

GLADES COUNTY DISTRICT SCHOOL BOARD

Financial, Operational, and Federal Single Audit

For the Fiscal Year Ended
June 30, 2011



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2010-11 fiscal year are listed below

	<u>District No.</u>
Janet Storey	1
Jenny Allen, Vice Chair from 11-16-10	2
Jeri Wilson	3
Mike Pressley, Chair	4
Patricia Pearce, Vice Chair to 11-15-10	5

Wayne Aldrich, Superintendent

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

The audit team leader was James E. Raulerson, CPA, and the audit was supervised by Deirdre F. Waigand, CPA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the District's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States; however, we noted certain additional matters as summarized below.

ADDITIONAL MATTERS

Finding No. 1: The Board had not adopted formal policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance pursuant to Section 1012.22(1)(c)2., Florida Statutes (2010), and documenting the differentiated pay process of instructional personnel and school-based administrators using the factors prescribed in Section 1012.22(1)(c)4., Florida Statutes (2010).

Finding No. 2: Controls over electronic funds transfers could be enhanced.

Finding No. 3: Improvements could be made in controls over information technology functions.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Title I, Part A Cluster; Special Education Cluster; and State Fiscal Stabilization Fund Cluster programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

Audit Objectives and Scope

Our audit objectives were to determine whether the Glades County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Established internal controls that promote and encourage: 1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; 2) the economic and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for findings included in our report No. 2011-092.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2011. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133.



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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Glades County District School Board, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 15 percent of the assets and 100 percent of the liabilities of the aggregate remaining fund information. Additionally, we did not audit the financial statements of Pemayetv Emahakv, Inc. (Charter School), the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and discretely presented component unit, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Glades County District School Board as of June 30, 2011, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Glades County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, BUDGETARY COMPARISON SCHEDULE - GENERAL AND MAJOR SPECIAL REVENUE FUNDS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN and NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



David W. Martin, CPA
February 1, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Glades County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2011. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 9 through 31.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-11 fiscal year are as follows:

- The District's total net assets increased by \$668,484, which represents a 2.6 percent increase from the 2009-10 fiscal year.
- General revenues totaled \$14,854,526, or 93.6 percent of all revenues for the 2010-11 fiscal year, compared to \$13,974,647, or 93.7 percent for the prior fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions totaled \$1,017,620, or 6.4 percent, compared to \$932,364, or 6.3 percent for the prior fiscal year.
- This is the first year the District reported fund balances in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changes how governmental fund balances are classified. The objective of the statement is to improve the usefulness and understandability of governmental fund balance information. The statement provides clearly defined categories of fund balance to make the nature and extent of the constraints placed on a government's fund balance more transparent.
- The sum of the assigned and unassigned fund balances of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$2,609,037 at June 30, 2011, or 22.8 percent of General Fund expenditures. The prior fiscal year unreserved fund balance in the General Fund was \$ 2,033,174, or 18.4 percent of total General Fund expenditures.
- During the current fiscal year, General Fund revenues exceeded expenditures by \$454,135. This may be compared to last fiscal year's results in which General Fund revenues exceeded expenditures by \$479,138.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net assets provides information about the District's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the District's financial health. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the District's financial health is improving or deteriorating.

Over a period of time, changes in the District's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets, including its school buildings and administrative facilities.

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, pupil support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes, State revenues, and interest and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

The government-wide statements present the District's activities in the following categories:

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component unit – The District presents one separate legal entity in this report: Pemayetv Emahakv, Inc. (Charter School). Although legally a separate organization, the component unit is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles. Financial information for the component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. In particular, the sum of the assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General, Special Revenue – Other, and Special Revenue – Federal Economic Stimulus Funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General, Special Revenue – Other, and Special Revenue - Federal Economic Stimulus Funds to demonstrate compliance with the budget.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net assets as of June 30, 2011, compared to net assets as of June 30, 2010:

	Net Assets, End of Year	
	Governmental	
	Activities	
	6-30-11	6-30-10
Current and Other Assets	\$ 3,366,008	\$ 2,402,186
Capital Assets	23,474,522	23,744,248
Total Assets	26,840,530	26,146,434
Long-Term Liabilities	570,851	509,457
Other Liabilities	90,497	126,279
Total Liabilities	661,348	635,736
Net Assets:		
Invested in Capital Assets	23,474,522	23,744,248
Restricted	666,474	220,626
Unrestricted	2,038,186	1,545,824
Total Net Assets	\$ 26,179,182	\$ 25,510,698

The largest portion of the District's net assets (89.7 percent) reflects its investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net assets (2.5 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (7.8 percent) may be used to meet the government's ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2011, and June 30, 2010, are as follows:

