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RECOMMENDATIONS FOR TRANSPARENCY FLORIDA

Joint Legislative Auditing Committee
February 2010

JOINT LEGISLATIVE AUDITING COMMITTEE
2010

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EXECUTIVE SUMMARY

As required by Ch. 2009-74, *Laws of Florida*, this report provides recommendations from the Joint Legislative Auditing Committee (committee) for adding information related to government spending to the website established pursuant to the "Transparency Florida Act" (act).

Across the country there is a recent trend to provide more information to the public about how governmental entities spend taxpayer dollars. In Florida, the website required by the act is now available to the public and includes fiscal information from all branches of state government and all state agencies. Users can view detailed expenditures, appropriations, the status of spending authority, and position and rate information. The amount of financial transparency currently provided online by local governments, universities, colleges, school districts, and other governmental entities in the state varies greatly.

The act requires the committee to develop a plan to add fiscal information for other governmental entities to the website. The initial focus has been on school districts. Specific recommendations and timeframes for adding school district fiscal information to *Transparency Florida*[1] are provided. Also, general recommendations are provided for adding fiscal information for other governmental entities including state agencies, universities, colleges, counties, municipalities, special districts, and charter schools/charter technical career centers.

School Districts

School districts currently face various challenges in completing their mission of providing free public education to the children residing in Florida. Major fiscal challenges are declining economic conditions, declining enrollment, and the implementation of the class size reduction constitutional amendment. Committee members and staff have worked closely with representatives of school districts in order to develop a plan that maximizes the use of existing financial data.

We recommend the use of three phases as school district financial information is added to *Transparency Florida*. Information that is readily available, with minimal effort and cost to provide to the public, should be included for all school districts during the first phase of implementation. Information that requires the state to build a system, the Department of Education (DOE) or school districts to transmit financial data to the state, school districts to enhance their websites, or other more involved effort should be phased-in over time.

Citizens who visit either the home page of a school district's website or *Transparency Florida* should be able to easily access the school district's financial information that is located on the school district's website, DOE's website, and *Transparency Florida*.

The following three phases are recommended:

Phase 1: Hyperlinks should be added to *Transparency Florida*. This will allow easy access to school district financial information that is currently available online. Hyperlinks to numerous useful reports currently posted on DOE's website, all school district websites, and the annual audit of each school district should be provided. A central access point for all of this information will be a valuable tool for anyone with an interest in school district financial information. In order to provide easy access to this

[1] For the purpose of this report, *Transparency Florida* refers to www.tranparencyflorida.gov, the website created pursuant to the Transparency Florida Act.

information for users of school district websites, each school district should be required to provide a hyperlink to *Transparency Florida*, using the Transparency Florida logo, on its website's home page. This phase should be able to be accomplished with minimal effort by August 1, 2010.

Phase 2: Florida's school districts are required to provide DOE with volumes of information related to their expenditures, revenues, and other financial information. While DOE uses some of this information to prepare summary reports addressed during Phase 1, much of the detailed information provided is not currently available online. DOE should be required to post these reports on its website and *Transparency Florida* should continue to be expanded to incorporate hyperlinks to these reports. Since limited financial information is available on a school-level basis, it is important to note that included in this phase is a series of reports that provide the costs incurred by individual schools. This phase should be able to be accomplished with minimal to moderate effort by December 31, 2010.

Phase 3: The information recommended during the first two phases has been largely summary information, updated on an annual basis, and available for all school districts. During the third phase, school districts should be required to post selected documents (budget amendments, financial statements) on their websites. School districts should also be required to transmit expenditure data to the state for disclosure on *Transparency Florida*. Although most school districts currently are required to periodically transmit data to the Auditor General, these new requirements are anticipated to have a significant impact on school district staff. The Office of Legislative Information Technology Services (OLITS) should be responsible for designing and building the system to handle the data or for procuring such services. One pilot school district should be used as this information is added to *Transparency Florida*. Once issues have been worked out with the pilot school district, only one new school district should be added at a time. Although all school districts should be required to comply with these requirements, small school districts should be afforded the opportunity to request a deferral or waiver from reporting requirements. This phase should be able to be completed with moderate to substantial effort by school districts. A major financial commitment is anticipated to design and build the system required to process the expenditure information received from school districts. Once the system is operational, the information for all school districts should be available on *Transparency Florida* within 24 months.

Under current law, the committee is responsible for oversight and management of *Transparency Florida*. To handle the day-to-day decisions that will be required as school district information is planned and added to the website, a governance board, consisting of senior staff members, should be established to work with OLITS and/or a contract provider and committee staff.

Other Governmental Entities

As financial information for other governmental entities is added to *Transparency Florida*, the same overall approach should be used. Existing financial information that is user-friendly should be included early on. Transactional data for entities should gradually be included, working with one entity at a time. Citizens should be able to easily access financial information for their local governments and educational entities from *Transparency Florida* and each entity's website. Once all school districts have successfully been added to *Transparency Florida*, the remaining governmental entities should be added in the following order: Charter Schools and Charter Technical Career Centers, Universities, Colleges, Water Management Districts, Counties, Municipalities, remaining Special Districts, and any other governmental entities, including Metropolitan Planning Organizations and Regional Planning Councils. The act should be revised to include a financial threshold in lieu of a population threshold for municipalities and special districts required to comply with reporting requirements. Also, all special districts that meet this financial threshold should be required to comply, regardless of whether they receive state appropriations.

Conclusion

Understanding that the scope of this project will likely require a major financial commitment by the state, members of the committee requested an estimate of the potential cost. Experts have indicated a reliable cost estimate is not possible without employing a design team to conduct a detailed analysis. The cost estimates provided for the system are based on general information gathered from the entities and OLITS' experience with this type of project. No site visits were made.

After discussions and since members of the committee do not have confidence in the accuracy of the estimated costs, the committee adopted a motion to recommend moving forward with Phases 1 and 2 at this time. The committee recommends the deferral of Phase 3 pending future discussion.

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Background

RECOMMENDATIONS FOR TRANSPARENCY FLORIDA

SCOPE

As required by Ch. 2009-74, *Laws of Florida*, this report provides recommendations from the Joint Legislative Auditing Committee (committee) for adding information related to government spending to the website established pursuant to the "Transparency Florida Act."

BACKGROUND

Overview of Law

The "Transparency Florida Act" (act) requires the Executive Office of the Governor, in consultation with the appropriations committees of the Senate and the House of Representatives, to establish a single website which provides information relating to each appropriation in the General Appropriations Act for each branch of state government and state agency. The website must include detailed expenditure and appropriation information, the status of spending authority for each appropriation in the approved operating budget, and position and rate information for positions provided in the General Appropriations Act.

In addition, the act assigns the following responsibilities to the committee:

- Section 11.40(4)(b), F.S., requires the committee to provide oversight and management of the Transparency Florida website.

- Section 215.985(4), F.S., requires the committee to propose providing additional state fiscal information on the website which may include, but is not limited to, the following information for state agencies:

    - Details of nonoperating budget authority established pursuant to s. 216.181, F.S.
    - Trust fund balance reports, including cash available, investments, and receipts.
    - General revenue fund balance reports, including revenue received and amounts disbursed.
    - Fixed capital outlay project data, including original appropriation and disbursements throughout the life of the project.
    - A 10-year history of appropriations indicated by agency.
    - Links to state audits or reports related to the expenditure and dispersal of state funds.
    - Links to program or activity descriptions for which funds may be expended.

- Section 215.985(5), F.S., requires the committee to recommend a format for collecting and displaying information on the website from state universities, public schools, community colleges, local governmental units, and other governmental entities receiving state appropriations.

- Section 215.985(6), F.S., requires the committee to develop a schedule, by March 1, 2010, for adding other information to the website by type of information and governmental entity, including timeframes and development entity.

Additional information may include:

- Disbursements by the governmental entity from funds established within the treasury of the governmental entity, including, for all branches of state government, allotment balances in the Florida Accounting Information Resource (FLAIR) Subsystem.
- Revenues received by each governmental entity, including receipts or deposits by the governmental entity into funds established within the treasury of the governmental entity.
- Information related to a governmental entity's bonded indebtedness, including, but not limited to, the total amount of obligation stated in terms of principal and interest, an itemization of each obligation, the term of each obligation, the source of funding for repayment of each obligation, the amounts of principal and interest previously paid to reduce each obligation, the balance remaining of each obligation, any refinancing of any obligation, and the cited statutory authority to issue such bonds.
- Links to available governmental entity websites.

- Section 215.985(9), F.S., requires the committee to coordinate with the Financial Management Information Board in developing any recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8), F.S.

- Section 215.985(14), F.S., requires the committee to prepare an annual report detailing progress in establishing the single website and providing recommendations for enhancement of the content and format of the website and related policies and procedures. The first report is due November 1, 2011.

This report addresses enhancing the website to include fiscal information from governmental entities. Section 215.985(2)(a), F.S., defines a governmental entity as any state, regional, county, municipal, special district, or other political subdivision whether executive, judicial, or legislative, including, but not limited to, any department, division, bureau, commission, authority, district, or agency thereof, or any public school district, community college, state university, or associated board. Section 215.985(11), F.S., provides an exemption for municipalities and special districts having a population of 10,000 or fewer. Population determinations must be based on the most recent population estimates prepared pursuant to s. 186.901, F.S.

Financial Transparency

Across the country there is a recent trend to provide more information to the public about how governmental entities spend taxpayer dollars. In Florida, the website required by the act[1] is now available to the public. Fiscal information from all branches of state government and all state agencies is included. Users can view detailed expenditures, appropriations, the status of spending authority, and position and rate information. The Chief Financial Officer maintains "Florida's Checkbook," a website which also provides financial transparency information for state agencies. Access to vendor payments, fund balances, local government revenues and expenditures totals, contract amounts for the Department of Financial Services, and other financial-related information is provided on that website. Some state agencies also provide online access to limited financial information, such as contract documents, or summary information for entities they oversee. For example, the Department of Education (DOE) maintains numerous summary reports for the state's school districts.

The amount of financial transparency currently provided online by local governments, universities, colleges, school districts, and other governmental entities in the state varies greatly. Some smaller local

[1] www.transparencyflorida.gov.

governments do not have a website. Entities that provide online access to financial information generally include access to documents that are prepared during the course of doing business. This may include budget documents, the Comprehensive Annual Financial Report (CAFR), and other items included in meeting packets for board, council, or commission meetings. The exception is the City of Palm Bay, located in Brevard County. City management dedicated funding and manpower to provide detailed financial information. Updated quarterly, users have access to transaction-level information for expenditures and revenues and annual salary amounts for employees. The City of Palm Bay designed this system in response to a previously unsuccessful attempt by the Florida Legislature to require certain entities to provide transparency for financial information.

Other States

Over half of the states have created and made available to the public, free online databases that are comprehensive and searchable, which allow users to explore certain state financial information. Using these online databases, the public is able to access from a single interface information such as state revenues and expenditures, salaries of state employees, vendor information, contract contents, audit reports, monthly accounting reports, and state leases. The comprehensiveness and amount of detail provided varies greatly by state.

