008, and OPPAGA analysis.

Student breakfast participation rates affect the amount of federal funding that school districts receive to fund universal-free breakfast programs. Increased participation in school breakfast programs by students who are eligible for either free or reduced price lunch generates considerably more federal revenue than similar increases among other students. Three Florida school districts (Hillsborough, Jackson, and Volusia) already have implemented universal-free breakfast programs and provide a model to assess the potential effect of implementing universal-free breakfast on student participation rates.^{26, 27} Although national studies show that potential participation rates in universal-free breakfast programs could be higher, the applicability of the national findings to Florida school districts is unclear and the experience of Florida school districts with universal-free breakfast programs may be a more reliable predictor of participation rates than the experience of school districts in other states. To project increased student participation in universal-free breakfast, we adjusted school district average daily student participation for the 2010-11 school year up to the estimated average universal-free breakfast participation rates by free, reduced price, and paid eligible categories (i.e., 44%, 38%, 21%, respectively) experienced by Hillsborough, Jackson, and Volusia county school districts during the 2006-07 school year.²⁹

Inflation affects federal reimbursement rates as well as the cost of producing school breakfast. The federal government adjusts its cash reimbursements each year to reflect changes in food and labor costs based on the Food Away From Home series of the Consumer Price Index for All Urban Consumers. These annual adjustments in the cash reimbursement rates help schools deal with rising costs over time; however, near-term cost increases can be challenging to schools. The Food Away From Home percentage change was 3.2%, 3.3%, and 4.3% for each of the past three years (2005-06, 2006-07, and 2007-08), respectively. On average, food and labor costs increased 3.6% during this three-year period.

We used the latest three-year average of the Food Away From Home series of the Consumer Price Index to project federal cash reimbursement rates for school breakfast meals during the 2010-11 school year (see Table B-2). As such, federal cash reimbursement estimates range from \$1.80 per breakfast served to students eligible for free meals in severe need schools down to \$0.27 per breakfast for students who pay the full price.

²⁶ Several more school districts such as Miami-Dade have been providing breakfast free of charge to all students as part of their School Breakfast Program being administered under the federal Provision 2 option since the 2003-04 school year. Provision 2 reduces application burdens and accounting and claiming procedures for schools that serve meals to participating children at no charge.

²⁷ Officials from Jackson and Volusia reported that their school districts would not offer universal-free breakfast in 2008-09.

²⁸ The USDA conducted an evaluation of the School Breakfast Program pilot project, a multi-year research study that gathered information from participating schools and school districts during school years 2000-01 through 2002-03. It found that participation by free and reduced price students in schools with free breakfast nearly doubled (from 25% to 48%) and participation by paid-eligible students in these schools increased fourfold in the first year (from 8% to 31%).

²⁹ Average participation rates were higher among the three school districts (Hillsborough, Jackson, and Volusia) that provided districtwide universal-free breakfast programs in 2006-07 compared to school districts that provided districtwide free breakfast under the federal Provision 2 option.

Table B-2
Projected Federal Cash Reimbursement Rates for the 2010-11 School Year

Student Poverty-Level Status	Non-Severe Need School Per-Meal Rate	Severe Need School Per-Meal Rate
≤130% of poverty	\$1.50	\$1.80
>130% to 185% of poverty	1.18	1.48
>185% of poverty	0.27	0.27

Source: Federal Register, United States Department of Labor, Bureau of Labor Statistics, Food Away from Home series of the Consumer Price Index for all Urban Consumers, and OPPAGA analysis.

We also used the Food Away From Home series of the Consumer Price Index to project increases in school breakfast program costs. We used actual inflation rates to adjust 2006-07 program costs to 2007-08 and 2008-09 levels and the three-year average to inflate costs to 2009-10 and 2010-11.

The per-meal marginal cost of adding meals to an existing meal program would be lower than the cost of the breakfasts the school district is already producing. This occurs because some costs such as fixed costs will not change with increases in the number of breakfasts served. In addition, school districts may obtain cost efficiencies as they serve more breakfasts due to economies of scale and learn to operate more efficiently.

Fixed costs. Certain costs will not change with increases in breakfast participation such as the costs for central office staff and general administrative overhead. For example, school districts' central office food service staff is associated with the number of schools these staff oversee and the number of employees they supervise rather than the number of meals served. Increasing the number of breakfasts served is not likely to result in changes in the number of staff in the central office. Thus, central office staff costs were treated as fixed costs in our marginal cost calculations. Because data is not readily available for detailing actual central office food service staff costs and some districts contract out these costs, we developed a cost factor to be applied uniformly to all districts.