Operating Results for the Fiscal Year Ended			
	Governmental Activities		
	6-30-11	6-30-10	
Program Revenues:			
Charges for Services	\$ 130,883	\$ 126,925	
Operating Grants and Contributions	547,030	600,442	
Capital Grants and Contributions	339,707	204,997	
General Revenues:			
Property Taxes, Levied for Operational Purposes	4,331,646	4,671,141	
Property Taxes, Levied for Capital Projects	451,267	327,430	
Grants and Contributions Not Restricted to Specific Programs	9,783,264	8,630,041	
Unrestricted Investment Earnings	6,580	7,368	
Miscellaneous	281,769	338,667	
Total Revenues	15,872,146	14,907,011	
Functions/Program Expenses:			
Instruction	8,465,032	7,779,372	
Pupil Personnel Services	515,158	488,231	
Instructional Media Services	221,221	222,804	
Instruction and Curriculum Development Services	349,987	359,960	
Instructional Staff Training Services	213,631	256,454	
Instruction Related Technology	144,278	60,076	
School Board	397,869	288,457	
General Administration	219,209	197,791	
School Administration	741,976	680,445	
Facilities Acquisition and Construction	261,183	123,247	
Fiscal Services	188,301	178,470	
Food Services	668,354	711,677	
Central Services	28,157	28,608	
Pupil Transportation Services	520,196	459,501	
Operation of Plant	1,016,918	1,025,436	
Maintenance of Plant	464,685	428,757	
Administrative Technology Services	51,753	150,899	
Unallocated Interest on Long-Term Debt and Fees	28	19,892	
Unallocated Depreciation Expense	735,726	793,392	
Loss on Disposal of Capital Assets		31,062	
Total Functions/Program Expenses	15,203,662	14,284,531	
Increase in Net Assets	\$ 668,484	\$ 622,480	

The largest revenue source is the State of Florida (46.9 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

State revenues increased by \$1,191,924, or 19.1 percent, primarily due to an increase in funding from the Florida Education Finance Program, which is reflected in the grants and contributions not restricted to a specific program category. Property taxes levied for operational purposes decreased \$339,495 due to a decrease in millage rates from 7.242 to 7.171. The taxable property values decreased from \$676,576,629 to \$629,284,402. Property taxes levied for capital outlay projects increased by only \$123,837, or 37.8 percent, due to the millage rate change from 0.5 to 0.75, which was partially offset by declining property values.

Instruction expenses represent 55.7 percent of total governmental expenses for the 2010-11 fiscal year. Instruction expenses increased by \$685,660, or 8.8 percent from the previous year due mainly for purchases of textbooks and additional funding for the Charter School. The hiring of additional staff was made possible by the American Recovery and Reinvestment Act (ARRA) and Education Jobs Fund moneys that the District received. Total expenses for the District increased by \$919,131, or 6.4 percent.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The District implemented GASB Statement No. 54 for the fiscal year ended June 30, 2011. The intention of GASB Statement No. 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$1,345,030, while the total fund balance is \$2,633,842. Total fund balance increased by \$559,072 during the fiscal year. An increase in State funding was the key factor for this increase.

The Special Revenue – Other Fund is used to account for certain Federal grant program resources and expenditures. The Special Revenue - Federal Economic Stimulus Fund is used to account for Federal grant program resources and expenditures related to the ARRA and other Federal stimulus programs. Because revenue is recognized to the extent that eligible expenditures have been incurred for these Federal grant program resources, these funds generally do not maintain fund balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2010-11 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues amounting to \$1,365,332, or 11.8 percent. At the same time, final appropriations are more than the original budgeted amounts by \$1,419,679, or 11.9 percent. Budget revisions were due primarily to changes in estimated State and Federal funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues were less than final budgeted amounts by \$1,063,979, or 8.2 percent. The variance was due to a Florida Department of Transportation (FDOT) grant in the amount of \$919,000 that was budgeted, but not received,

during the 2010-11 fiscal year. Actual expenditures were \$1,934,961, or 14.5 percent less than the final budgeted amount. The decrease in expenditures was primarily due to \$248,000 from positions moved and paid with Education Jobs Fund program moneys, the \$919,000 FDOT Canal Project that was not completed, and \$613,000 that was budgeted for maintenance projects not finished in the 2010-11 fiscal year. Actual ending fund balance exceeded the estimate fund balance contained in the final amended budget by \$683,569.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$23,474,522 (net of accumulated depreciation). This investment in capital assets includes land and land improvements; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Additional information on the District's capital assets can be found in Note 3 to the financial statements.

Long-Term Debt

At June 30, 2011, the District had no long-term debt outstanding.

OTHER MATTERS OF SIGNIFICANCE

Approximately 59.6 percent of total General Fund revenues are from the State of Florida; therefore, economic conditions, which affect the economy both nationally and at the State level, will affect the general operating funds and activities of the District. Changes in levels of tourism, immigration into the State of Florida, and unemployment may affect the State revenue streams, which in turn, will affect District revenue streams.

The District's enrollment increased by 10 students, or 0.7 percent from the prior fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Mr. Wayne Aldrich, Superintendent, Glades County District School Board, Post Office Box 459, Moore Haven, Florida 33471.