Only a limited number of states that provide a comprehensive spending transparency website include access to financial information for local governmental entities and school districts. When available, this information is typically provided in summary or aggregate form. The following states include local governments and school districts on their main transparency websites:

- Georgia: provides annual salary and travel reimbursement information for all school district employees.
- Nebraska: provides breakdowns of property taxes and state aid received by each county within the state and also provides aggregate budget, revenue, and expenditure data for a single school district within the state.
- New York: provides aggregate revenue and expenditure data for all cities, counties, fire districts, school districts, towns, and villages, with the option to compare data within a unit of local government.
- Texas: provides easy access to the budgets, financial reports, and check registers for certain school districts and local government entities across the state.
- Wyoming: provides annual aggregate revenue and expenditure data for all individual school districts.

Many states that do not offer a comprehensive transparency website offer alternative single online outlets to provide the public with financial transparency. The states of Alaska, Delaware, Iowa, and Indiana, among others, employ such online outlets. Similar to "Florida's Checkbook," Alaska and Delaware offer online checkbooks where users can view payment information by state agency, expenditure category, and vendor. The Iowa Legislative Services Agency provides the "Salary Book" that allows users to view salary and travel information for individuals employed in an Iowa state agency or institute of higher education. Indiana's Department of Administration maintains the "State of Indiana Active Contract Search" where the public can obtain commodity and vendor information for all active state contracts.

While not all states currently offer easily accessible online financial information, the initiative to provide such financial transparency can be observed across the country. For example, Arizona and North Dakota will soon require a transparency website due to recently passed legislation, while Idaho recently experienced an unsuccessful legislative effort to require such a website.

Three key lessons have been learned from other states that have established a government transparency website.[2] First, a comprehensive strategy should guide the implementation of major components in separate phases rather than implementing all components at once. Second, with the help of media coverage, website use is highest during the initial release of the website and when new components are available. Third, although expenditures required to create transparency websites vary, states report that once their systems became operational, the resources required to maintain the site are relatively low.

Committee Action

The Chairman appointed a working group, consisting of four members of the committee, to handle the details of the committee's responsibilities under the act. The Senate members are Senator Wise, serving as chairman, and Senator Ring. The House members initially were Representatives Coley and Schultz. They were replaced by Representatives Taylor and Tobia in September 2009.

During this project, the working group and/or committee staff have worked with other legislative staff, including the Auditor General's Office and the Office of Program Policy Analysis and Government Accountability, representatives from the Governor's Office, the Department of Financial Services, the Department of Education, the Florida Association of Counties, the Florida League of Cities, the Florida Association of Special Districts, the Florida Government Finance Officers Association, the Board of Governors, the Florida College System, and individuals in financial and information technology (IT) related positions at some of the entities. As a result of information gathered during meetings with these stakeholders, school districts appeared to be the best choice to select as the next entity to add to *Transparency Florida.*[3] The bill's sponsors, Senator Alexander and Representative Hukill, agreed with the recommendation to proceed with a plan to implement school district transparency. With the exception of summary recommendations for other governmental entities and state agencies, the remainder of this report focuses on school districts.

Committee staff also worked closely with an advisory group consisting of members of the Florida School Finance Council, staff of the Florida Association of District School Superintendents, and other representatives for the school districts. With the assistance of the Legislative Committee on Intergovernmental Relations, the committee distributed a survey to all school districts. Survey questions related to the accounting systems used by the school districts, the financial information collected by those systems, information currently on the school districts' websites, and anticipated problems and costs of either adding specified information to the websites or submitting specified information to the state. With assistance from the advisory group, 100 percent of the school districts responded to the survey.

[2] Source: Office of Program Policy Analysis and Government Accountability, *Government Transparency Websites in Other States,* 2009.
[3] For the purpose of this report, *Transparency Florida* refers to www.tranparencyflorida.gov, the website created pursuant to the Transparency Florida Act.

School Districts

PRESENT SITUATION

Public School Law

Pursuant to Article IX, Section 4, of The Florida Constitution, each county constitutes a school district; therefore, there are 67 school districts in Florida. School districts are operated, controlled, and supervised by an elected school board, composed of five or more members. Each school district has a superintendent of schools who is either elected for a four-year term[4] or appointed when a resolution has been approved by vote of the electors in a county.[5] The superintendent is the secretary and executive officer of the district school board and has the responsibility for the administration and management of the schools and for the supervision of instruction in the school district.[6]

Chapters 1000-1013, F.S., comprise the "Florida K-20 Education Code." The purpose of the code is "to provide by law for a state system of schools, courses, classes, and educational institutions and services adequate to allow, for all Florida's students, the opportunity to obtain a high quality of education."[7]

Financial Reporting

All school districts are required to use a uniform chart of accounts for budgeting and financial reporting, the *Financial and Program Cost Accounting and Reporting for Florida Schools* (known as the Red Book).[8] The Red Book is adapted from national reporting standards for education fiscal data established to ensure compatibility in national statistical reports.[9] Generally accepted governmental accounting principles, established by the Governmental Accounting Standards Board, are the foundation for financial accounting and reporting for school districts.

In addition, each school district is required to prepare and adopt a tentative budget and then transmit the adopted budget to DOE for approval.[10] While school districts use the same types of data management systems to capture their financial transactions, a majority of the school districts have customized these systems for their specific purposes. As a result, there are essentially 67 different accounting systems currently in use.

While the financial transactions of all individual public schools operating within the boundaries of a school district are accounted for by that school district, the financial transactions of the following entities are not included: (1) charter schools created pursuant to s. 1002.33, F.S.; (2) charter technical career centers created pursuant to s. 1002.34, F.S.; and (3) the various direct support organizations, foundations, and other organizations associated with the school districts. Annual audits are required for all charter schools and charter technical career centers pursuant to ss. 218.39(e-f), F.S., and certain direct support organizations pursuant to s. 1001.453(4), F.S.

Three educational consortiums provide various services for 32 smaller school districts. The Panhandle Area Educational Consortium (PAEC), the North East Florida Educational Consortium (NEFEC), and the Heartland Educational Consortium (HEC) provide services and resources in areas such as school improvement, staff development, training activities, grant writing, and printing. PAEC and NEFEC also

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[4] Section 1001.46, F.S.
[5] Section 1001.461, F.S.
[6] Section 1001.32(3), F.S.
[7] Section 1000.01(3), F.S.
[8] Sections 1010.01 and 1010.20, F.S., and Rule 6A-1.001, F.A.C.
[9] Established by the National Center for Educational Statistics.
[10] Sections 1011.02 and 1011.03, F.S.

provide IT services for their member school districts. See Appendix A for consortium member school districts.

Financial Data and Reports Currently Available

School districts currently collect and maintain a myriad of financial and student data in their various computer systems. This data includes confidential information relating to both employees and students, such as social security numbers, payroll deduction records, health-related information, special student program placement or qualification, and test scores. It is essential that such information is protected and remains so as the transparency requirements are developed and implemented.

School districts receive revenue from various sources. The main sources are as follows:

- Florida Education Finance Program (FEFP) funds - administered by DOE under the provisions of s. 1011.62, F.S., and the foundation for financing K-12 education in the state;
- State categorical educational program funds - administered by DOE;
- Gross receipts taxes, generally known as Public Education Capital Outlay funds - administered by DOE;
- Local property taxes levied for district school operations, capital improvements, and debt service; and
- Federal funds received either directly from the Federal government, distributed through the state, or distributed through local entities.

Various financial data and reports are currently available either on state websites (i.e., DOE and Auditor General) or at DOE but not posted on the website. Such financial data and reports include the following:

- Adopted Budget, including millage resolutions
- Return on Investment (ROI) / School Efficiency Measures
- Financial Profiles of School Districts
- Florida School Indicators Report (FSIR)
- FEFP Calculations
- Five-Year Facilities Work Plan
- Annual Financial Audit Report or Comprehensive Annual Financial Report (CAFR), which includes bond indebtedness information
- Annual Financial Report (AFR)
- Program Cost Analysis Report Series, including school-level financial information
- Employee salaries and benefits information
- Education Funding and Accountability Act Reports
- Analysis of School District Expenditures and Program Cost Factors
- National Public Education Finance Survey
- Equity in School-Level Funding Reports
- Class Size Reduction Survey

Descriptions of the above-noted financial data and reports are included in the Recommendations section of this report (descriptions begin on page 11).

Survey Results

Although, as previously mentioned, all school districts responded to the survey, some school districts did not provide complete answers to all questions. Results of the survey indicated the following:

- Accounting systems used are either mainframe (IBM - VSAM, DS2, TERMS) or server-based (Oracle, SAP, SQL). While school districts may use the same type of accounting systems, these systems have, in most cases, been customized for the specific school district's needs.
- As previously mentioned, 26 of the small school districts obtain IT services from two consortiums. Once the consortiums work through the implementation of the Transparency Florida requirements for one member school district, implementation for the remaining member school districts should proceed fairly smoothly.
- Problems expected if school districts are required to transmit financial data to the state include:
  - Most school districts expect time constraints and personnel costs for the initial programming required to collect specified data in a format necessary for transmission.
  - Smaller school districts may not have the technical expertise in-house and will probably have to use consultants or other vendors in order to meet the requirements.
  - Specific costs will depend on what data will be required.
- Problems expected if school districts are required to post financial data on their respective websites include:
  - Most school districts expect time constraints and personnel costs for the posting and maintenance of required data.
  - While each school district has a website, the websites of some smaller school districts contain only basic information, such as superintendent and board member names and contact information. A requirement to add specific financial data will require expansion of the websites. More memory/capacity as well as personnel time will be needed.
  - Specific costs will depend on what data will be required.

School District Websites

Committee staff conducted a review of school district websites to determine the accessibility of online financial data. The review concluded that financial data, when available, is generally placed within school board meeting documents, school district finance department websites, and school district home pages. Due to the variety of possible locations and inadequate search options, school district financial data is often not easily accessible. The review also encompassed the extent to which the following documents are available on the school district websites: original and final budgets; budget amendments; audit reports; monthly financial statements; Comprehensive Annual Financial Reports; and annual financial reports. See Appendix B for more information on the review of the school district websites.

Additionally, committee staff analyzed the survey results to determine the amount of financial information currently posted to each school district's website. School districts were asked in the survey whether or not specified types of financial information are available in hard copy format, electronic format, and on the school district's website, such as budget documents, list of grants received, and revenue and expenditure transaction detail. Most school districts indicated that they have the financial information available in hard or electronic formats; however, only a limited number of school districts reported that certain financial information is also available on the school district's website.

Current Issues

School districts currently face various challenges in completing their mission of providing free public education to the children residing in Florida, including declining economic conditions, declining enrollment, and the implementation of the class size reduction constitutional amendment.

