



FADSS

Florida Association of
District School Superintendents

SUPERINTENDENT
DEVELOPMENT

GOVERNMENTAL
RELATIONS

ORGANIZATIONAL &
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Chief Financial Officer

Ms. Renae Wallace
Staff Assistant

Ms. Tori Williams
Receptionist/Office Assistant

MAILING ADDRESS:

208 South Monroe Street
Tallahassee, FL 32301-1824

Phone: 850-577-5784
Fax: 850-577-5781

Florida Association of District School Superintendents

February 11, 2014

Kathy DuBose, Coordinator
Joint Legislative Auditing Committee
876 Pepper Building
111 W. Madison Street
Tallahassee, Florida 32399-1400

Dear Kathy:

On behalf of the Florida Association of District School Superintendents (FADSS), thank you for the opportunity to provide recommendations that will strengthen the financial management of school districts. Below is a summary of the recommendations that were made before the committee on February 10, 2014.

School superintendents must ensure the public that districts are fiscally sound, accountable and transparent to parents and the community. Fortunately, the situation in Manatee County School District is an anomaly. As you have heard from the superintendent and school board chair, the district is well on the road to financial recovery.

The current statutes are strong and require boards and superintendents to be fiscally accountable. These are detailed in chapter 1001, F.S., relating to powers and duties of school boards and superintendents; chapter 1010, F.S., relating to uniform records and accounts, cost accounting, cost reporting, program expenditure requirements, educational funding accountability, required audits including audits of student enrollment, etc. Planning and budgeting requirements are contained in chapter 1011, F.S., and include requirements for an annual budget, reserves to be allotted, public hearings, publications on the web, specific advertisements, guidelines for general funds, budget transparency, reporting to follow if the ending fund balance falls below 3 percent and planning if the fund balance falls below 2 percent. If a plan is not deemed sufficient a financial emergency board is appointed. Section 1008.32, F.S., relates to enforcement. The Auditor General also has auditing and reporting requirements.

We have several recommendations that could strengthen the statutes relating to fiscal management that would help prevent the fiscal crisis experienced by Manatee County School District and would not also overly burden the majority of school districts that are well managed and maintain a healthy fund balance. These recommendations will strengthen a fiscal management system that is already statutorily sound and strong.

1. The Auditor General should be notified when the district's approved operating budget is projected to fall below 3 percent of projected general fund revenues during the current fiscal year. Currently, the superintendent is required to notify the school board and the Commissioner of Education. Section 1011.51, F.S., should be amended to require notification to the Auditor General.
2. Section 11.45, F.S., should be amended to require that the Auditor General notify the committee of any financial or operational audit report that indicates that a district school board has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. This amendment is already included in a House bill that has passed the PreK-12 Education Subcommittee in the House.
3. The statutes could also be amended to require the superintendent to develop and present a financial emergency avoidance plan to the school board (when the budget is projected to fall below 2 percent) that is reasonably anticipated to avoid a financial emergency as defined in statute. The school board would also be required to provide the plan to the Commissioner of Education and Auditor General. The Joint Legislative Auditing Committee could be notified by the Auditor General or Commissioner of Education if corrective action was not taken.
4. Current State Board rules require the superintendent to submit monthly financial statements to the school board. The rule could be amended to require that the financial statement provide information on the district's general fund and include year to date revenues and expenditures compared to the current budget with a forecast of each through the end of the fiscal year. An explanation could also be required of the anticipated impact of this forecast on the budgeted ending fund balance.
5. The School Finance Council, established by the Commissioner of Education could assist in developing a template for the monthly financial statement. This group, comprised of school finance officers from around the state meets quarterly and assists the department in financial issues. For example, the template needs to take into account the diverse districts in Florida. The financial statements developed by large urban districts may differ from small rural districts. The School Finance Council would be invaluable in providing advice in the development of a template.
6. Training and technical assistance by FADSS should continue and be reinstated for the Florida School Board Association (FSBA) to train school board members, particularly in school finance.
7. FADSS has historically provided technical assistance and management studies to districts. This should continue to be funded. In the past we have assisted Union, Taylor, Jefferson, Gadsden, Franklin, and Manatee when those districts faced financial difficulties.

Kathy DuBose
February 11, 2014
Page Three

8. Additional audits, management studies, technical assistance and training have a fiscal impact. The Department of Education and the Auditor General have competent, experienced staff that can assist. However, the recession and fiscal constraints that have affected these offices may preclude them from providing the needed oversight and audit functions.
9. School district administration has been reduced over the years, particularly during the recession. Even with the recession, the perception of too many administrators remains. However, the administration and operation of school districts is complex and ever-changing. We must attract and retain competent people in finance, administration, human resources, curriculum, and the superintendency. It is becoming more and more difficult.
10. As you finalize the recommendations, I would suggest that you solicit the input of the School Finance Council mentioned above. They are an invaluable resource in school finance.

In closing, the public education system in Florida is one in which you can be proud – both for student achievement and in the provision of educational services in an efficient and fiscally sound way. The implementation of these recommendations can only make it stronger.

I look forward to working with you on these issues. If you have any questions, please contact me at 850.577.5784 or jfrank@fadss.org.

Sincerely,



Joy Frank
General Counsel

cc: District School Superintendents
Wayne Blanton, FSBA