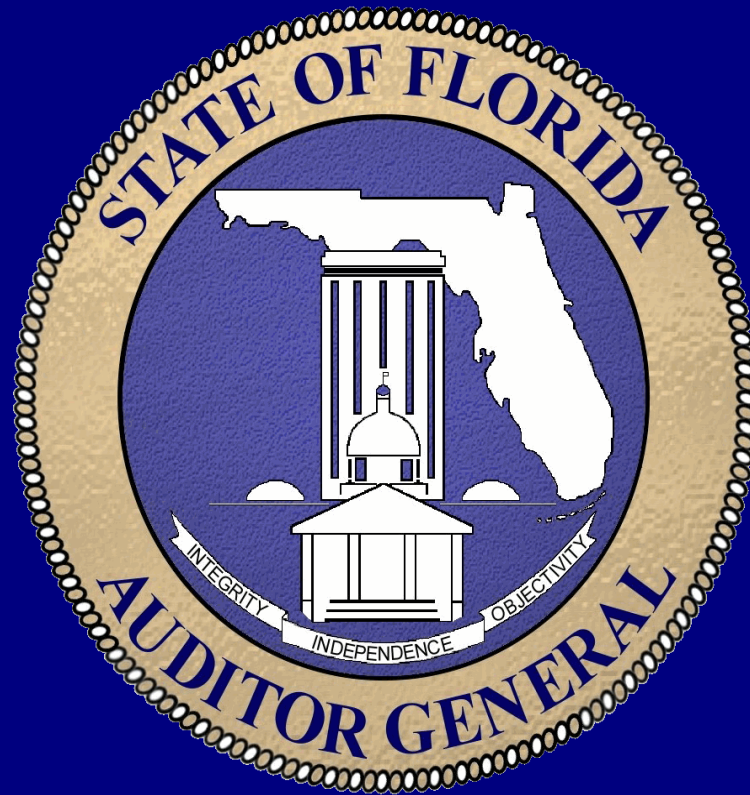


Auditor General Update

November 2015



AG Organizational Changes

- **Sherrill Norman, Auditor General**
- **Greg Centers, Deputy Auditor General**
- **Jim Stultz, Audit Director**
- **Doug Conner, Audit Supervisor,
School Board Financial and Federal Awards Audits**
- **Micah Rodgers, Audit Supervisor, School Board
Operational Audits**

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What's New on the Auditor General Web Site?

- **District School Board Compliance Supplement 2014-15**
- **AG Rules including Chapter 10.800 District School Board Audits**
- **Schedules of Employer Allocations and Pension Amounts by Employer for the FRS and HIS FYE 6/30/14**
- **Recently released audit reports, including Significant Findings and Trends**

OMB Uniform Guidance

2 CFR 200

- Replaces A-87, A-102, A-133, and other OMB circulars
- Requires written procedures for procurement and cash management
- Requires internal controls in compliance with guidance from Comptroller General of the United States (<http://www.gao.gov/products/gao-14-704G>) or COSO (<http://www.coso.org/ic.htm>)

OMB Uniform Guidance

2 CFR 200

- **Revises the threshold for programs to be audited:**
 - **Type A Programs**
 - **Increased from \$300,000 to \$750,000 in expenditures**
 - **Audit Coverage:**
 - **Low risk entities from 25% to 20%**
 - **High risk entities from 50% to 40%**

Recurring Findings Annual Notification

- Sections 11.45(7)(j) and 218.39(8), Florida Statutes, require the Auditor General to notify the Legislative Auditing Committee of any audit report that indicates a district school board has failed to take full corrective action in response to a recommendation that was included in the two preceding audit reports.