Cost Efficiencies. Some school districts also may be able to achieve cost savings due to production improvements and economies of scale that would reduce the cost of producing additional meals. The largest opportunity for cost efficiency is in relation to labor costs, but there are also efficiencies that can occur in food costs and in other costs such as electricity.

- **Labor costs.** Federal studies and our interviews with school district officials indicate that labor efficiencies are likely with increased meal production. For example, in some instances, school districts may be able to reduce the cost of additional meals served by adding hours to existing employees rather than hiring new employees. If the employee needs to work an additional hour a day to help with increased breakfast meals, the school district has already incurred the full cost of the health insurance and the cost of the additional hour would not include this cost. This is consistent with USDA's review of universal-free breakfast programs which found that the average labor cost per breakfast in schools that implemented universal-free breakfast was 71% of the average cost in other schools. Costs were modeled to each district considering factors such as how employees

earn benefits (half-time, three-quarter time, or full-time), whether the increased production could be done by adding hours to existing employees, and finally, we assumed labor efficiency would occur as production levels increase. We used district survey responses and interviews with several districts to assist us in these modeling decisions. A variable labor cost ratio was developed for each district using 2006-07 annual financial data and we used applicable rates for social security, Medicare, and the state retirement system in making these marginal rate projections.

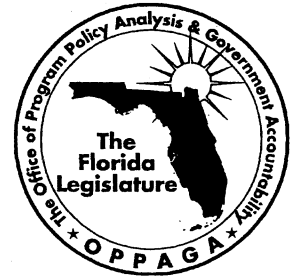
- **Food costs.** Marginal cost savings relating to food costs were assumed to be highly limited because larger districts are already achieving substantial savings by purchasing bulk quantities and taking advantage of processing donated commodities. Smaller districts are more likely to achieve savings. However, these savings were assumed to be very limited for several reasons. First, many districts, including the smaller districts, participate in consortium-type purchasing which allows them to get the benefits of bulk buying. Smaller districts may achieve some processing savings on donated commodities or be able to reduce transportation costs associated with food deliveries. Some food service managers suggested some savings may be achieved through either larger quantity discounts or reduced transportation costs. We assumed a very limited savings and applied these savings only to medium and small districts.
- **Other costs.** Marginal cost savings can also be achieved in other cost categories. For example, electricity used to produce meals will not increase at the same rate as meal production because ovens only need to be preheated once and in some instances ovens are not operating at capacity and expanded use will result in unit cost savings. Other costs in this category such as eating utensils and napkins will increase as meal production increases. Thus, we assumed only a portion of these other costs would go up as production increases.

Due to the manner some costs are reported (e.g., annual financial report data include salaries for both central office staff and lunchroom staff) and because some districts report their financial data in a different manner, we developed a uniform ratio of labor, food, and other costs (i.e., 40.4% labor, 49% food, and 10.6% other costs) so that we could apply uniform variable adjustments to the three cost categories. We then developed a marginal rate which could be applied to district cost figures. We then applied the marginal cost per meal to breakfast meals served that exceeded the estimated number of breakfast meals served in 2006-07 on the school district average daily student participation. Because some school districts reported that the distribution of their costs deviated from the National Food Service Management Institute's estimates, we developed cost projections using the school district reported meal cost estimates and the national guideline meal cost estimates. Using the institute's guideline weights provides for a more uniform manner to compare costs, how it may not reflect actual school district experience. Using district reported equivalents is problematic because accounting systems do not track actual costs and school district estimates may also be in error. This data limitation required us to develop two projections which in some instances vary substantially.

The following are five other key methodological decisions and assumptions used in developing our revenue and cost projections.

- We did not assign any additional commodity values to our estimates because the amount of commodities received is based on the number of free and reduced lunches served and this amount will not change due to increased breakfast participation unless federal law relating to commodities is amended.
- We did not assign any additional revenue associated with the state general revenue breakfast supplement because this appropriation has not changed in recent years.
- We assumed that school districts would continue their same method of meal production and that their unit costs at 2006-07 levels would increase only due to inflation.
- We assumed the economic status of students would remain constant, and while we are currently experiencing a downturn in our economy, adjusting our estimate for these changes may not be a good indicator of long-term sustainability if the ratio of free and reduced students subsequently declines in the near future.
- We calculated the net difference between estimated revenues and meal costs using school district reported meal equivalent cost estimates as well as national guideline meal cost estimates.

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