Florida's real estate market has been in a state of deterioration over the past few years. Large declines in property values have posed problems for school districts. Local property taxes are a major source of revenue, and the FEFP school funding formula is based, in part, on the varying local property tax bases.[11] State economists expect the taxable property value for schools statewide to fall 9.5 percent in 2010.[12]

During the 2008-2009 school year, 75 percent of Florida's school districts had a decline in the number of students compared to the previous school year.[13] Reportedly, declines in student enrollment can be attributed, in part, to the worsening economy. As lay-offs in the community occur, some families are forced to relocate in search of new job opportunities. When the number of students decreases school districts receive less revenue as enrollment drives school funding. School districts may need to consider reducing staff and closing schools when this occurs.

Also, compliance with the class size reduction requirements have been measured at the school-level since the 2006-2007 school year and many school districts have experienced difficulties with compliance. Beginning in the 2010-2011 school year, compliance will be measured at the classroom-level.[14] Some school districts will need to increase instructional staff in order to comply.

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[11] *2009-10 Funding For Florida School Districts*, page 1.
[12] "Plunging Property Values Will Cause School Funding Shortfall," *Miami Herald,* December 3, 2009.
[13] "Student Enrollment on the Decline," *Sarasota Herald-Tribune*, March 3, 2009.
[14] Source: http://www.fldoe.org/classsize/.

Recommendations

RECOMMENDATIONS FOR IMPLEMENTATION OF SCHOOL DISTRICT FINANCIAL TRANSPARENCY

We recommend the use of a blended approach as school district financial information is added to *Transparency Florida*. Information that is readily available, with minimal effort and cost to provide to the public, should be included for all school districts during the first phase of implementation. Information that requires the state to build a system, DOE or school districts to transmit financial data to the state, school districts to enhance their websites, or other more involved effort should be phased-in over time. The data and reports posted to websites should initially be for the most recently completed school year and any data included on a state-developed system should initially be for the current school year at the time of implementation. The number of years' data and reports to be posted and maintained on the websites should be determined as the phases are implemented. Such determinations should depend on various factors, such as storage capacity and related costs, and should be made by the established governance board (as discussed on page 19).

Access to all required information should be provided on *Transparency Florida*; however, the information should be stored on a combination of the state's, DOE's, and individual school districts' websites. In general, the state should be responsible for transactional-type data, DOE should be responsible for the statewide reports it currently receives and compiles, and school districts should be responsible for selected school district generated reports. *Transparency Florida* should include a brief description of each report available.

A standardized format should be required for presentation on each school district's website and include the use of the Transparency Florida logo that appears on *Transparency Florida*. Citizens who visit either the home page of a school district's website or *Transparency Florida* should be able to easily access the school district's financial information that is located on the school district's website, DOE's website, and *Transparency Florida*.

We also recommend that "Frequently Asked Questions" (FAQs) be developed relating to the school district information and added to *Transparency Florida*. Each question should include a reference or link to a specific report, when available, that will provide the best answer. If comparisons of expenditures or other data between school districts or schools are anticipated, consideration should be given to adding explanations of why costs may vary and are dependent on certain factors. For example, "instructional salary costs between schools will vary due to the number of years the teachers at each location have been teaching and/or employed by the school district." The questions should be developed by, or with the assistance of, DOE and the advisory group referred to earlier. A glossary should also be included on *Transparency Florida* in order to aid users who are not familiar with the terminology used by the state and school districts when describing education-related information.

A disclaimer should be included on both the section of *Transparency Florida* that displays school district information and on each school district's website which states: "This information is intended for informational purposes only. While every effort is made to maintain accurate information, the data are unaudited. A user of the information on this website relies upon such data at his or her own risk. Neither the state, any state agency, nor the district school board warrants the accuracy of any data contained herein and cannot be held liable for any actions taken based on the information contained on this website. For audited figures, please contact the appropriate school district representative."

As previously mentioned, each school district handles a large amount of confidential information during the course of a school year. This includes, but is not limited to, student data, employee payroll data, and proprietary information that may be included in certain contracts and agreements. Each school district

should be required to redact any confidential information included in its financial records prior to submission of any financial data to the state.

Some school districts may have difficulties meeting the requirements of this act using existing resources. Especially at risk are school districts that are in a state of financial emergency and those that meet either a financial emergency condition[15] or are experiencing deteriorating financial conditions. Other school districts may struggle due to lack of staff with the expertise required, such as in the area of IT. Consideration should be given to providing financial or other assistance to these school districts to enable them to meet the reporting requirements.

RECOMMENDATIONS FOR REQUIRED FINANCIAL INFORMATION

PHASE 1

During this phase, hyperlinks should be added to *Transparency Florida*. This will allow easy access to school district financial information that is currently available online. DOE's website includes a substantial amount of useful financial information for each school district. This information is, however, difficult to find on the website. In addition, each school district has its own website. While some school district websites provide only general information, others provide varying types and amounts of financial information. Finally, the annual audit reports for each school district are posted on the Auditor General's website. A central access point for all of this information will be a valuable tool for anyone with an interest in school district financial information. We recommend that *Transparency Florida* incorporate hyperlinks to the websites and reports described below. In order to provide easy access to DOE and Auditor General information for users of the school district websites, we also recommend that each school district be required to provide a hyperlink to *Transparency Florida*, using the Transparency Florida logo, on its website's home page.

Although the law contemplates a single website for financial transparency, as information for school districts is provided, technically a new website will be required. Access to this information will, however, be provided seamlessly from *Transparency Florida*. We envision a new hyperlink on *Transparency Florida's* home page labeled "School Districts." Two websites will be required since the development entity[16] for the school district data will be different from the organization responsible for state agency data.[17] The addition of school district data will require a new application as more than one organizational entity does not typically share a single application. A new application will require a new website. We refer singularly to *Transparency Florida*[18] as including the existing website with state agency information and the recommended new website with school district information.

Effort Required: Minimal effort to implement this phase is anticipated. The development entity will need to create a new website for school district information and provide hyperlinks to the various websites and reports. A hyperlink on *Transparency Florida* will need to be created which will provide access to this new website, and school districts will need to add a hyperlink to the home pages of their websites. This phase should be able to be accomplished with minimal additional assistance of school district staff.

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[15] As specified in s. 218.503, F.S.
[16] The development entity is the organization responsible for designing, building, and hosting the data for the state.
[17] Systems Design and Development (SDD), administratively housed in the Governor's Office of Policy and Budget, is responsible for the state agency data. IBM entered into a contract to provide technical assistance for the project. SDD's responsibilities are limited to state-level data.
[18] Also referred to as "State website."

RECOMMENDATIONS FOR TRANSPARENCY FLORIDA

School Districts Included: All

Anticipated Completion: August 1, 2010

FINANCIAL INFORMATION CURRENTLY POSTED ON DOE'S WEBSITE

REPORT TITLE	SUMMARY
Return on Investment (ROI)/School Efficiency Measures	Two major categories of information are provided at the state and school district-level. Much of the information is also provided on an individual school level. Student/Staff Indicators include: School and District Demographics, School and District Staff, School and District Student Performance, School Students in Special Programs/School Discipline, School and District Graduation Follow-up, District School Readiness, and District Community Information. Financial Indicators include: School Return on Investment Index, School Total Costs Per Students, District Revenues, District Expenditures, District Financial Margins and Reserves, District Taxes, and District Debt. The ROI website allows users to evaluate measures of performance in light of the resources allocated to the individual schools and school districts.[19] Currently, information for the 2001-2002 through 2007-2008 school years is included on DOE's website. Each school year is separately reported. The 2008-2009 ROI information is anticipated to be available before school grades are released in June 2010.
Financial Profiles of School Districts	This report provides detailed summary information about revenues and expenditures of the school districts - revenues by source and expenditures by function and object.[20] Information includes the Federal, State, Local, and Total Revenue received per unweighted full-time equivalent (FTE) student; Total Expenditures per unweighted FTE (excluding Capital Outlay and Debt Service); Florida Education Finance Program (FEFP) funding by category; School District Millage Rates; Operating Tax Millage and Property Values; and Expenditures by Program Area. Profiles for the 1997-1998 through 2007-2008 school years are currently available on DOE's website. The 2008-2009 Financial Profiles are anticipated to be available by March 2010.

[19] Source: DOE's website.

[20] Function refers to the objective or purpose of an expenditure, such as Instruction or Instructional Support Services. Object means the goods purchased or the service obtained; examples include Salaries, Employee Benefits, and Material and Supplies. See the Red Book for further information.

REPORT TITLE	SUMMARY
Florida School Indicators Report (FSIR)	This report provides various indicators of school status and performance of public elementary, middle, and high schools for each school district.[21] "Per Pupil Expenditures" is the only school indicator included in this report that relates to financial information. Some of the other school indicators reported are Graduation Rates, Dropout Rates, and Classes Taught by Out-of-Field Teachers. Reports for the 1997-1998 through 2007-2008 school years are currently available on DOE's website. The 2008-2009 FSIR is anticipated to be available in February 2010. Generally, this report is released during the fall following the end of the fiscal year.
Florida Education Finance Program (FEFP) Calculations	The FEFP is the primary mechanism for funding the operating costs of the school districts, and calculations are made five times throughout each school year to arrive at each year's final appropriation.[22] The amount allocated to each of the components of the FEFP funding formula is shown for each school district. Calculations are posted on DOE's website for the 1997-1998 through 2009-2010 school years. The five annual calculations are available for recent years, while only the final calculations are available for earlier years.
Five-Year Facilities Work Plan	Each school district must annually prepare a Five-Year Facilities Work Plan that includes long-range planning for its facilities needs over 5-, 10-, and 20-year periods. Plans for the 1999-2000 through 2009-2010 school years are available on DOE's website. Required by s. 1013.35(2), F.S.

FINANCIAL AND OTHER INFORMATION READILY AVAILABLE

WEBSITE OR REPORT	DATA SOURCE	FREQUENCY OF REPORTING	LOCATION
School districts' website	DOE/Survey results	N/A	State website
Audit Report[23] or Comprehensive Annual Financial Report (CAFR)[24]	Auditor General	Annually[25]	State website

[21] Source: DOE's website.
[22] Source: *2009-2010 Funding for Florida School Districts Statistical Report* (pp. 1, 21).
[23] Also, provide hyperlinks to audit reports of school district foundations and other direct support organizations. These audit reports may need to be obtained from school districts.
[24] A CAFR provides a detailed presentation of a governmental entity's overall financial position and operations for the year. It has three major sections: introductory, financial, and statistical. The financial section includes the independent auditor's report. A little more than one-third of the school districts issue a CAFR. School districts in counties with a population of 150,000 or more (currently 24 counties) are audited by the Auditor General once every three years and by CPA firms during the two years in between. These audits are referred to as rotational audits. During the year when the Auditor General performs a rotational audit, a school district may have both an audit report and a CAFR.
[25] School district financial audits performed by the Auditor General are required, when practicable, to be issued within nine months after fiscal year-end (FYE), pursuant to s. 11.45(4)(a), F.S. The Federal Single Audit Act also requires audits of governmental entities expending Federal awards to be completed within nine months after FYE.