School District Budget Transparency

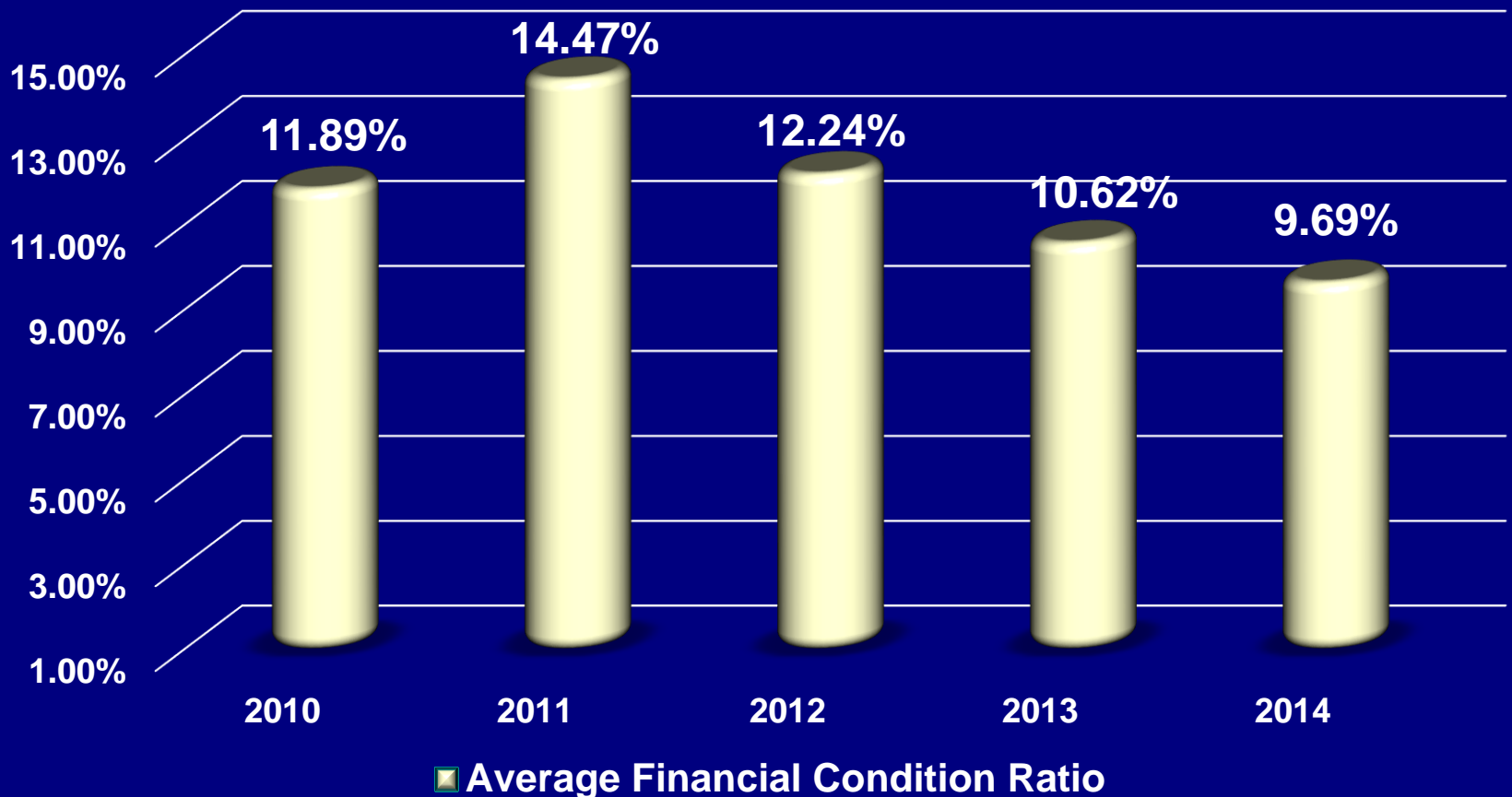
- Section 1011.035, Florida Statutes, requires each district school board to post on its Web site a plain language version of each proposed, tentative, and official budget describing each budget item in easily understandable terms.

Significant Financial Trends

- At June 30, 2014, school districts Statewide had an average financial condition ratio (General Fund total assigned and unassigned fund balance as a percentage of General Fund revenues) of 9.69 percent, which represents a 0.93 percentage point decrease compared to the average financial condition ratio in the prior fiscal year.

Average Financial Condition Ratios of School Districts for Fiscal Years Ended June 30, 2010, Through June 30, 2014