BASIC FINANCIAL STATEMENTS

GLADES COUNTY DISTRICT SCHOOL BOARD STATEMENT OF NET ASSETS June 30, 2011

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	\$ 3,137,123.20	\$ 748,886.00
Accounts Receivable		4,562.00
Due from Other Agencies	207,993.91	43,495.00
Inventories	20,891.06	
Capital Assets:		
Nondepreciable Capital Assets	911,266.64	
Depreciable Capital Assets, Net	22,563,255.15	310,409.00
TOTAL ASSETS	\$ 26,840,529.96	\$ 1,107,352.00
LIABILITIES		
Salaries and Benefits Payable	\$ 88,054.65	\$ 228,601.00
Payroll Deductions and Withholdings		
Accounts Payable		21,222.00
Due to Other Agencies	2,442.00	10,000.00
Deferred Revenue		16,277.00
Long-Term Liabilities:		
Portion Due Within One Year	41,835.77	
Portion Due After One Year	529,015.52	
Total Liabilities	661,347.94	276,100.00
NET ASSETS		
Invested in Capital Assets	23,474,521.79	310,409.00
Restricted for:		
State Required Carryover Programs	24,804.88	
Capital Projects	570,721.94	
Food Service	70,947.77	
Unrestricted	2,038,185.64	520,843.00
Total Net Assets	26,179,182.02	831,252.00
TOTAL LIABILITIES AND NET ASSETS	\$ 26,840,529.96	\$ 1,107,352.00

The accompanying notes to financial statements are an integral part of this statement.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Expenses		Program Revenues					
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary Government								
Governmental Activities:								
Instruction	\$	8,465,032.07	\$		\$			
Pupil Personnel Services		515,158.26						
Instructional Media Services		221,221.39						
Instruction and Curriculum Development Services		349,987.37						
Instructional Staff Training Services		213,630.87						
Instruction Related Technology		144,277.70						
School Board		397,868.80						
General Administration		219,208.83						
School Administration		741,975.97						
Facilities Acquisition and Construction		261,183.52			339,707.22			
Fiscal Services		188,300.99						
Food Services		668,354.00	130,882.82	547,029.52				
Central Services		28,156.58						
Pupil Transportation Services		520,196.10						
Operation of Plant		1,016,918.28						
Maintenance of Plant		464,684.63						
Administrative Technology Services		51,753.39						
Dues and Fees		27.74						
Unallocated Depreciation Expense		735,725.69						
Total Primary Government	\$	15,203,662.18	\$	130,882.82	\$	547,029.52	\$	339,707.22
Component Unit								
Charter School	\$	5,041,235.00	\$	0.00	\$	183,723.00	\$	0.00
General Revenues:								
Taxes:								
Property Taxes, Levied for Operational Purposes								
Property Taxes, Levied for Capital Projects								
Grants and Contributions Not Restricted to Specific Programs								
Unrestricted Investment Earnings								
Miscellaneous								
Total General Revenues								
Change in Net Assets								
Net Assets - Beginning								
Net Assets - Ending								

The accompanying notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government Governmental Activities	Component Unit
\$ (8,465,032.07)	\$
(515,158.26)	
(221,221.39)	
(349,987.37)	
(213,630.87)	
(144,277.70)	
(397,868.80)	
(219,208.83)	
(741,975.97)	
78,523.70	
(188,300.99)	
9,558.34	
(28,156.58)	
(520,196.10)	
(1,016,918.28)	
(464,684.63)	
(51,753.39)	
(27.74)	
(735,725.69)	
(14,186,042.62)	
	(4,857,512.00)
4,331,646.02	122,327.00
451,267.31	
9,783,263.88	4,912,376.00
6,579.80	
281,769.48	
14,854,526.49	5,034,703.00
668,483.87	177,191.00
25,510,698.15	654,061.00
\$ 26,179,182.02	\$ 831,252.00

**GLADES COUNTY
DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011**

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Economic Stimulus Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS					
Cash and Cash Equivalents	\$ 2,630,160.73	\$	\$	\$ 506,962.47	\$ 3,137,123.20
Due from Other Funds	94,177.73				94,177.73
Due from Other Agencies		58,929.33	35,248.40	113,816.18	207,993.91
Inventories				20,891.06	20,891.06
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 2,724,338.46</u>	<u>\$ 58,929.33</u>	<u>\$ 35,248.40</u>	<u>\$ 641,669.71</u>	<u>\$ 3,460,185.90</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payroll Deductions and Withholdings	\$ 88,054.65	\$	\$	\$	\$ 88,054.65
Due to Other Funds		58,929.33	35,248.40		94,177.73
Due to Other Agencies	2,442.00				2,442.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>90,496.65</u>	<u>58,929.33</u>	<u>35,248.40</u>	<u> </u>	<u>184,674.38</u>
Fund Balances:					
Nonspendable for Inventory				20,891.06	20,891.06
Restricted for:					
Restricted for State Required Carryover Programs	24,804.88				24,804.88
Food Service				50,056.71	50,056.71
Capital Projects				570,721.94	570,721.94
Total Restricted Fund Balance	<u>24,804.88</u>			<u>620,778.65</u>	<u>645,583.53</u>
Assigned to:					
Capital Projects	49,900.00				49,900.00
Other Personnel Services	10,000.00				10,000.00
Insurance Refund	1,171,000.00				1,171,000.00
Other	<u>33,106.36</u>				<u>33,106.36</u>
Total Assigned Fund Balance	<u>1,264,006.36</u>				<u>1,264,006.36</u>
Unassigned Fund Balance	<u>1,345,030.57</u>				<u>1,345,030.57</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,633,841.81</u>	<u> </u>	<u> </u>	<u>641,669.71</u>	<u>3,275,511.52</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,724,338.46</u>	<u>\$ 58,929.33</u>	<u>\$ 35,248.40</u>	<u>\$ 641,669.71</u>	<u>\$ 3,460,185.90</u>

The accompanying notes to financial statements are an integral part of this statement.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total Fund Balances - Governmental Funds	\$ 3,275,511.52
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	23,474,521.79
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Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Other Postemployment Benefits Payable	\$ 13,041.00	
Compensated Absences Payable	<u>557,810.29</u>	<u>(570,851.29)</u>

Total Net Assets - Governmental Activities	<u>\$ 26,179,182.02</u>
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The accompanying notes to financial statements are an integral part of this statement.