WEBSITE OR REPORT	DATA SOURCE	FREQUENCY OF REPORTING	LOCATION
Bond Indebtedness Information: Provide hyperlink to the Long-Term Debt Note(s)[26] in each school district's annual financial audit report.	Auditor General	Annually (same as above)	State website

PHASE 2

Florida's school districts are required to provide DOE with volumes of information related to their expenditures, revenues, and other financial information. While DOE uses some of this information to prepare summary reports addressed during Phase 1, much of the detailed information provided is not currently available online. Each of the reports and information described below is readily available on an annual or more frequent basis. We recommend that DOE be required to post these reports on its website, and *Transparency Florida* should continue to be expanded to incorporate hyperlinks to these reports. Since limited financial information is available on a school-level basis, it is important to note that included in this phase is a series of reports that provide the costs incurred by individual schools. Some of the reports listed below will require user knowledge of DOE's chart of accounts, the Red Book, discussed earlier. *Transparency Florida* should also include easily accessible hyperlink(s) to the Red Book, along with an explanation that it is the chart of accounts for the school districts and should be used as a reference for any questions relating to what data is included in the various codes.

Effort Required: Overall, this phase should require minimal to moderate effort to implement. DOE will need to add existing reports that it currently receives to its website, and the development entity will continue enhancing *Transparency Florida* to include hyperlinks to these reports. This phase should be able to be accomplished without additional assistance of school district staff. Due to the large number of individual schools in the state, DOE will require considerable staff effort and additional IT storage capacity, especially if the program cost report is posted for each individual school. The website location of these reports may need to be revisited during this phase of implementation. An alternative would be to place the school reports on *Transparency Florida* and/or school district websites.[27]

School Districts Included: All

Anticipated Completion: December 31, 2010

In addition, school district financial audits performed by CPA firms are required to be submitted to the Auditor General within 45 days after the audit report is delivered to the school board, but no later than 12 months after FYE, pursuant to s. 218.39(8), F.S. Audit reports are immediately posted on the Auditor General's website upon completion or receipt.

[26] The long-term debt notes are required to be included in the Notes to the Financial Statements and contain the elements required by s. 215.985(6)(c), F.S. - total principal and interest; itemization of each obligation, including term, statutory authority, source of funding, and balance remaining; and any refinancing. Since the information in the long-term debt notes is current as of the end of the fiscal year audited, it will only be updated once a year. However, since the auditors are required to disclose in the notes to the financial statements any material subsequent events that occur after FYE but prior to the issuance of the audit report, any bonds issued during this time period will generally be disclosed. Therefore, the bonded indebtedness information will be current through the date the audit report is issued.

[27] Representatives of school districts have indicated that school districts will also need additional resources if they are asked to post these school-level reports on their website.

FINANCIAL INFORMATION CURRENTLY PROVIDED BY SCHOOL DISTRICTS TO DOE, BUT NOT POSTED ONLINE

REPORT OR INFORMATION	DATA SOURCE	FREQUENCY OF REPORTING	LOCATION
Annual Financial Report (AFR) The purpose of the AFR is to report the financial position and the operations of the district school system for the year. The report includes the statement of revenues, expenditures and changes in fund balances, or equity, for various funds; schedule of long-term liabilities; state categorical programs spending; and, analysis of specific sub-object expenditures for each school district. DOE also calculates the statewide cumulative totals for each of these statements. Required by Rule 6A-1.0071(2), F.A.C.	DOE	Annually	DOE website (hyperlink on state website)
Program Cost Analysis Report Series This series of eight reports prepared by each school district provides district and school-level cost information.[28] Selected costs as percentages of revenues and program costs expressed as percentages of total program costs are shown for general and special revenue funds. Additional reports provide program costs for weighted and unweighted FTE and FEFP adjusted revenues. DOE also calculates state summary totals for each of these reports. Required by s. 1010.20, F.S.	DOE	Annually	DOE website (hyperlink on state website)
Employee Salaries/Benefits/Supplements/ Bonuses Data Reported by position title and shown within each school district.	DOE	Biannually[29]	DOE website (hyperlink on state website)
Adopted Budget, including millage resolutions Required by ss. 1011.02 and 1011.03, F.S.	DOE	Annually	DOE website (hyperlink on state website)

[28] The Program Cost Analysis Series includes 24 reports for each school. There are approximately 2,500 schools in the state.
[29] Collected in October and February and could be posted by the following month.

ADDITIONAL REPORTS PREPARED BY DOE, BUT NOT POSTED ONLINE

REPORT TITLE	SUMMARY
Educational Funding Accountability Act Report	This school district-level report shows the costs of instructional support, costs of administrative expenditures, administrative expenditures per unweighted FTE for the general fund and the special revenue funds, and the number of school district employees by classification. Required by s. 1010.215(6), F.S.
Analysis of School District Expenditures and Program Cost Factors	It includes a district-by-district report and analysis of program expenditures for the year and a summary of expenditures in each state-funded categorical program. The report also includes, on the basis of these expenditures, a computation of cost factors for programs funded within the (FEFP).[30] Required by s. 1010.20(2)(c), F.S.
National Public Education Finance Survey (NPEFS)	The NPEFS is an annual state-level survey of revenues and expenditures of schools and school districts required from all states by the Federal government. The primary purpose of the NPEFS is to make available to the public an annual state-level collection of revenues and expenditures for public education of grades pre-kindergarten through 12.[31] The financial information provided in this report is the major factor in Title I program funding for the states.[32]
School Financial Report	DOE does not currently receive funding allocations by school to complete the report. Once this information becomes available this report, which will provide revenues and operating costs on the state, district, and school-level, should be posted on DOE's website. Required by s. 1010.215(5), F.S.
Equity in School-Level Funding Reports	This report shows each school district's compliance with the requirements of the Equity in School-Level Funding Act (s. 1011.69, F.S.).
Class Size Reduction[33] Survey	Several surveys are conducted during the school year at each school district in order to determine the school district's progress in implementing the class size reduction requirements.[34]

PHASE 3

The information that has been recommended to this point has been largely summary information, updated on an annual basis, and available for all school districts. During this phase, we recommend that school districts be required to post selected documents (budget amendments, financial statements) on their websites. DOE receives each school district's adopted budget and annual revenue amounts. We are recommending more frequent reporting. These documents should be readily available in all school districts. Some of the larger school districts already provide access to some of this information on their websites. Some small school districts will likely face challenges in implementing this phase.

[30] Source: *2007-2008 Analysis of District Expenditures and Program Cost Factors - FEFP* (p. 1).
[31] Source: http://nces.ed.gov/ccd/stfis.asp.
[32] Source: DOE's website.
[33] In November 2002, Florida voters approved a state constitutional amendment setting limits for the maximum allowable number of students in a class by the start of the 2010-2011 school year. In 2003, the Legislature enacted Senate Bill 30A, which implements the provisions of this constitutional amendment.
[34] Source: *Class Size Reduction in Florida's Public Schools - Questions and Answers* (DOE website - Class Size Reduction Amendment).

We further recommend that all school districts be required to transmit expenditure data by FTP (File Transfer Protocol) to the state for disclosure on *Transparency Florida*. Although most school districts currently are required to periodically transmit data to the Auditor General, these new requirements are anticipated to have a significant impact on school district staff. The state will be responsible for designing and building the system to handle the data, determining the types of expenditure data that will be required to be transmitted by the school districts, and working with the school districts to arrange an efficient manner to transmit the data. The system should be designed with a search capability and include a "data updated as of [date]" statement.

One medium or large school district should be used as a pilot as this information is added. For the purpose of this project only, a school district is classified as small if it has 24,000 or less FTE.[35] Large school districts are those often referred to as the "Urban Seven." The remaining school districts are classified as medium. There are no statutory definitions for these classifications. See Appendix A for the breakdown of small, medium, and large school districts for this project.

Once the information from the pilot school district has been successfully added to *Transparency Florida*, then one school district representing each of the two other categories should be added before including the remaining 64 school districts. Only one new school district should be added at a time. The order in which the remaining 64 school districts will be added should be made based on factors set forth by the development entity, with the approval of the established governance board (as discussed on page 19). We also suggest small school districts should be granted additional time, if needed, before they are required to provide and/or post all of the required information.

To address numerous concerns raised by staff and representatives of DOE and school districts, we suggest that transactional expenditure data exclude employee salary data. Annual salary information is included as a recommendation during Phase 2. As salaries account for an estimated 80 percent of school district expenditures, the focus during this phase should be on the remaining expenditure transactions.

As the implementation of Phase 3 progresses, recommendations presented in this report may need to be readdressed. Flexibility is requested to do such, with the approval of the established governance board. See Appendix F for a sample display of *Transparency Florida* once all phases have been implemented as recommended in this report.

Effort Required:

By school districts: Providing the financial information described below will likely require moderate to substantial effort by the school districts, depending, in part, on the size of the school district and the IT staff availability and expertise. School districts will need to prepare data to be sent via FTP to the state. Some school districts will need to convert data into Red Book codes prior to submission. Many, if not most, school districts will also need to expand the storage capacity of their websites. We understand additional resources will be required.

By the state: The development entity will be required to either design and build a system to handle the financial data to be sent to the state or procure such services. A project manager will need to be hired in the near future in order to understand the goals and needs of the system and provide direction in the design and build-out of the system. The project manager will also need to be intricately involved in the determination of the equipment infrastructure requirements and the estimated costs of the system. In

[35] Derived from s. 1011.62(7), F.S. This amount is the maximum FTE a school district may have to be considered for a sparsity supplement. A school district's classification as "small" should officially be made at the beginning of Phase 3 implementation.

addition, there will be annual costs for the on-going care and maintenance of the system, including personnel costs. A major financial commitment is anticipated.

School Districts Included: All school districts should be required to comply with the requirements of this phase. We do not identify, by name, the order in which each school district should be brought online. However, as the order is established, a factor to be considered should be the difficulty each school district will have in complying with the requirements. School districts that will face the most challenges should be added later. Small school districts that determine compliance will cause them a hardship should be afforded the opportunity to request a deferral or waiver from reporting requirements. These school districts should, however, comply with the requirements they can reasonably meet and request a deferral or waiver for specific reporting requirements that will cause a hardship. Alternative approaches should be considered to assist them with compliance. The governance board should be responsible for determining whether a waiver or deferral should be granted.

Anticipated Completion: Due to the uncertainty about the timing of funding, procurement, and other factors, the schedule for this phase is based on the functionality of the state system to be developed. Within three months after the system on *Transparency Florida* is functional, the financial data of the pilot school district should be accessible. Within six months, the financial data of the school districts from the other two categories should be accessible. The financial data of the remaining 64 school districts should be accessible within 18 months from that point.

FINANCIAL INFORMATION CURRENTLY PREPARED BY SCHOOL DISTRICTS, BUT MOST IS NOT PROVIDED TO DOE

REPORT OR INFORMATION	DATA SOURCE	FREQUENCY OF REPORTING	LOCATION
Budget Documents:[36] Budget Amendments Final Budget	District	Final Budget: Annually Budget Amendments: Periodically	District website (hyperlink on state website)
Monthly Financial Statements[37]	District	Monthly	District website (hyperlink on state website)
Revenue (may be included in monthly financial statements) See Appendix C for sample format.	District	Quarterly	District website (hyperlink on state website)

[36] As part of Phase 2, we recommend that DOE post each school district's adopted budget on its website. We encourage school districts that have a more user-friendly version to post their adopted budget on their website during Phase 3. This is, however, optional.