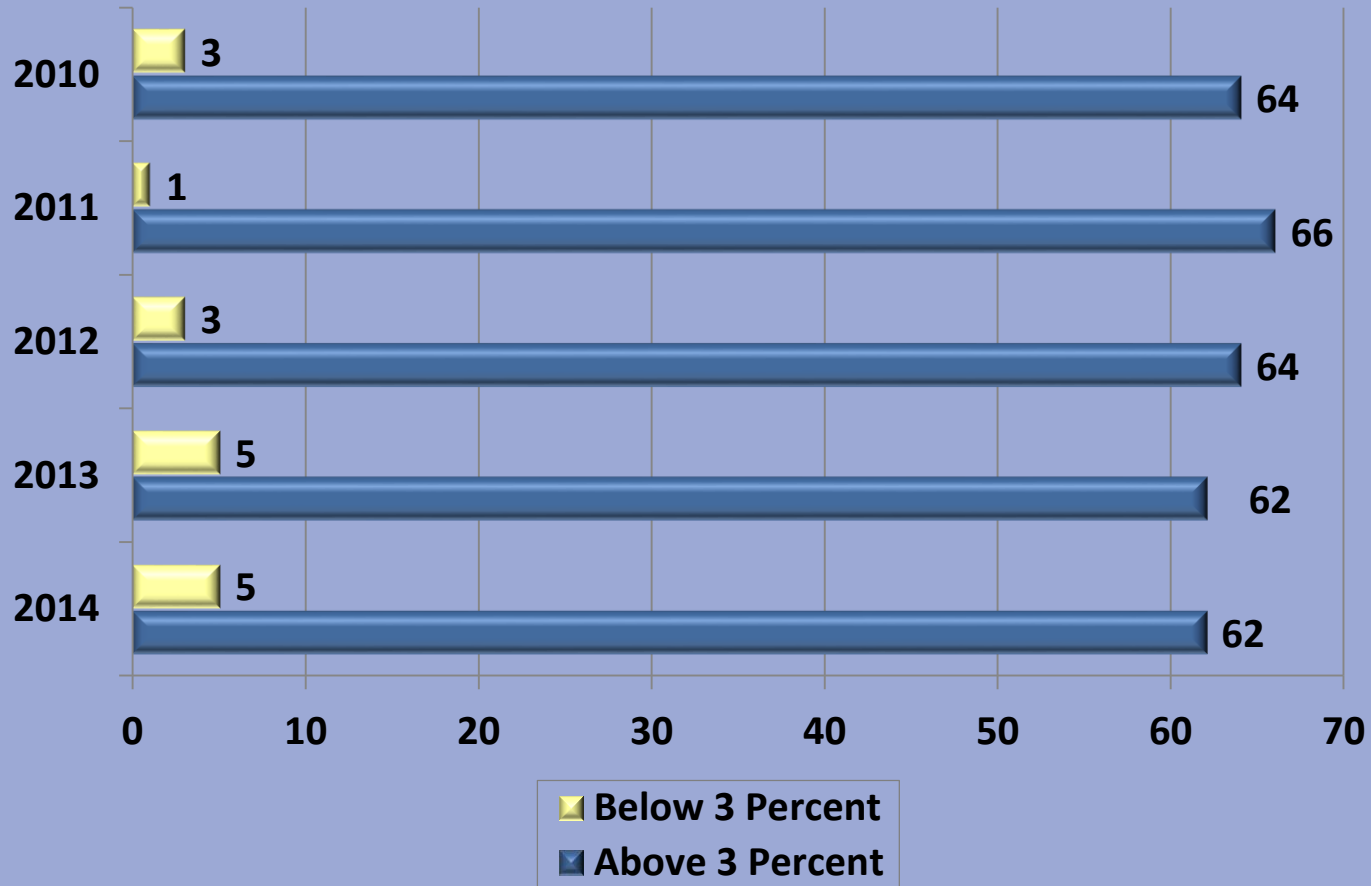
Average Financial Condition Ratio



Significant Financial Trends

- Of the 67 school districts, 5 had ratios that were below 3 percent at June 30, 2014. In these circumstances, these school districts had significantly less resources available for emergencies and unforeseen situations than other school districts.
- The number (5) of districts with ratios below 3 percent is the same number reported at June 30, 2013.

Number of School Districts with Financial Condition Ratios Below and Above 3 Percent for the Fiscal Years Ended June 30, 2010 Through June 30 2014



School Districts with Financial Condition Ratios Below 3 Percent

School Districts	Financial Condition Ratios - Fiscal Year Ended June 30, 2014	Number of Consecutive Years Ratio Below 3%
1	2.24%	2
2	2.84%	1
3	2.92%	1
4	1.86%	1
5	2.82%	1

School Districts with Enrollment Growth From 2009-10 to 2013-14 Fiscal Years

School Districts and Increases					
1	Orange	13,774	8	St Johns	3,626
2	Hillsborough	9,537	9	Duval	3,580
3	Palm Beach	8,513	10	Manatee	3,541
4	Miami-Dade	6,843	11	Polk	2,964
5	Lee	6,650	12	Collier	1,573
6	Osceola	5,780	13	Okaloosa	1,173
7	Broward	5,567	14	Bay	1,109

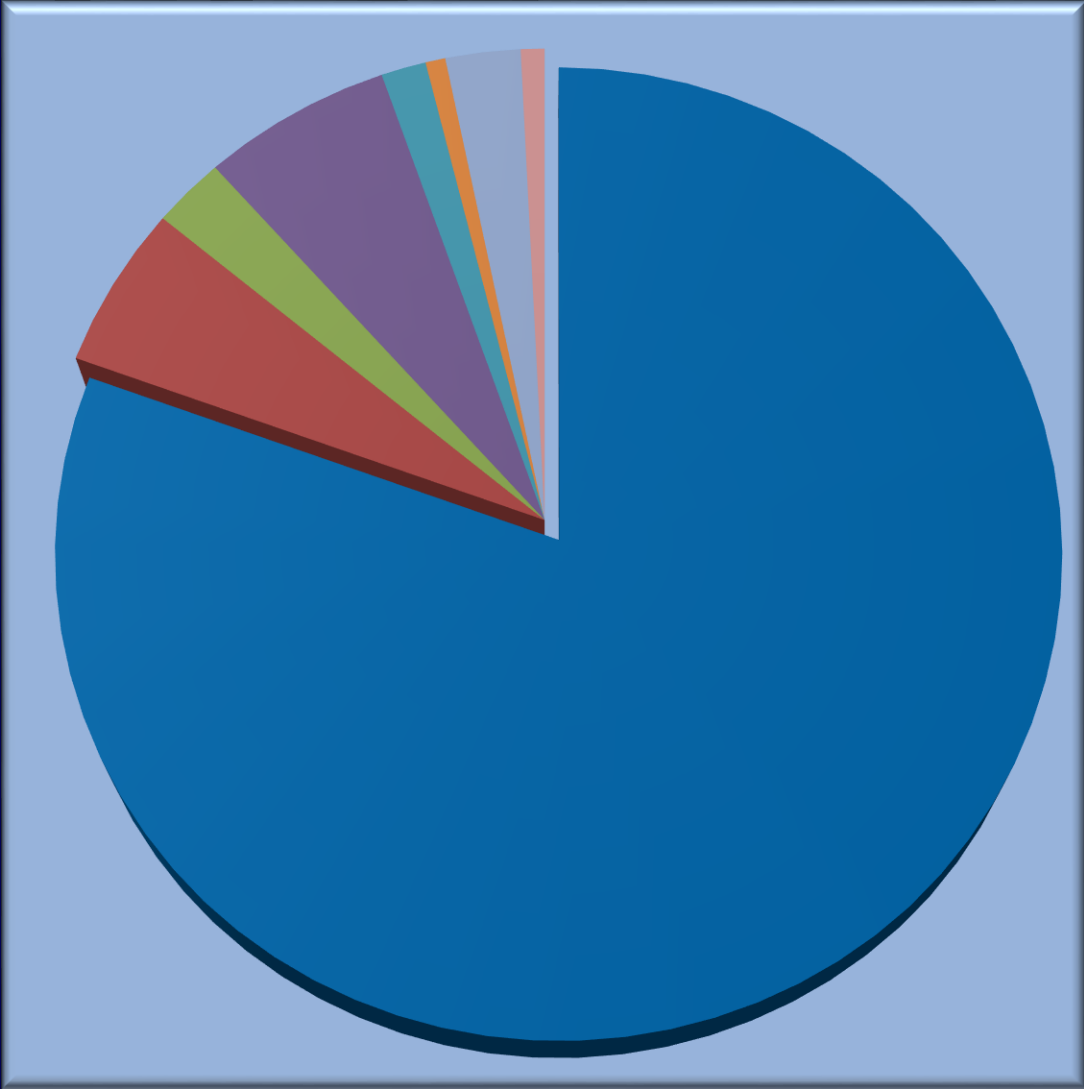
School Districts with Declining Enrollment From 2009-10 to 2013-14 Fiscal Years