GLADES COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Economic Stimulus Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Intergovernmental:					
Federal Direct	\$ 207,429.94	\$ 37,135.00	\$	\$	\$ 244,564.94
Federal Through State and Local	798.28	1,441,097.41	1,009,778.70	530,774.89	2,982,449.28
State	7,087,725.74			355,261.03	7,442,986.77
Local:					
Property Taxes	4,331,646.02			451,267.31	4,782,913.33
Charges for Services - Food Service				130,882.82	130,882.82
Miscellaneous	267,237.86			21,111.04	288,348.90
Total Revenues	11,894,837.84	1,478,232.41	1,009,778.70	1,489,297.09	15,872,146.04
Expenditures					
Current - Education:					
Instruction	6,699,295.37	1,006,211.52	721,714.51		8,427,221.40
Pupil Personnel Services	381,775.23	97,046.32	33,588.93		512,410.48
Instructional Media Services	218,904.30		1,058.61		219,962.91
Instruction and Curriculum Development Services	259,780.27	87,912.94			347,693.21
Instructional Staff Training Services	4,277.31	167,232.48	41,224.89		212,734.68
Instruction Related Technology	91,638.87		52,638.83		144,277.70
School Board	362,827.86	33,980.00			396,807.86
General Administration	182,713.74	28,477.59	6,895.51		218,086.84
School Administration	638,576.85	24,194.32	74,152.99		736,924.16
Facilities Acquisition and Construction	2,510.00			258,673.52	261,183.52
Fiscal Services	187,154.53				187,154.53
Food Services	522.39		5,454.47	660,491.02	666,467.88
Central Services	27,987.25				27,987.25
Pupil Transportation Services	456,214.66	8,571.24	53,216.24		518,002.14
Operation of Plant	1,007,740.44		7,328.99		1,015,069.43
Maintenance of Plant	460,872.62		2,164.73		463,037.35
Administrative Technology Services	51,492.54				51,492.54
Fixed Capital Outlay:					
Facilities Acquisition and Construction	406,418.56			24,634.56	431,053.12
Other Capital Outlay		24,606.00	10,340.00		34,946.00
Debt Service:					
Interest and Fiscal Charges				27.74	27.74
Total Expenditures	11,440,702.79	1,478,232.41	1,009,778.70	943,826.84	14,872,540.74
Excess of Revenues Over Expenditures	454,135.05			545,470.25	999,605.30
Other Financing Sources (Uses)					
Transfers In	104,937.00				104,937.00
Transfers Out				(104,937.00)	(104,937.00)
Total Other Financing Sources (Uses)	104,937.00			(104,937.00)	
Net Change in Fund Balances	559,072.05			440,533.25	999,605.30
Fund Balances, Beginning	2,074,769.76			201,136.46	2,275,906.22
Fund Balances, Ending	\$ 2,633,841.81	\$ 0.00	\$ 0.00	\$ 641,669.71	\$ 3,275,511.52

The accompanying notes to financial statements are an integral part of this statement.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011**

Net Change in Fund Balances - Governmental Funds	\$ 999,605.30
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation in excess of capital outlays expense in the current fiscal year.	(269,726.57)
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In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year.	(48,353.86)
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Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year.	<u>(13,041.00)</u>
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Change in Net Assets - Governmental Activities	<u>\$ 668,483.87</u>
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The accompanying notes to financial statements are an integral part of this statement.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
June 30, 2011**

Agency
Funds

ASSETS

Cash and Cash Equivalents

\$ 116,392.98

LIABILITIES

Internal Accounts Payable

\$ 116,392.98

The accompanying notes to financial statements are an integral part of this statement.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Glades County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Glades County School District (District) is considered part of the Florida system of public education. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Glades County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, the Pemayetv Emahakv, Inc. (Charter School), is included within the District's reporting entity as a discretely presented component unit.

The component unit columns in the government-wide financial statements include the financial data of the Charter School. The Charter School is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School operates under a charter approved by its sponsor, the Board. The Charter School is considered to be a component unit of the District since it is fiscally dependent on the District to levy taxes for its support.

The financial data reported on the accompanying statements was derived from the Charter School's audited financial statements for the fiscal year ended June 30, 2011. The audit report is filed in the District's administrative offices.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, i.e., the statement of net assets and the statement of activities, present information about the District as a whole. These statements include the nonfiduciary financial activity of the District and its component unit.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is not readily associated with a particular function and is reported as unallocated.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA) and other Federal stimulus programs.

Additionally, the District reports the following fiduciary fund type:

- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements are prepared using the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned,

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

or unassigned resources are available for use in governmental fund financial statements, it is the District's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

The Charter School is accounted for as a governmental organization and follows the same accounting model as the District's governmental activities.