[37] Currently, no standard format is required on a statewide basis for presentation of the monthly financial statements. To assist those with an interest in comparing this information between school districts, we anticipate a future discussion of a minimum standardized format to be used when providing this information for the Act.

DETAILED FINANCIAL INFORMATION TO BE OBTAINED FROM THE SCHOOL DISTRICTS

CATEGORY OF TRANSACTION	DATA SOURCE	FREQUENCY OF REPORTING	LOCATION
Expenditure Summary Totals by Sub-Function, Sub-Object[38] See Appendix D for sample format.	District	Monthly	State website
List of All Vendors/ Total Paid to Each Vendor Vendor name, total dollar amount for quarter and year-to-date, description of type of goods or services. See Appendix E for sample format. (Possible hyperlink to expenditure detail by vendor.) Note: Vendor list will include salaried staff receiving reimbursements.	District	Quarterly	State website

Additional summary information for each school district should be considered once this phase is reached. Examples include the value of stolen and lost textbooks each year and the amount spent on specific items (i.e., cell phones, computers, and other technology devices). Some revisions may need to be made to initial coding in the accounting system in order to capture information for specific purchases. For example, currently school districts can report the amount spent on instructional supplies; however, they do not have the detail to report the amount spent on specific items, such as paper and pencils. Committee staff will work with the advisory group and the governance board should more detailed information be considered.

In addition, we recommend the addition of an FEFP calculator during Phase 3 to be developed with the assistance of DOE. Users will have the ability to see the impact various changes will have to the school district's FEFP funding.

ADDITIONAL INFORMATION

Development Entity

The Office of Legislative Information Technology Services (OLITS) should be responsible for designing, building, and hosting the system to display school district information on *Transparency Florida* or for procuring such services.

[38] Examples of a sub-function include Basic (FEFP) K-12, Exceptional Education, Food Services, and Pupil Transportation Services. Examples of a sub-object include Salaries for Classroom Teachers, Travel, and Textbooks.

Governance Board

Under current law, the committee is responsible for oversight and management of *Transparency Florida*. To handle the day-to-day decisions that will be required as school district information is planned and added to the website, a steering committee of senior staff members should be established to work with the development entity and/or contract provider and committee staff.

Rulemaking/Guidelines

Department of Education: The department should be granted rule-making authority to implement the requirements of this act if they will be required to collect different or additional information than what they currently collect.

Joint Legislative Auditing Committee: The committee should be authorized to adopt guidelines to implement the requirements of this act.

Contact Information

TYPE OF CONTACT	SUMMARY
School District Information	*Transparency Florida* should include the name and contact information for one staff member in each school district. These individuals will be responsible for assisting members of the public with questions concerning the school district's information posted online.
General Information	*Transparency Florida* should include a hyperlink to the development entity to address technical questions that arise regarding school district financial information. The website should also include a hyperlink to the committee to address general questions and comments related to the website.

Compliance/Enforcement

All school districts are subject to annual audit requirements (ss. 11.45, 218.39, and 1010.30, F.S.). Audits are conducted by the Auditor General and independent CPAs as specified in law and are required to be conducted in accordance with the *Rules of the Auditor General (Chapter 10.800 - Audits of District School Boards)*.

We recommend that the applicable Florida Statutes be amended to require certified public accountants (including the Auditor General) conducting audits of any entity subject to the Transparency Florida Act to report, as part of the audit, whether or not the entity complied with the requirements of the act.[39] In addition, the Auditor General should amend the applicable *Rules of the Auditor General* to require the management letter to include a statement as to whether or not the entity complied with the requirements of the act.

By July 15 of each year,[40] the Auditor General should be required to provide the committee with a list of all school districts that have failed to comply with the transparency requirements.

[39] Similar to requirements in s. 218.415(22), F.S.

[40] To clarify, this will occur during the year following the year under audit. For example, by July 15, 2011, the Auditor General will be required to report noncompliance reported in school district audits conducted for the 2009-2010 fiscal year.

The committee currently has the authority, pursuant to s. 11.40(5), F.S., to take action against school districts and other governmental entities that fail to comply with the financial reporting requirements of ss. 218.32 and 218.39, F.S. We recommend this language be expanded to include an entity's failure to comply with the requirements of the act. Upon notification by the Auditor General of an entity's failure to comply with the Transparency requirements, the 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 further state action is warranted, the committee will have the authority to direct the appropriate state agencies to withhold specified funds until the entity complies with the law. For school districts, charter schools, and charter technical career centers, the committee may direct the Department of Education and the Department of Financial Services to withhold a specified amount or percentage of the state's portion of the FEFP funds.

RECOMMENDATIONS FOR IMPLEMENTATION OF OTHER ENTITIES FINANCIAL TRANSPARENCY

Once all of the school districts have been phased-in, we suggest that the additional entities be added in the following order:

1. **Charter Schools and Charter Technical Career Centers**: There are currently 411 charter schools in operation. An additional 72[41] are approved to begin operations for the 2010-2011 school year. Officially, there are three charter technical career centers; however, only two of them currently have students.

2. **Universities**: 11

3. **Colleges**: 28

4. **Water Management Districts**: 5[42]

5. **Counties**: While there are 67 counties within the state, there are many more independent reporting entities, since many of the constitutional officers[43] operate their own financial management/accounting systems. The 38 counties that responded to a 2009 survey by the Florida Association of Counties reported 193 independent reporting entities. Fiscally constrained counties, as defined in s. 218.67(1), F.S., should be treated similarly to small school districts. If a fiscally constrained county determines that compliance would cause them a hardship, they should be afforded the opportunity to request a deferral or waiver from reporting requirements.

6. **Municipalities**: There are 410 active municipalities. Under current law, using a population threshold of over 10,000, 163[44] municipalities will be required to comply with reporting requirements. We propose a revision to the language in the next section to revise the reporting threshold to consider a financial threshold in lieu of, or in addition to, the population threshold. There is not necessarily a correlation between the population of a municipality and the amount of financial activity. For example, the City of Palm Beach has a population under 10,000; however, it reported total revenues of $71,350,471 and total expenditures/expenses of $95,217,924 for FY

[41] Per DOE, as of January 14, 2010.
[42] The five water management districts are included in the 1625 active special districts discussed in 7. below.
[43] Clerk of the Circuit Court, Property Appraiser, Tax Collector, Supervisor of Elections, and Sheriff.
[44] Based on April 2009 population.

2007-2008. The city will be exempt from the transparency requirements as the law is currently written.

7. **Special Districts** (excluding Water Management Districts): Although there are 1625[45] active special districts, the act provides an exemption for special districts that do not receive state appropriations. In addition, an exemption for special districts with a population of 10,000 or less is provided. Neither of these exemption thresholds can be easily determined. Although some special districts receive appropriations directly from the state, many of the funds are transferred through counties and municipalities. Also, special district boundaries do not, in most instances, match up with census tracts, which is the basis for determining the population of counties and municipalities.[46] We suggest an alternative for determining an exemption to the requirements of the act. In the next section, we suggest all special districts that meet a minimum threshold should be required to comply with the requirements of the act, regardless of whether they receive state appropriations. The assumption is that taxpayers are interested in a special district's use of taxpayer funds, but are not specifically concerned with whether the funds are from federal, state, or local sources. Also, the population threshold should be eliminated and a financial threshold used instead. As previously mentioned, there is not necessarily a correlation between an entity's population and financial activity. For example, Reedy Creek, a special district created for the purpose of establishing Walt Disney World, has a population of less than 100, yet reports revenues and expenditures of approximately $270 million.

8. **Other Governmental Entities**: There are 26 Metropolitan Planning Organizations and 11 Regional Planning Councils.

Although the type and format of information recommended for each type of entity will vary, we suggest an approach similar to what has been recommended for school districts. The following guidelines should be used:

- Maximize the use of existing financial data that is user-friendly.
- Phase-in the type of information added, beginning with the easiest and least costly.
- While the information should be accessible from *Transparency Florida*, require each entity to post selected information on their website. Require standardization in the display and use of the Transparency Florida logo. Citizens should be able to easily find financial information on each entity's website.
- Begin with one pilot entity of a medium or large size. Once that entity has been successfully added, proceed with adding entities of the other two sizes, one at a time. All remaining entities should be added incrementally.
- For entity types that have a threshold for inclusion, such as municipalities and special districts as discussed on page 21, once an entity reaches the threshold, it should always be required to comply.
- Require each entity to be responsible for redacting confidential information.
- Include a glossary and FAQs.
- Include a disclaimer that the information is unaudited and is not to be used for financial decision-making.

[45] As of January 21, 2010.
[46] There is also a technical glitch in the language. The Act requires population determinations to be made by the Legislature's Office of Economic and Demographic Research (EDR). Although EDR estimates the population of counties and municipalities each year, they do not estimate the population of special districts.

- Require auditors to determine compliance with Transparency Florida reporting requirements during the annual audit.
- Provide the same options for penalties for noncompliance to the committee as under current law for noncompliance with financial reporting requirements.
- Consider financial or other assistance to assist selected entities facing difficulties in meeting the reporting requirements.

Statutory Changes Suggested For Other Entities

As previously discussed, governmental entities that do not receive state appropriations are exempt from the provisions of the act. In addition, smaller municipalities and special districts are exempt if their populations are 10,000 or less. We recommend the following revisions related to these exemptions:

- Delete the requirement that only those governmental entities that receive state appropriations are required to comply with the act. All governmental entities that receive taxpayer funds and meet the minimum threshold should be required to comply.
- Use a dollar threshold rather than a population threshold as the exemption criterion for smaller municipalities and special districts. We recommend an exemption for municipalities and special districts with total revenue of less than $10 million. Once the municipalities and special districts that are required to comply with the act have been phased-in, this threshold level should be reviewed and possibly reduced. As an alternative, the use of both a population and a dollar threshold could be considered for municipalities. For example, requiring municipalities with either a population over 10,000 or a total revenue of $10 million or more to comply with the act. This alternative is not recommended for the 1600+ special districts as their boundaries do not generally align with census tracts and determining their populations will be difficult.

RECOMMENDATIONS FOR ADDITIONAL STATE AGENCY INFORMATION

The act requires the committee to propose providing additional state fiscal information on the website. However, the staff responsible for establishing the website are continuing to enhance the state agency fiscal information provided on the website. The committee recommends future information include the following:

- The information specified in s. 215.985(4), F.S.; details of nonoperating budget authority, trust fund balance reports, fixed capital outlay, 10-year history of appropriations, links to audits and other expenditure-related reports, and links to program or activity descriptions.
- An opportunity for employees or citizens to anonymously report suggested cost-savings. As *Transparency Florida* provides citizens the opportunity to review expenditures of state agencies, the idea of offering a forum where potential cost-savings can be identified appears to go hand-in-hand with that objective. Ideally, cost-savings suggestions would be provided on the website, perhaps listed by agency, but viewable by all.[47]

[47] One potential cost-savings suggestion is to create a website where state offices can provide a listing of supplies they no longer have use for and make them available, first to others in their agency and then to other state agencies. While agencies do offer surplus inventoried items to other agencies, there is no statewide opportunity for sharing of supplies. Surplus inventory could also be included in such a website to provide all offices within an agency knowledge of available items.