Number of School Districts		Unweighted FTE		Decrease
		2009-10	2013-14	
1	Pinellas	104,306	102,251	(2,055)
2	Brevard	71,592	70,071	(1,521)
3	Volusia	62,061	60,935	(1,126)
4	Citrus	15,768	14,675	(1,093)

FEFP Funding

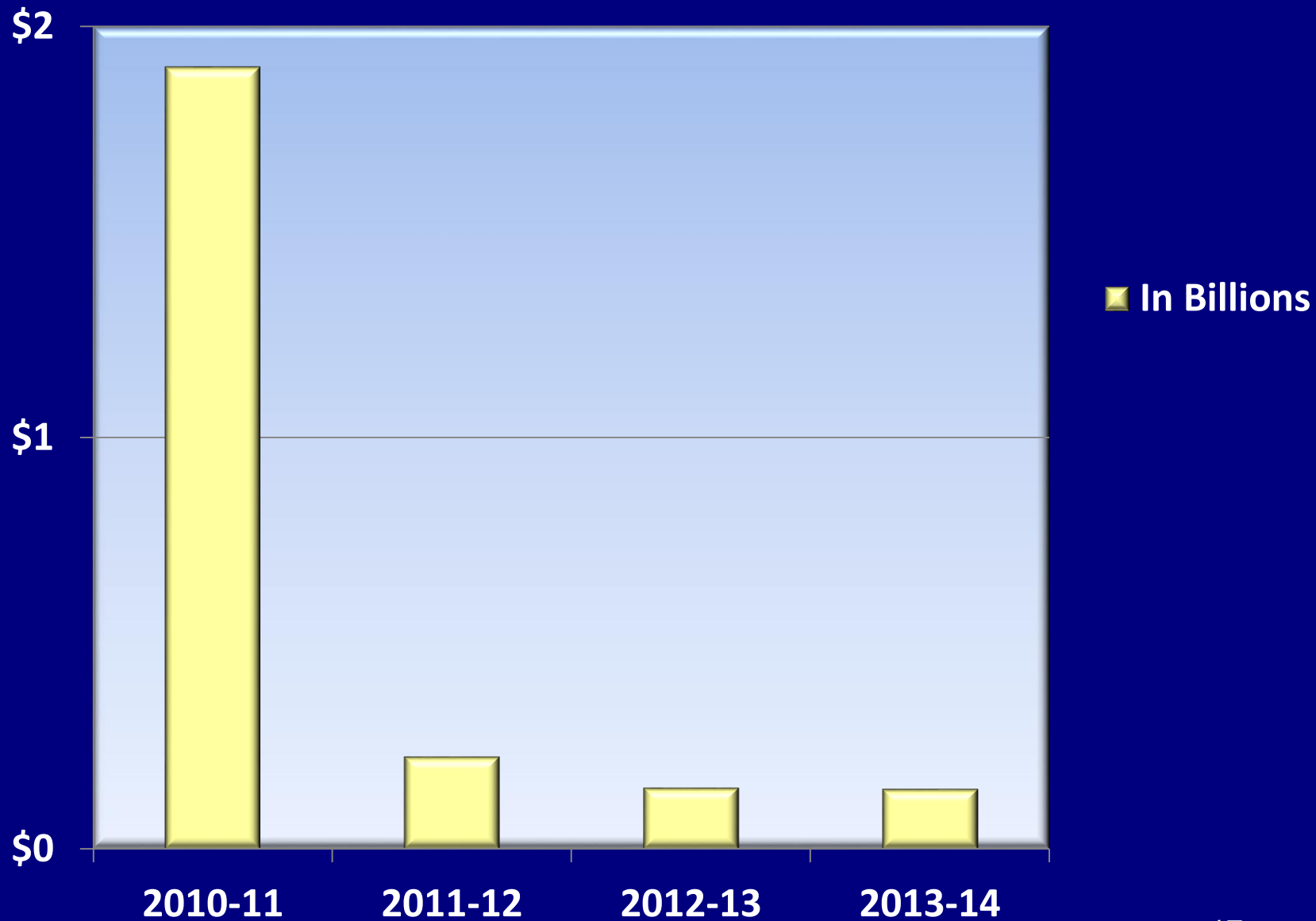
- Base Florida Education Finance Program (FEFP) allocation per FTE student:
 - 2012-13 FY - \$3,582.98
 - 2013-14 FY - \$3,752.30 (\$169.32 Increase)
 - 2014-15 FY - \$4,031.77 (\$279.47 Increase)