➤ **Deposits**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at last invoice cost, which approximates the first-in, first-out basis, except that the United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	7 - 50 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

Current year information relative to changes in capital assets is described in a subsequent note.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets.

In the governmental fund financial statements, long-term obligations are not recognized as liabilities until due.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

Changes in long-term liabilities for the current year are reported in a subsequent note.

➤ **State Revenue Sources**

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District also received allocations under the Classrooms First construction program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

➤ **District Property Taxes**

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Glades County Property Appraiser, and property taxes are collected by the Glades County Tax Collector.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

The Board adopted the 2010 tax levy on September 9, 2010. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Glades County Tax Collector at fiscal year-end but not yet remitted to the District.

Millages and taxes levied for the current year are presented in a subsequent note.

➤ **Federal Revenue Sources**

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The Board follows procedures established by State statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 813,648.45	\$	\$	\$ 813,648.45
Land Improvements - Nondepreciable	97,618.19			97,618.19
Construction in Progress	40,711.00		40,711.00	
Total Capital Assets Not Being Depreciated	951,977.64		40,711.00	911,266.64
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	1,157,282.68	437,231.30		1,594,513.98
Buildings and Fixed Equipment	30,014,726.87	9,898.26		30,024,625.13
Furniture, Fixtures, and Equipment	661,073.86	34,974.56	6,900.00	689,148.42
Motor Vehicles	1,101,486.06	24,606.00	112,081.00	1,014,011.06
Audio Visual Materials and Computer Software	533,134.27			533,134.27
Total Capital Assets Being Depreciated	33,467,703.74	506,710.12	118,981.00	33,855,432.86
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	657,466.33	42,835.31		700,301.64
Buildings and Fixed Equipment	8,335,031.28	570,364.57		8,905,395.85
Furniture, Fixtures, and Equipment	346,378.25	53,326.85	6,900.00	392,805.10
Motor Vehicles	821,851.66	56,416.00	112,081.00	766,186.66
Audio Visual Materials and Computer Software	514,705.50	12,782.96		527,488.46
Total Accumulated Depreciation	10,675,433.02	735,725.69	118,981.00	11,292,177.71
Total Capital Assets Being Depreciated, Net	22,792,270.72	(229,015.57)		22,563,255.15
Governmental Activities Capital Assets, Net	\$ 23,744,248.36	\$ (229,015.57)	\$ 40,711.00	\$ 23,474,521.79

The District's capital assets serve multiple functions; therefore, depreciation expense is not allocated to the various expense functions on the statement of activities, but is shown as unallocated depreciation expense.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

4. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Compensated Absences Payable	\$ 509,456.43	\$ 66,187.10	\$ 17,833.24	\$ 557,810.29	\$ 41,835.77
Other Postemployment Benefits Payable		31,760.00	18,719.00	13,041.00	
Total Governmental Activities	<u>\$ 509,456.43</u>	<u>\$ 97,947.10</u>	<u>\$ 36,552.24</u>	<u>\$ 570,851.29</u>	<u>\$ 41,835.77</u>

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund.

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of interfund receivables and payables reported in the fund financial statements:

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 94,177.73	\$
Special Revenue:		
Other		58,929.33
Federal Economic Stimulus		35,248.40
Total	<u>\$ 94,177.73</u>	<u>\$ 94,177.73</u>

The amounts payable to the General Fund represents reimbursable expenditures initially paid by the General Fund.

The following is a summary of interfund transfers reported in the fund financial statements:

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 104,937.00	\$
Nonmajor Governmental		
Capital Projects:		
Public Education Capital Outlay		104,937.00
Total	<u>\$ 104,937.00</u>	<u>\$ 104,937.00</u>

Transfers from the Capital Projects – Public Education Capital Outlay (PECO) Fund were for distribution of PECO funds to the Charter School and to reimburse eligible expenditures reported in the General Fund.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

6. FUND BALANCE REPORTING

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, for the fiscal year ended June 30, 2011. The objective of the statement is to improve the usefulness and understanding of fund balance information for users of the financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

The District reports its governmental fund balances in the following categories, as applicable:

➤ **Nonspendable**

The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory.

➤ **Restricted**

The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

➤ **Committed**

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the Board). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2011.

➤ **Assigned**

The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Finance Director and not included in other categories.

➤ **Unassigned**

The portion of fund balance that is residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

7. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2010-11 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 4,717,940.00
Categorical Educational Program - Class Size Reduction	1,607,380.00
Gross Receipts Tax (Public Education Capital Outlay)	167,792.00
Classrooms First	124,558.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	47,357.22
School Recognition	32,099.00
Food Service Supplement	16,255.00
Mobile Home License Tax	8,852.50
Workforce Development Program	6,907.00
Discretionary Lottery Funds	5,383.00
Miscellaneous	<u>708,463.05</u>
 Total	 <u><u>\$ 7,442,986.77</u></u>

Accounting policies relating to certain State revenue sources are described in Note 1.

8. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2010 tax roll for the 2010-11 fiscal year:

<u>GENERAL FUND</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	5.173	\$ 3,240,801
Basic Discretionary Local Effort	0.748	468,610
Critical Operating Needs	0.250	156,621
Voted School Tax:		
Critical Operating Needs	1.000	626,483
 <u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	<u>0.750</u>	<u>469,863</u>
 Total	 <u><u>7.921</u></u>	 <u><u>\$ 4,962,378</u></u>

9. FLORIDA RETIREMENT SYSTEM

All regular employees of the District are covered by the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in PEORP in lieu of the Plan. District employees participating in DROP are not eligible to participate in PEORP. Employer contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2010-11 fiscal year, contribution rates were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	10.77
Florida Retirement System, Elected County Officers	0.00	18.64
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.25
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of PEORP.

(B) Contribution rates are dependent upon retirement class in which reemployed.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the Plan for the fiscal years ended June 30, 2009, June 30, 2010, and June 30, 2011, totaled \$639,532, \$670,921, and \$682,706, respectively, which were equal to the required contributions for each fiscal year. There were 18 PEORP participants during the 2010-11 fiscal year. Required contributions made to PEORP totaled \$46,130.

The financial statements and other supplementary information of FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS.

10. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description. The Other Postemployment Benefits Plan (Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and death benefits. The District subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The District does not offer any explicit subsidies for retiree

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or another entity.

Funding Policy. Plan contribution requirements of the District and Plan members are established and may be amended through action from the Board. The District has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2010-11 fiscal year, nine retirees received other postemployment benefits. The District's contribution to the OPEB obligation is the implicit subsidy for the retirees, which was \$18,719. Plan members receiving benefits contributed \$50,388.90, through their required contributions, ranging from \$488.36 to \$527.58 per month for retiree-only coverage, depending on the health plan selected.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 15,464
Amortization of Unfunded Actuarial Accrued Liability	<u>16,296</u>
Annual Required Contribution	<u>31,760</u>
Annual OPEB Cost (Expense)	31,760
Contribution Toward the OPEB Cost	<u>(18,719)</u>
Increase in Net OPEB Obligation	13,041
Net OPEB Obligation, Beginning of Year	<u> </u>
Net OPEB Obligation, End of Year	<u><u>\$ 13,041</u></u>

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of July 1, 2010 (the first year of reporting OPEB obligation), were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	\$ 31,760	58.9%	\$ 13,041

Funded Status and Funding Progress. As of July 1, 2010, the most recent valuation date, the actuarial accrued liability for benefits was \$296,689, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$296,689 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$6,932,974, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of July 1, 2010, the most recent valuation date, used the projected unit credit actuarial cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2011, and to estimate the District's 2010-11 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3 percent per year, and an annual healthcare cost trend rate of 8 percent initially for the 2010-11 fiscal year, reduced to 5 percent after three years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

11. OTHER SIGNIFICANT COMMITMENTS

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2011:

Major Funds		
General	Special Revenue - Other	Total Governmental Funds
\$ 93,006	\$ 3,286	\$ 96,292

12. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; third-party injuries; property damage; and natural disasters. The District is a member of the South Central Educational Risk Management Consortium (SCREMP), a consortium under which eight district school boards have established a public entity risk pool for property, general liability, automobile liability, workers' compensation, government crime, and other coverage deemed necessary by the members of the SCREMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCREMP is self-sustaining through member contributions (premiums), and purchased insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCREMP is composed of superintendents and finance directors or an authorized representative of all participating districts. Employers' Mutual, Inc., serves as the third-party administrator, insurance broker, and fiscal agent for SCREMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except wind/hail/flood), respectively. The named wind/hail/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence. The deductibles for all other wind events are \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000 time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. SCERMP's purchased excess property loss limit substantially increased during the 2010-11 fiscal year to \$100 million per tower

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

(consisting of 4 members per tower), except for flood/earthquake of \$75 million, compared to \$75 million per tower during the 2009-10 fiscal year.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2010-11 fiscal year was \$850,000. SCERMP purchases excess liability coverage through a commercial insurance carrier which covers workers' compensation losses in excess of the self-insured retention. Employers liability is included subject to \$2,000,000 each claim and in the aggregate.

The District is protected by Section 768.28, Florida Statutes, under the Doctrine of Sovereign Immunity, which effectively limited the amount of the District's liability for tort claims to \$100,000 per claim and \$200,000 per occurrence during the 2010-11 fiscal year. Effective October 1, 2011, the immunity caps were increased by the Florida Legislature to \$200,000 per claim/\$300,000 per occurrence

Health and hospitalization coverage is being provided by purchased commercial insurance on a guaranteed cost basis with rates established prior to renewal each year by the District's insurer based on the benefits and features selected by the District. Life insurance is purchased by the District for eligible employees. These transactions are accounted for in the governmental funds.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

13. SUBSEQUENT EVENTS

From October 2004 through November 2006, SCERMP advanced the District \$3,103,115.91 to cover the District's estimated claims after Hurricane Charley. In October 2011, the District joined SCERMP, other SCERMP school districts, and insurers in a settlement agreement and release for all claims related to Hurricane Charley. After the settlement agreement and release, SCERMP's administrator and the District calculated that the District's eligible claim (less deductibles) for Hurricane Charley totaled \$2,441,916.72, or \$661,199.19 less than the funds advanced from 2004 to 2006. In January 2012, the District returned \$515,352.91 to SCERMP. The District will return the remaining \$145,846.28 owed to SCERMP once that amount is forwarded to the District from the Federal Emergency Management Agency.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