CONCLUSION

In summary, this report primarily provides recommendations for the implementation of school district financial transparency. A phased approach is suggested, beginning with the easier and least costly information to obtain. Committee staff has repeatedly been warned that projects, such as this, that try to do too much, too fast, often fail. By focusing on one phase or one school district at a time, hopefully, lessons can be learned in order to make improvements, as needed. The cooperation of many entities will be required in order to achieve success.

Understanding that the scope of this project will likely require a major financial commitment by the state, the working group requested an estimate of the potential cost. This information is provided in Appendix G. As explained in the appendix, when major IT projects such as this one are planned, typically a design team visits the affected entities to gather information about the business processes and computer systems in use by the entities. While this approach can take considerable time and money, the result should yield a more accurate estimate of project costs than the committee was able to obtain. Note: The cost estimates provided for the system are based on the information gathered from discussions with staff and representatives of the entities, the survey results, and OLITS' experience with this type of project. No site visits were made.

After discussions and since members of the committee do not have confidence in the accuracy of the estimated costs, the committee adopted a motion to recommend moving forward with Phases 1 and 2 at this time. The committee recommends the deferral of Phase 3 pending future discussion.

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APPENDICES

APPENDIX A:	3rd FEFP Calculation – Unweighted FTE (FY 2009-2010)
APPENDIX B:	Transparency Information Available on Florida School District Websites
APPENDIX C:	Example: Monthly Revenue Summary
APPENDIX D:	Example: Monthly Expenditure Summary
APPENDIX E:	Example: Vendor Payments
APPENDIX F:	Display of School District Information on Transparency Florida Website
APPENDIX G:	Estimated Costs

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APPENDIX A
Unweighted FTE (FY 2009-2010)

	Large Districts	Unweighted FTE
1	Miami-Dade	341,242.96
2	Broward	254,549.35
3	Hillsborough	190,857.21
4	Palm Beach	171,747.16
5	Orange	169,847.61
6	Duval	123,430.08
7	Pinellas	103,859.84

	Medium Districts	Unweighted FTE
1	Polk	92,782.49
2	Lee	79,295.65
3	Brevard	71,358.42
4	Pasco	66,499.72
5	St. Lucie	64,102.40
6	Volusia	61,986.55
7	Osceola	51,171.68
8	Manatee	42,274.90
9	Collier	42,090.42
10	Marion	41,593.25
11	St. Johns	41,260.47
12	Lake	40,450.01
13	Escambia	40,074.70
14	Sarasota	38,004.81
15	Clay	35,901.48
16	Leon	32,549.43
17	Santa Rosa	29,638.85
18	Okaloosa	28,656.27
19	Alachua	27,109.53
20	Seminole	25,137.97
21	Bay	25,119.07

	Small Districts	Unweighted FTE
1	Hernando	22,756.81
2	Martin	17,568.68
3	Indian River	17,511.97
4	Charlotte	16,562.21
5	Citrus	15,776.14
6	Flagler (+)	13,066.11
7	Highlands (^)	12,054.77
8	Nassau (+)	11,158.72
9	Putnam (+)	11,059.62
10	Columbia (+)	10,007.57
11	Monroe	7,908.19
12	Sumter	7,317.48
13	Jackson (*)	7,054.38
14	Walton (*)	7,044.43
15	Okeechobee (^)	6,889.76
16	Hendry (^)	6,848.34
17	Suwannee (+)	5,982.12
18	Gadsden (*)	5,882.73
19	Levy (+)	5,844.72
20	Wakulla (*)	5,185.41
21	Hardee (^)	5,039.89
22	DeSoto (^)	5,026.49
23	Baker (+)	4,991.79
24	Washington (*)	3,451.34
25	Holmes (*)	3,287.46
26	Bradford (+)	3,125.84
27	Taylor (*)	2,874.26
28	Madison (*)	2,705.14
29	Gilchrist (+)	2,617.29
30	Union (+)	2,221.72
31	Calhoun (*)	2,161.97
32	Dixie (+)	2,081.35
33	Gulf (*)	1,976.36
34	Hamilton (+)	1,716.85
35	Liberty (*)	1,453.38
36	Glades (^)	1,436.93
37	Franklin (*)	1,219.41
38	Jefferson (*)	1,162.43
39	Lafayatte (+)	1,128.59

Legend:
*= members of Panhandle Area Educational Consortium (PAEC)
+= members of North East Florida Educational Consortium (NEFEC)
^= members of Heartland Educational Consortium
FTE = full-time equivalent students

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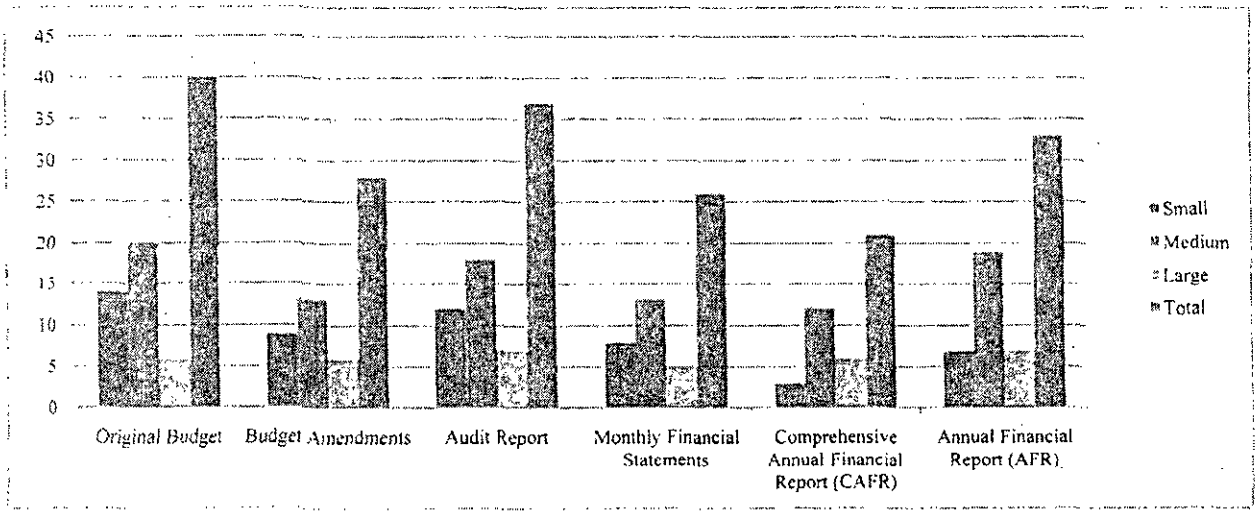
APPENDIX B
Transparency Information Available on Florida School District Websites
(Information as of 1/29/2010)

School District Size[1]	Original Budget[2]	Budget Amendments	Audit Report[3]	Monthly Financial Statements	Comprehensive Annual Financial Report (CAFR)	Annual Financial Report (AFR)[4]
Small	14	9	12	8	3	7
Medium	20	13	18	13	12	19
Large	6	6	7	5	6	7
Total	40	28	37	26	21	33



[1] See Appendix A for the breakdown of small, medium, and large school districts for this project.
[2] Final budget information can be located in a school district audit report and CAFR.
[3] This includes those school districts that post the CAFR to their website, in which the audit report is included in the CAFR.
[4] This includes those school districts that post the CAFR to their website.

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APPENDIX C
Example: Monthly Revenue Summary

Fund: _____					
Month/Year: _____					
		Original Budget	Amended Budget	Actual (for month)	Actual (Year-to-Date)
Revenue Account Codes:					
Federal Direct (3100)					
Federal Impact Funds	3120				
Workforce Investment Act	3170				
Community Action Program	3180				
Other Federal Direct	3190				
Total - Federal Direct					
Federal Through State (3200)					
Vocational Education Acts	3201				
Medicaid	3202				
Workforce Investment Act	3220				
Eisenhower Math and Science	3226				
Drug Free Schools	3227				
Individuals with Disabilities Education Act (IDEA)	3230				
Elementary and Secondary Education Act, Title I	3240				
Adult General Education	3251				
Vocational Rehabilitation	3253				
National Forest Funds	3255				
National School Lunch Act	3260				
Elementary and Secondary Education Act (ESEA), Title VI	3270				
Other Federal Through State	3290				
Total - Federal Through State					
Revenue from State Sources (3300)					
Florida Education Finance Program	3310				
State Auto License, CO&DS	3320				
Categorical State Sources (3330)					
Florida Teacher's Lead Program	3334				
Diagnostic and Learning Resources Centers	3335				
Instructional Materials	3336				
School Breakfast Supplement	3337				
School Lunch Supplement	3338				
Other State Revenue	3340				
Other Categorical Sources (3350-3370)					
Transportation	3354				
School Recognition Funds	3361				
Teacher Recruitment and Retention	3362				
Excellent Teaching Program	3363				
Preschool Projects	3372				
Reading Programs	3373				
Public Schools Technology	3375				
Teacher Training	3376				
Full Service Schools	3378				
Miscellaneous State Revenue	3390				
Total - Revenue from State Sources					

APPENDIX C
Example: Monthly Revenue Summary

Fund: _____					
Month/Year: _____					
		Original Budget	Amended Budget	Actual (for month)	Actual (Year-to-Date)
Revenue Account Codes:					
Revenue from Local Sources (3400)					
Taxes (3410)					
District School Taxes	3411				
District I & S Taxes	3412				
District Local Capital Improvement Tax	3413				
Local Sales Tax	3418				
Tax Redemptions	3421				
Payment in Lieu of Taxes	3422				
Excess Fees	3423				
Tuition	3424				
Rent	3425				
Interest, Including Profit on Investment	3430				
Gifts, Grants, and Bequests	3440				
Food Service	3450				
Student Fees	3460				
Other Fees	3470				
Operating Revenues	3480				
Miscellaneous Local Sources	3490				
Total - Revenue from Local Sources					
Other Financing Sources					
Transfers (3600)					
From General Fund	3610				
From Debt Service Funds	3620				
From Capital Projects Funds	3630				
Fund Special Revenue Funds	3640				
Interfund	3650				
From Permanent Funds	3660				
From Internal Service Funds	3670				
From Trust Funds	3680				
From Enterprise Funds	3690				
Long-Term Debt Proceeds and Sales of Capital Assets	3700				
Loans	3720				
Sales of Capital Assets	3730				
Loss Recoveries	3740				
Proceeds from Certificates of Participation	3750				
Proceeds from Forward Supply Contract	3760				
Proceeds from Special Facilities Construction Advance	3770				
Gain on Dispostion of Assets	3780				
Total - Other Financing Sources					
Total - All Revenue Account Codes					

APPENDIX D
Example: Monthly Expenditure Summary

Fund:
Month/Year:

		Instruction					Instructional Support Services									General Support Services						
Function		Basic (FEFP K-12)	Exceptional	Vocational-Technical	Adult General	Other Instruction	Pupil Personnel Services	Instructional Media Services	Instruction & Curriculum Development Services	Instructional Staff Training Services	Board	General Administrative (Superintendent's Office)	School Administration (Office of the Principal)	Facilities Acquisition & Construction	Fiscal Services	Food Services	Central Services	Pupil Transportation Services	Operation of Plant	Maintenance of Plant	Community Services	Debt Service	Transfers
		[5100]	[5200]	[5300]	[5400]	[5500]	[6100]	[6200]	[6300]	[6400]	[7100]	[7200]	[7300]	[7400]	[7500]	[7600]	[7700]	[7800]	[7900]	[8100]	[9100]	[9200]	[9700]
Object																							
Salaries (100)																							
Administrative	110																						
Classroom Teacher	120																						
Other Certified	130																						
Substitute Teacher	140																						
Aide	150																						
Other Support Personnel	160																						
Board Members & Attorneys	170																						
Total - Salaries																							
Employee Benefits (200)																							
Retirement	210																						
Social Security	220																						
Group Insurance	230																						
Worker's Compensation	240																						
Unemployment Compensation	250																						
Other Employee Benefits	290																						
Total - Employee Benefits																							
Purchased Services (300)																							
Professional & Technical Services	310																						
Insurance & Bond Premiums	320																						
Travel	330																						
Repairs & Maintenance	350																						
Rentals	360																						
Communications	370																						
Public Utility Services Other Than Energy Services	380																						
Other Purchased Services	390																						
Total - Purchased Services																							
Energy Services (400)																							
Natural Gas	410																						
Bottled Gas	420																						
Electricity	430																						
Heating Oil	440																						
Gasoline	450																						
Diesel Fuel	460																						
Other Energy Services	490																						
Total - Energy Services																							
Materials & Supplies (500)																							
Supplies	510																						
Textbooks	520																						
Periodicals	530																						
Oil & Grease	540																						
Repair Parts	550																						
Tires & Tubes	560																						
Food	570																						
Commodities	580																						
Other Materials & Supplies	590																						
Total - Materials & Supplies																							

Fund:
Month/Year:

		Instruction					Instructional Support Services					General Support Services											
Function		Basic (J.E.P. K-12) [5100]	Exceptional [5200]	Vocational-Technical [5300]	Adult General [5400]	Other Instruction [5500]	Pupil Personnel Services [6100]	Instructional Media Services [6200]	Instruction & Curriculum Development Services [6300]	Instructional Staff Training Services [6400]	Board [7100]	General Administrative (Superintendent's Office) [7200]	School Administration (Office of the Principal) [7300]	Facilities Acquisition & Construction [7400]	Fiscal Services [7500]	Food Services [7600]	Central Services [7700]	Pupil Transportation Services [7800]	Operation of Plant [7900]	Maintenance of Plant [8100]	Community Services [9100]	Debt Service [9200]	Transfers [9700]
Object																							
Capital Outlay (600)																							
Library Books	610																						
Audio-Visual Materials (Non-Consumable)	620																						
Buildings & Fixed Equipment	630																						
Furniture, Fixtures, & Equipment	640																						
Motor Vehicles	650																						
Land	660																						
Improvements Other than Buildings	670																						
Remodeling & Renovations	680																						
Computer Software	690																						
Total - Capital Outlay																							
Other Expenses (700)																							
Redemption of Principal	710																						
Interest	720																						
Dues & Fees	730																						
Judgments/Settlements of Litigation Against School System	740																						
Other Personal Services	750																						
Payments to Refunded Bond Escrow Agent	760																						
Claims Expense	770																						
Depreciation Expense	780																						
Miscellaneous Expense	790																						
Total - Other Expenses																							
Loss on Disposition of Assets	810																						
Transfers (900)																							
Transfers to General Fund	910																						
Transfers to Debt Service Funds	920																						
Transfers to Capital Projects Funds	930																						
Transfers to Special Revenue Funds	940																						
Interfund Transfers	950																						
Transfers to Permanent Funds	960																						
Transfers to Internal Service Funds	970																						
Transfers to Trust Funds	980																						
Transfers to Enterprise Funds	990																						
Total - Transfers																							
Total - All Object Codes																							

APPENDIX E
Example: Expenditure Data - by Vendor

Expenditure Summary By Vendor
Fund:_____
Quarter/Year: _____

Vendor Name	Total Dollar Amount for Quarter	Total Dollar Amount (Year-to-Date)	Brief Description of Goods/Services Obtained or Provided

Notes / Issues:
1. Link "Vendor Name" to list showing expenditure payment detail for each vendor.
2. Multiple versions of vendor name, depending on who and from what document the vendor name was input (i.e., IBM vs. IBM Corp vs. IBM Corporation).

Vendor Expenditure Payment Detail
Fund:_____
Quarter/Year: _____

Vendor Name	Check Date	Check Number	Dollar Amount	Object Code	Object Code Description

Note:
1. Use of sub-object level for better breakdown of financial data [i.e., "Professional & Technical Services" (310), "Insurance & Bond Premiums" (320), and "Travel" (330) vs. "Purchased Services" (300)].

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APPENDIX F
Display of School District Information on Transparency Florida Website

Florida School Districts

Click on district to access district and school information.

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

Statewide Reports

Click on link to access report.
A description of each report will be provided.

- Analysis of District Expenditures and Program Cost Factors
- Annual Financial Report (AFR) (Statewide Totals)
- Class Size Reduction Survey
- Education Funding and Accountability Reports
- Financial Profiles of Florida School Districts
- Florida Education Finance Program (FEFP) Calculations
- Florida School Indicators (FSIR)
- National Public Education Finance Survey (NPEFS)
- Program Cost Analysis Series (Statewide Totals)
- Return on Investment (ROI)/School Efficiency Measures

FAQs	Access a list of FAQs. Users will be directed to the report(s) that can best answer each question.
Glossary	Explanation of terms used by school districts.
Red Book	Link to the Red Book and an explanation that it is the school district's chart of accounts.
Contact Information	Contact information for questions regarding the website or school district information.

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APPENDIX F

Display of School District Information on Transparency Florida Website

Alachua County Schools
Financial Information

District Reports and Information

Analysis of School District Expenditures and Program Cost Factors*
Annual Financial Report (AFR) (District Totals)
Audit Report
Bonded Indebtedness Information
Budget, Adopted
Budget, Amendments
Budget, Final
Class Size Reduction Survey
District Website
Education Funding and Accountability Act Reports*
Employee Salaries
Expenditure Summary
Equity in School-Level Funding Reports
Financial Profiles of School Districts*
Financial Statements
Five-Year Facilities Work Plan
Florida Education Finance (FEFP) Calculations*
Florida School Indicators Report (FSIR)*
Program Cost Reports (District Totals)
Return on Investment (ROI)/School Efficiency Measures*
Revenue
Vendor List and Total Paid to Each Vendor

Click on link to access information.

A description of each report will be provided.

**Report includes information from all school districts in Florida.*

Alachua County District Schools
Click on link to access list of schools; then click on school to access school-level report

FAQs	Access a list of FAQs. Users will be directed to the report(s) that can best answer each question.
Glossary	Explanation of terms used by school districts.
Red Book	Link to the Red Book and an explanation that it is the school district's chart of accounts.
Contact Information	Contact information for questions regarding the website or school district information.

Click on link to return to Florida School Districts and Statewide Reports.

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APPENDIX F
Display of School District Information on Transparency Florida Website

Alachua County Schools

Elementary

Alachua
Archer
Chiles
Duval
Finley
Foster
Glen Springs
Hidden Oak
High Springs
Idylwild
Irby
Lake Forest
Littlewood
Metcalfe
Newberry
Norton
Rawlings
Shell
Terwilliger
Waldo
Wiles
Williams

Middle

Bishop
Ft. Clarke
Kanapaha
Lincoln
Mebane
Oak View
Westwood

High

Buchholz
Eastside
Gainesville
Newberry
Santa Fe

Click on link to access school-level information.

FAQs	Access a list of FAQs. Users will be directed to the report(s) that can best answer each question.
Glossary	Explanation of terms used by school districts.
Red Book	Link to the Red Book and an explanation that it is the school district's chart of accounts.
Contact Information	Contact information for questions regarding the website or school district information.

Click on link to return to Alachua County School District Reports and Information.
Click on link to return to Florida School Districts and Statewide Reports.

Transparency Florida Home Page Disclaimer Department of Education Home Page

APPENDIX F

Display of School District Information on Transparency Florida Website

Alachua Elementary
Alachua County Schools

School-Level Reports

Florida School Indicators Report (FSIR)*

Program Cost Report (School Totals)

Return on Investment (ROI)/School Efficiency Measures*

Report includes information from all school districts and schools in Florida.

Click on link to access information.

A description of each report will be provided.

FAQs	Access a list of FAQs. Users will be directed to the report(s) that can best answer each question.
Glossary	Explanation of terms used by school districts.
Red Book	Link to the Red Book and an explanation that it is the school district's chart of accounts.
Contact Information	Contact information for questions regarding the website or school district information.

Click on link to return to Alachua County Schools.
Click on link to return to Alachua County School District Reports and Information.
Click on link to return to Florida School Districts and Statewide Reports.

Transparency Florida Home Page Disclaimer Department of Education Home Page

APPENDIX G
Estimated Costs

Overview

As directed by the working group, committee staff requested cost estimates from the affected entities for the implementation of the recommendations. If full implementation of all phases occurs for the school districts, additional costs are expected to be incurred by the school districts, OLITS, and DOE. The first two phases are expected to be implemented with existing resources, with the exception of some costs to DOE for scanning and IT storage. A major financial commitment will be required by the state if all recommendations for the third phase are implemented, primarily due to the need for a system that will be designed and built to receive data from the school districts.

As the focus has primarily been on school districts, committee staff has greater knowledge of the potential issues that will be faced with their implementation than with the other entities. Once estimates to implement school districts were determined, those costs were used to estimate the costs to obtain data from each of the other entity categories. All costs discussed and provided are for Phase 3.

School District Costs

School districts will incur some costs related to providing the financial data to the state in the required format for inclusion in the system. Estimated costs from several school districts range from approximately $1,000 to $25,000+. In addition, many, if not most, school districts will need to expand the storage capacity of their websites. These costs are expected to vary greatly depending on the size and complexity of the individual school district's website and cannot be easily calculated.

OLITS Costs

Typically, when major IT projects such as this one are planned, a design team visits the affected entities to gather information about the business processes and computer systems in use by the entities. While this approach can take considerable time and money, the result should yield a more accurate estimate of project costs. The cost estimates provided for the system are based on the information gathered from the entities and OLITS' experience with this type of project.