Financing Obligations



- COPS
- Dist Rev Bonds
- SBE Bonds
- QSCBs
- QZABs
- BABs
- Gen Ob Bonds
- Other Long-term Debt

ARRA & Other Federal Stimulus Expenditures



Statewide Revenues – All Governmental Funds 2012-13 and 2013-14 Fiscal Years (In Millions)

Governmental Fund Type	2012-13 Amount	2013-14 Amount	Increase/ (Decrease)	Percent Increase/ (Decrease)
General Fund	\$ 18,383	\$ 19,574	\$ 1,191	6.48%
Other Funds	6,156	6,431	275	4.47%
Total	\$24,539	\$26,005	\$ 1,466	5.97%

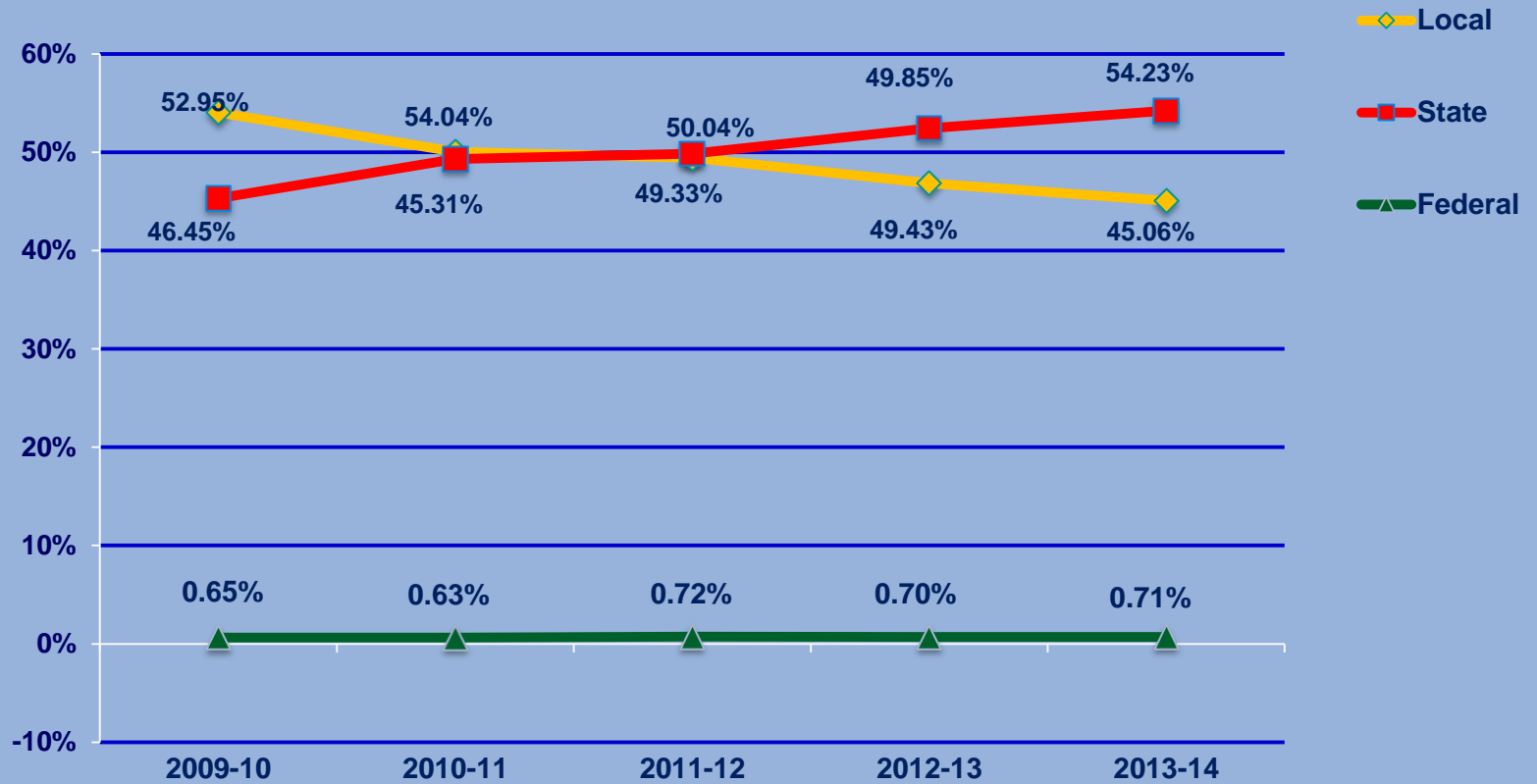
Statewide Revenues by Source – All Governmental Funds 2012-13 and 2013-14 Fiscal Years (In Millions)