GLADES COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	\$ 100,000.00	\$ 207,429.94	\$ 207,429.94	\$
Federal Through State and Local	841.00	841.00	798.28	(42.72)
State	6,915,502.00	8,040,161.00	7,087,725.74	(952,435.26)
Local:				
Property Taxes	4,300,078.00	4,332,252.21	4,331,646.02	(606.19)
Miscellaneous	277,064.50	378,133.00	267,237.86	(110,895.14)
Total Revenues	11,593,485.50	12,958,817.15	11,894,837.84	(1,063,979.31)
Expenditures				
Current - Education:				
Instruction	6,629,325.81	6,913,521.76	6,699,295.37	214,226.39
Pupil Personnel Services	390,940.91	442,254.28	381,775.23	60,479.05
Instructional Media Services	223,450.00	222,587.55	218,904.30	3,683.25
Instruction and Curriculum Development Services	267,552.00	264,544.41	259,780.27	4,764.14
Instructional Staff Training Services	1,670.00	4,277.86	4,277.31	0.55
Instruction Related Technology	40,000.00	95,983.82	91,638.87	4,344.95
School Board	300,771.00	397,109.34	362,827.86	34,281.48
General Administration	183,774.00	186,387.00	182,713.74	3,673.26
School Administration	685,084.48	686,905.61	638,576.85	48,328.76
Facilities Acquisition and Construction	395,289.00	913,018.70	2,510.00	910,508.70
Fiscal Services	180,793.00	188,148.41	187,154.53	993.88
Food Services		10,522.39	522.39	10,000.00
Central Services	29,575.00	34,744.00	27,987.25	6,756.75
Pupil Transportation Services	534,247.20	510,026.29	456,214.66	53,811.63
Operation of Plant	1,016,574.87	1,015,924.05	1,007,740.44	8,183.61
Maintenance of Plant	1,013,679.79	1,020,997.84	460,872.62	560,125.22
Administrative Technology Services	63,258.00	62,292.24	51,492.54	10,799.70
Fixed Capital Outlay:				
Facilities Acquisition and Construction		406,418.56	406,418.56	
Other Capital Outlay				
Total Expenditures	11,955,985.06	13,375,664.11	11,440,702.79	1,934,961.32
Excess (Deficiency) of Revenues Over Expenditures	(362,499.56)	(416,846.96)	454,135.05	870,982.01
Other Financing Sources				
Transfers In	222,413.00	292,350.00	104,937.00	(187,413.00)
Net Change in Fund Balances	(140,086.56)	(124,496.96)	559,072.05	683,569.01
Fund Balances, Beginning	1,040,460.09	2,074,769.76	2,074,769.76	
Fund Balances, Ending	\$ 900,373.53	\$ 1,950,272.80	\$ 2,633,841.81	\$ 683,569.01

Special Revenue - Other Fund				Special Revenue - Federal Economic Stimulus Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 37,135.00 1,164,258.90	\$ 37,135.00 1,626,365.76	\$ 37,135.00 1,441,097.41	\$ (185,268.35)	\$ 729,309.88	\$ 1,145,705.88	\$ 1,009,778.70	\$ (135,927.18)
1,201,393.90	1,663,500.76	1,478,232.41	(185,268.35)	729,309.88	1,145,705.88	1,009,778.70	(135,927.18)
671,875.35 141,332.01	1,094,877.26 122,629.62	1,006,211.52 97,046.32	88,665.74 25,583.30	645,015.81	800,551.01 37,788.93 1,058.61	721,714.51 33,588.93 1,058.61	78,836.50 4,200.00
89,914.98 176,443.97	94,477.57 212,996.41	87,912.94 167,232.48	6,564.63 45,763.93	36,868.50 46,675.17 615.30 135.10	75,762.97 65,466.83	41,224.89 52,638.83	34,538.08 12,828.00
29,520.59 24,170.00	33,980.00 35,954.53 24,194.32	33,980.00 28,477.59 24,194.32	7,476.94	8,898.13 74,152.99	6,895.51 74,152.99	2,002.62	
62,237.00	19,785.03	8,571.24	11,213.79		5,454.47 3,521.98 53,216.24 7,328.99 2,164.73	5,454.47 3,521.98 53,216.24 7,328.99 2,164.73	3,521.98
	24,606.00	24,606.00			10,340.00	10,340.00	
1,195,493.90	1,663,500.74	1,478,232.41	185,268.33	729,309.88	1,145,705.88	1,009,778.70	135,927.18
5,900.00	0.02		(0.02)				
5,900.00	0.02		(0.02)				
\$ 5,900.00	\$ 0.02	\$ 0.00	\$ (0.02)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**GLADES COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(B)	(B-A)	(A/B)	(C)	[(B-A)/C]
July 1, 2010	\$ 0	\$ 296,689	\$ 296,689	0.0%	\$ 6,932,974	4.3%