OLITS will incur costs for contracting for the design, build, and testing of the system, plus an ongoing need for additional in-house personnel to maintain the system. In addition, costs will be incurred by OLITS and other legislative staff (i.e., purchasing and legal) for creating and releasing the Request for Proposal and subsequently awarding the contract; the time estimate for this process is nine months. There will also be costs for network[1] and infrastructure[2] improvements. The cost estimates include a contingency amount as there is always uncertainty relating to cost estimates, how the work will actually be performed, work conditions at the time of implementation, and other factors. The contingency amount is estimated as 10 percent of total personnel, infrastructure, and network costs and is judgment-based using past experience. Once the system is built to accommodate school district data, the cost for network and infrastructure improvements is expected to be substantially reduced as other entities are added.

The following positions are expected to be required for the design, build, and testing phases of the project:

[1] Includes switches, firewall, software, load balancers, security, and expanded Internet access.
[2] Includes hardware (servers, data storage disk drives) and software (database, operating system, application, management utilities).

APPENDIX G
Estimated Costs

Position Title	Estimated Hourly Rate[3]
Project Manager responsible for planning, execution, and closing of entire IT project	$150
Database Administrator responsible for design, implementation, maintenance, and repair of the database	$125
Business Analyst works with various stakeholders in order to understand business structure and operations and identify issues that need to be resolved as system is designed and developed	$90
Technical Architect designs technical aspects of the system	$150
Test Manager coordinates, as well as performs, all testing aspects throughout development of the system	$150
Test Analyst performs testing required throughout development of system	$85
Developer responsible for software development	$95

The number of individuals required for each position will vary as each entity category is added. Primary factors considered in the estimate are the number of entities and the potential issues with each entity category as discussed below.

Entity Category	Estimated Number	Potential Issues	Time Estimate
School Districts	67	See pages 7-8 of report.	2 years
Charter Schools	411 (with an additional 72 approved to begin operations for 2010-11 school year.[4])	The number of charter schools operating in the state has continued to increase each year. By the time of implementation, there may be in excess of 500 charter schools. Most charter schools have less than 150 students. The type of accounting software in use is anticipated to vary greatly in level of sophistication, which could greatly impact an individual charter school's ability to provide monthly financial data to the state.	4 years

[3] Based on rates included in contract between OLITS and vendor working on several current projects.
[4] Source: DOE (See page 20 of report).

APPENDIX G
Estimated Costs

Entity Category	Estimated Number	Potential Issues	Time Estimate
Universities	11	Although there are only 11 universities, they do not use a common chart of accounts. Therefore, system design and development will be more time consuming. Also, some departments within the universities only provide summary level data for inclusion in the accounting system. Transaction details are maintained on a number of various systems throughout the universities.	1.5 years
Colleges	28	Of the 28 colleges, there is one very large college (Miami-Dade College) and several very small colleges (i.e., North Florida Community College and Florida Keys Community College). Implementation issues are expected to vary greatly between these colleges. In addition, there are currently 61 campuses and 177 sites.[5] The extent to which transactional financial data is maintained at these locations has not yet been analyzed and will have some impact on implementation.	2 years
Water Management Districts	5	While the water management districts are required to submit an annual financial report (AFR) to the Department of Financial Services (DFS) using the chart of accounts, *Uniform Accounting System Manual for Florida Special Districts and Other Similar Local Governmental Entities*,[6] whether or not this chart of accounts is used for other than year-end reporting of financial data to the state has not yet been analyzed.	1 year
Counties	300+	While the counties are required to submit an AFR to DFS using the chart of accounts, *Uniform Accounting System Manual for Florida Counties*,[7] whether or not this chart of accounts is used by all of the counties and constitutional officers for other than year-end reporting of financial data to the state has not yet been analyzed. Although there are 67 counties in the state, the five constitutional officers in each county generally report independently from the Board of County Commissioners. Therefore, there are many more county-related independent reporting entities.[8]	3 years

[5] Source: DOE, Division of Florida Colleges, Office of Finance & Information Systems website (http://www.fldoe.org/cc/OFIS/OFIS.asp).
[6] Pursuant to s. 218.33, F.S., DFS has developed rules and regulations regarding uniform accounting practices and procedures by local governmental entities in the state, including a uniform classification of accounts. DFS, assisted by representatives of various local governments, developed the Uniform Accounting System Chart of Accounts to be used as the standard for recording and reporting financial information to the State of Florida. DFS maintains a web-based AFR system called the *Local Government Electronic Reporting* (LOGER) for collection of annual financial data.
[7] Ibid.
[8] See further explanation on pages 20-21 of report.

APPENDIX G
Estimated Costs

Entity Category	Estimated Number	Potential Issues	Time Estimate
Municipalities	163 (with populations over 10,000) 200+ (with total revenue > $10 million)	While the municipalities are required to submit an AFR to DFS using the chart of accounts, *Uniform Accounting System Manual for Florida Municipalities*,[9] whether or not this chart of accounts is used by all of the municipalities for other than year-end reporting of financial data to the state has not yet been analyzed.	2 years
Special Districts	< 150[10] unknown (with populations over 10,000)	While the special districts are required to submit an AFR to DFS using the chart of accounts, *Uniform Accounting System Manual for Florida Special Districts and Other Similar Local Governmental Entities*,[11] whether or not this chart of accounts is used by all of the special districts for other than year-end reporting of financial data to the state has not yet been analyzed.	2 years
Other (Metropolitan Planning Organizations, Regional Planning Councils)	26 MPOs 11 RPCs	While these other governmental entities are required to submit an AFR to DFS using the chart of accounts, *Uniform Accounting System Manual for Florida Special Districts and Other Similar Local Governmental Entities*,[12] whether or not this chart of accounts is used by all of these entities for other than year-end reporting of financial data to the state has not yet been analyzed.	1.5 years

Once all entities have been added, the positions discussed previously will no longer be needed. The following positions are expected to be needed by OLITS on an on-going basis.

Position Title	Estimated Annual Salary	Time Frame
Data Warehouse Analyst	$90,000 - $100,000	From start of project
Developers (3)	$80,000 each	One from start of project; remaining two by end of project for maintenance of system

In addition, once the system is operational, ongoing operation and maintenance costs will be incurred. It is anticipated that some of these costs, such as annual fees for software and hardware maintenance, technical support, and annual cost for hardware and software technology refresh, will be absorbed by OLITS, dependent upon any operational issues affecting OLITS at that time.

The following chart contains the estimated costs related to designing, building, and testing the system discussed above for the various entity categories. These costs estimates are very rough since they are based on general information relating to the entity categories, without the benefit of in-depth discussions regarding business processes and computer systems at the various entities. It is important to understand that these estimated costs could be higher or lower as more specific information is gathered.

[9] See footnote 6.
[10] Currently 131 with total revenue > $10 million (based on FY 2008 financial data in LOGER received from 939 special districts as of 1/27/2010).
[11] See footnote 6.
[12] Ibid.

APPENDIX G

Estimated Costs

Type of Cost	School Districts #	School Districts Amount	Charter Schools #	Charter Schools Amount	Universities #	Universities Amount	Colleges #	Colleges Amount	Water Management Districts #	Water Management Districts Amount	Counties #	Counties Amount	Municipalities #	Municipalities Amount	Special Districts #	Special Districts Amount	Other Governmental Entities #	Other Governmental Entities Amount
Infrastructure		$700,000		$ 300,000		$ 300,000		$ 300,000		$ 300,000		$ 300,000		$ 300,000		$ 300,000		$ 300,000
Network		250,000		100,000		100,000		100,000		100,000		100,000		100,000		100,000		100,000
Personnel Costs																		
Project Manager ($150/hour)	2	1,248,000 (2*150*4160)	2	2,496,000 (2*150*8320)	2	936,000 (2*150*3120)	2	1,248,000 (2*150*4160)	2	624,000 (2*150*2080)	2	1,872,000 (2*150*6240)	2	1,248,000 (2*150*4160)	2	1,248,000 (2*150*4160)	2	936,000 (2*150*3120)
Database Administrator ($125/hour)	1	520,000 (1*125*4160)	1	1,040,000 (1*125*8320)	1	390,000 (1*125*3120)	1	520,000 (1*125*4160)	1	260,000 (1*125*2080)	1	780,000 (1*125*6240)	1	520,000 (1*125*4160)	1	520,000 (1*125*4160)	1	390,000 (1*125*3120)
Business Analyst ($90/hour)	3	1,123,200 (3*90*4160)	5	3,744,000 (5*90*8320)	3	842,400 (3*90*3120)	3	1,123,200 (3*90*4160)	2	374,400 (2*90*2080)	5	2,808,000 (5*90*6240)	3	1,123,200 (3*90*4160)	3	1,123,200 (3*90*4160)	3	842,400 (3*90*3120)
Technical Architect ($150/hour)	1	624,000 (1*150*4160)	1	624,000 (1*150*4160)	1	468,000 (1*150*3120)	1	624,000 (1*150*4160)	1	312,000 (1*150*2080)	1	936,000 (1*150*6240)	1	624,000 (1*150*4160)	1	624,000 (1*150*4160)	1	468,000 (1*150*3120)
Test Manager ($150/hour)	1	624,000 (1*150*4160)	1	1,248,000 (1*150*8320)	1	468,000 (1*150*3120)	1	624,000 (1*150*4160)	1	312,000 (1*150*2080)	1	936,000 (1*150*6240)	1	624,000 (1*150*4160)	1	624,000 (1*150*4160)	1	468,000 (1*150*3120)
Test Analyst ($85/hour)	1	353,600 (1*85*4160)	1	707,200 (1*85*8320)	1	265,200 (1*85*3120)	1	353,600 (1*85*4160)	1	176,800 (1*85*2080)	1	530,400 (1*85*6240)	1	353,600 (1*85*4160)	1	353,600 (1*85*4160)	1	265,200 (1*85*3120)
Developer ($95/hour)	7	2,766,400 (7*95*4160)	5	3,952,000 (5*95*8320)	7	2,074,800 (7*95*3120)	7	2,766,400 (7*95*4160)	4	790,400 (4*95*2080)	7	4,149,600 (7*95*6240)	7	2,766,400 (7*95*4160)	7	2,766,400 (7*95*4160)	5	1,482,000 (5*95*3120)
Total		7,259,200		13,811,200		5,444,400		7,259,200		2,849,600		12,012,000		7,259,200		7,259,200		4,851,600
Contingency (10% of estimated costs)		820,920		1,421,120		584,440		765,920		324,960		1,241,200		765,920		765,920		525,160
Total		$ 9,030,120		$ 15,632,320		$ 6,428,840		$ 8,425,120		$ 3,574,560		$ 13,653,200		$ 8,425,120		$ 8,425,120		$ 5,776,760
Grand Total		$ 79,371,160																
Time Estimate:																		
To contract award		9 months		9 months		9 months		9 months		9 months		9 months		9 months		9 months		9 months
After contract award to completion		24 months		48 months		18 months		24 months		12 months		36 months		24 months		24 months		18 months
Total hours after contract award		4,160 (52*40*2)		8,320 (52*40*4)		3,120 (52*40*1.5)		4,160 (52*40*2)		2,080 (52*40*1)		6,240 (52*40*3)		4,160 (52*40*2)		4,160 (52*40*2)		3,120 (52*40*1.5)