Sources	2012-13 Amount	2013-14 Amount	Increase/ (Decrease)	Percent Increase/ (Decrease)
Federal	\$ 3,117	\$ 3,218	\$ 101	3.24%
State	9,838	10,858	1,020	10.37%
Local	11,584	11,929	345	2.97%
Total	\$24,539	\$26,005	\$ 1,466	5.97%

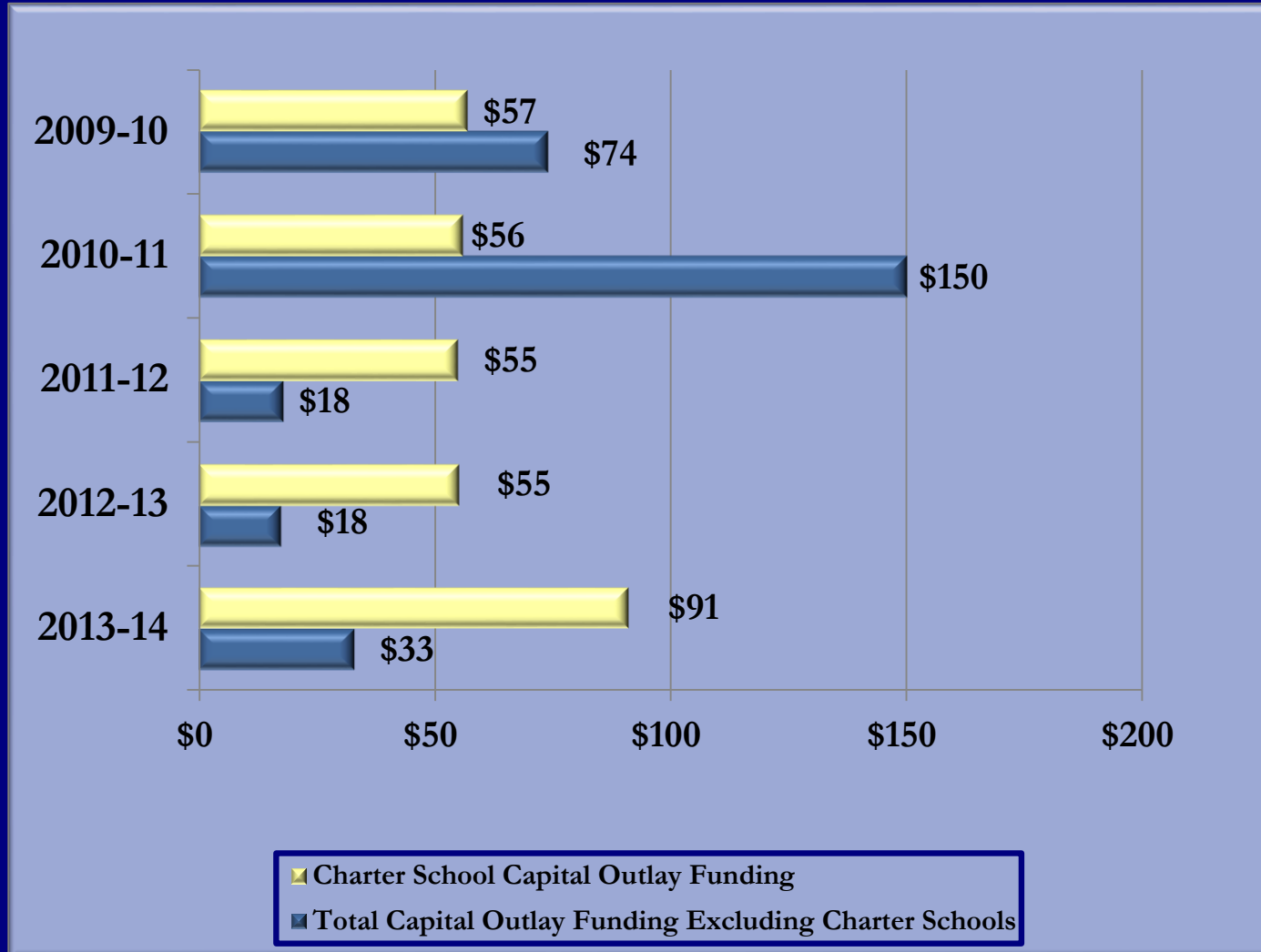
Statewide General Fund Revenues by Source 2012-13 and 2013-14 Fiscal Years (In Millions)

General Fund	2012-13 Amount	2013-14 Amount	Increase/ (Decrease)	Percent Increase/ (Decrease)
Federal	\$ 129	\$ 139	\$ 10	8.01%
State	9,641	10,615	975	10.11%
Local	8,614	8,820	206	2.39%
Total	\$18,383	\$19,574	\$ 1,191	6.48%

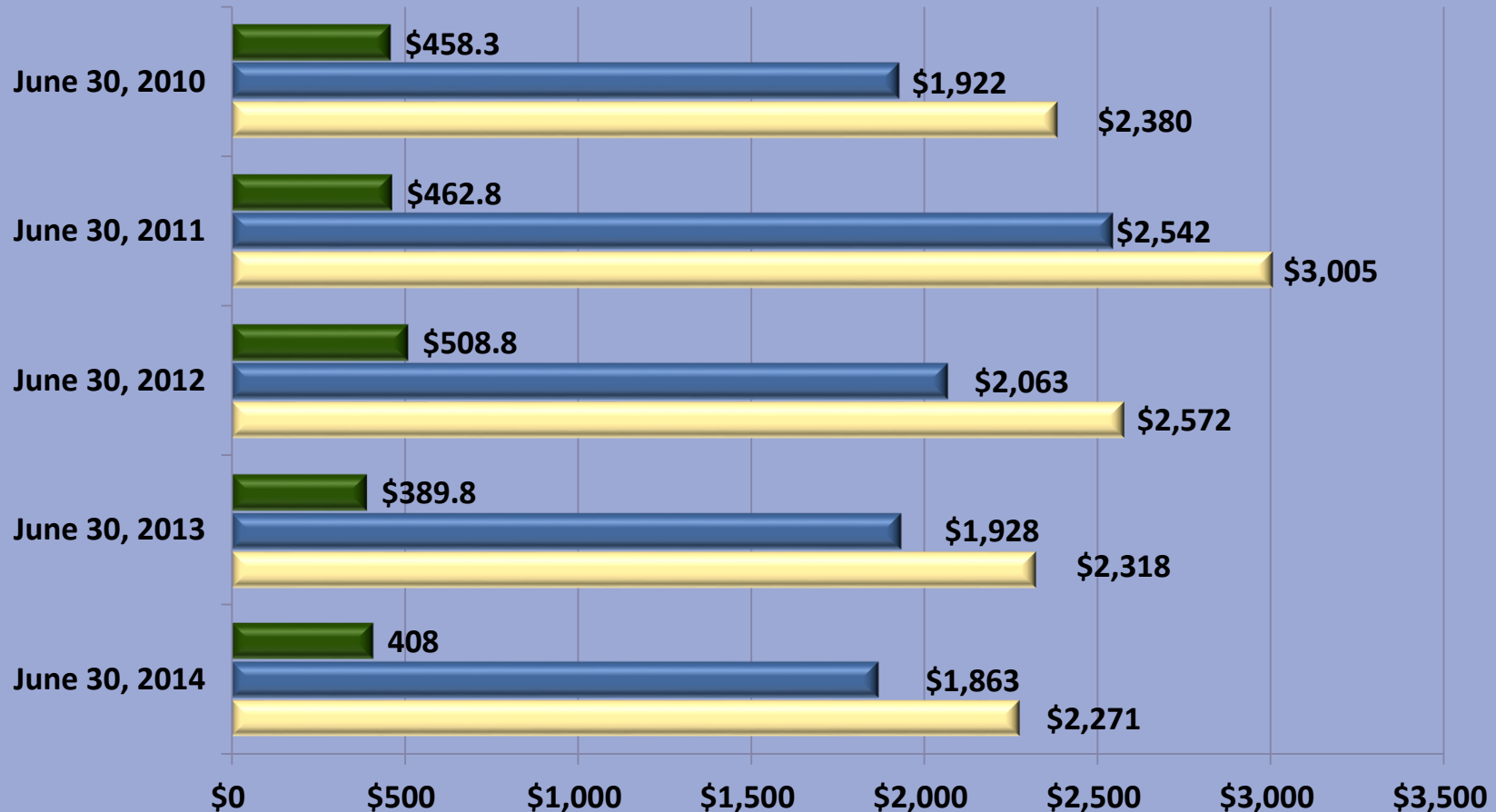
Percentage of Statewide General Fund Revenues from Federal, State, and Local Sources for 2009-10 Through 2013-14 Fiscal Years



State Capital Outlay Appropriations for 2009-10 Through 2013-14 Fiscal Years (In Millions)



Fund Balances of the General Fund for the Fiscal Years Ended June 30, 2010, Through June 30, 2014 (In Millions)



- Total Reserved (June 30, 2010) or Nonspendable/Restricted/Committed Fund Balance
- Total Unreserved (June 30, 2010) or Assigned/Unassigned Fund Balance
- Total Fund Balance

Significant Findings

- The audit reports for 5 school districts contained no findings.
- The remaining 62 audit reports included a total of 550 audit findings addressing weaknesses in internal control; instances of noncompliance with applicable laws, rules, or regulations; or additional matters.

Significant Findings

- Three audit reports included one or more findings that were considered to be material weaknesses.
- Of the 550 findings included in the 62 audit reports with findings, 93 (17 percent) were repeated from previous audit reports for at least 2 consecutive fiscal years. Sections 11.45(7)(j) and 218.39(8), Florida Statutes, encourage timely resolution of audit findings.

Significant Deficiencies and Additional Matters

- Financial Condition (5)
- Information Technology (38)
- Record Keeping/Records Management (25)
- Cash and Investment Controls (18)

Significant Deficiencies and Additional Matters

- Capital Assets Management (7)
- Expenditures/Purchasing (43)
- Payroll and Personnel (38)

Significant Deficiencies and Additional Matters

- Insurance (38)
- Capital Construction and Related Expenditures (21)
- Adult General Education (20)

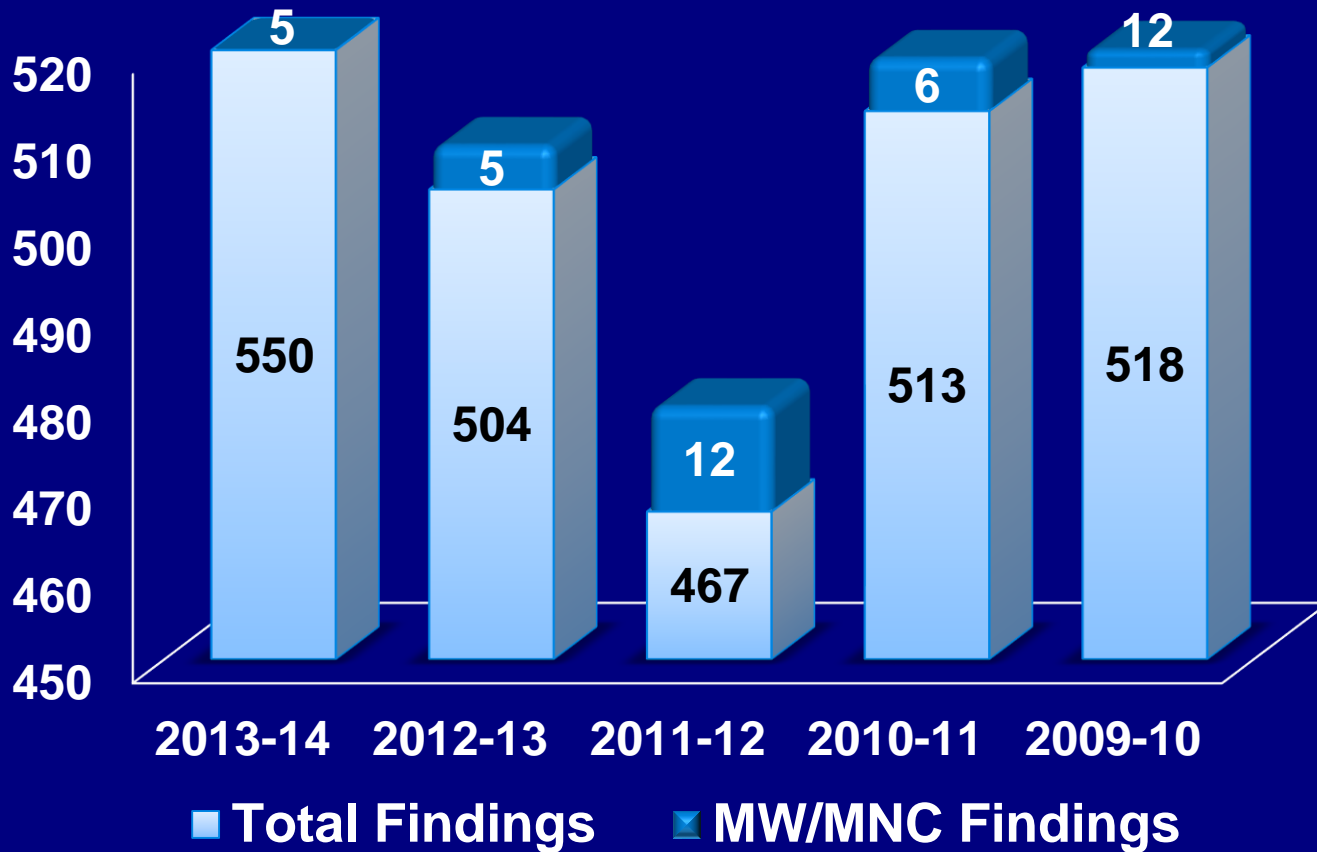
Significant Deficiencies and Additional Matters

- Virtual Instruction Program (36)
- Workforce Development (5)
- Rebates (4)
- Direct-Support Organizations (4)
- Food Service Findings (4)
- Charter Schools (3)
- Miscellaneous

Federal Awards Findings

- Federal Awards audited pursuant to Office of Management and Budget Circular A-133.
- 25 School District audits contained instances of noncompliance, including 5 districts with instances of material noncompliance and material internal control weaknesses related to Federal programs.

FY 2010-2014 Findings



Update on Standard Audit Topics

- Sunshine Law
 - Applicable to advisory and fact finding committees

- Conflicts of Interest

GASB Issues

- GASB 68 - Reporting requirements available at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports - “GASB 68 Reporting Information”
- Amounts/percentages to complete journal entries are found in AG Audit Report Nos. 2016-021 and 2015-110.
- Separate schedules for FRS and HIS

Recent GASB Statements

- GASB 72 – Fair Value Measurement and Application
- GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Recent GASB Statements

- Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Recent GASB Statements

- GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- GASB Statement No. 77 - Tax Abatement Disclosures

GASB Exposure Drafts

- Two Exposure Drafts related to OPEB
 - **Accounting and Financial Reporting for Certain External Investment Pools**
 - **Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14**

Any Questions?

➤ Contact Information:

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