**GLADES COUNTY
DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**GLADES COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	\$ 159,692.30	\$
National School Lunch Program	10.555	300, 350	328,746.84	
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555 (2)	None	46,055.02	
Total Child Nutrition Cluster			534,494.16	
Florida Department of Financial Services:				
Secure Payments for States and Counties Containing Federal Lands	10.665	None	798.28	
Total United States Department of Agriculture			535,292.44	
United States Department of Education:				
Direct:				
Impact Aid	84.041	N/A	207,429.94	
Indian Education - Grants to Local Educational Agencies	84.060	N/A	37,135.00	
Total Direct			244,564.94	
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	336,196.93	
Special Education - Preschool Grants	84.173	267	9,791.56	
ARRA - Special Education - Grants to States, Recovery Act	84.391	263	165,238.29	
University of South Florida:				
Special Education - Grants to States	84.027		600.00	
Total Special Education Cluster			511,826.78	
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	599,521.45	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212, 223, 226	86,454.72	
Total Title I, Part A Cluster			685,976.17	
State Fiscal Stabilization Fund Cluster:				
Florida Department of Education:				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	591	457,718.94	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	9,139.00	
Total State Fiscal Stabilization Fund Cluster			466,857.94	
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	18,568.80	
Migrant Education - State Grant Program	84.011	217	107,167.93	
Career and Technical Education - Basic Grants to States	84.048	161	49,715.52	
Charter Schools	84.282	298	200,000.00	200,000.00
Rural Education	84.358	110	37,036.22	
English Language Acquisition Grants	84.365	102	12,144.60	
Improving Teacher Quality State Grants	84.367	224	69,953.75	
ARRA - Education Technology State Grants, Recovery Act	84.386	121	1,599.00	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RL111	40,762.75	
Education Jobs Fund	84.410	541	248,866.00	
Highlands County District School Board:				
Safe and Drug-Free Schools and Communities - National Programs	84.184	None	1,000.65	
Washington County District School Board:				
Reading First State Grants	84.357	None	2,917.05	
Total Indirect			2,454,393.16	200,000.00
Total United States Department of Education			2,698,958.10	200,000.00
Total Expenditures of Federal Awards			\$ 3,234,250.54	\$ 200,000.00

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance - National School Lunch Program. Represents the amount of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Glades County District School Board as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the school internal funds and the discretely presented component unit, as described in our report on the Glades County District School Board's financial statements. For the school internal funds and the discretely presented component unit, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that are discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
February 1, 2012



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-488-5534
FAX: 850-488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the Glades County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2011. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing

our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
February 1, 2012

**GLADES COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389 – ARRA); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA); and State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 – ARRA and 84.397 – ARRA)
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**GLADES COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ADDITIONAL MATTERS

Finding No. 1: Compensation and Salary Schedules

Section 1001.42(5)(a), Florida Statutes, requires the Board to designate positions to be filled, prescribe qualifications for those positions, and provide for the appointment, compensation, promotion, suspension, and dismissal of employees, subject to the requirements of Chapter 1012, Florida Statutes. Section 1012.22(1)(c)2., Florida Statutes (2010),¹ provided that, for instructional personnel, the Board must base a portion of each employee's compensation on performance. In addition, Section 1012.22(1)(c)4, Florida Statutes (2010), required the Board to adopt a salary schedule with differentiated pay for instructional personnel and school-based administrators. The salary schedule was subject to negotiation as provided in Chapter 447, Florida Statutes, and was required to provide differentiated pay based on District-determined factors, including, but not limited to, additional duties, school demographics, critical shortage areas, and level of job performance difficulties.

While compensation of instructional personnel is typically subject to collective bargaining, the Board had not adopted formal policies and procedures to ensure that a portion of each instructional employee's compensation was based on performance pursuant to Section 1012.22(1)(c)2., Florida Statutes (2010). Such policies and procedures could establish and communicate the performance measures affecting instructional employee compensation. In addition, the Board had not adopted formal policies and procedures establishing the documented process to identify the instructional personnel and school-based administrators entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4, Florida Statutes (2010). Such policies and procedures could specify the prescribed factors to be used as a basis for determining differentiated pay, the documented process for applying the prescribed factors, and the individuals responsible for making such determinations.

The 2010-11 fiscal year salary schedule and applicable union contracts for instructional personnel and school-based administrators provided pay levels based on various factors such as job classification, years of experience, level of education, and other factors. However, the District's procedures for documenting compliance with Section 1012.22(1)(c), Florida Statutes (2010), could be improved, as follows:

- **Instructional Personnel.** Contrary to Section 1012.22(1)(c)2., Florida Statutes (2010), the instructional personnel salary schedule and union contracts did not evidence that a portion of the compensation of each instructional employee was based on performance.

The instructional personnel salary schedule and union contracts provided salary supplements for additional responsibilities beyond the standard work day, such as supplements for athletic and drama coaches and department chairpersons. However, the salary schedule did not evidence consideration of differentiated pay based on school demographics, critical shortage areas, and the level of job performance difficulty for

¹ Section 1012.22, Florida Statutes, was amended by Chapter 2011-1, Laws of Florida, effective July 1, 2011. For the 2011-12 fiscal year, pursuant to Section 1012.22(1)(c)4.b., Florida Statutes, the District must base a portion of each employee's compensation upon performance demonstrated under Section 1012.34, Florida Statutes, and provide differentiated pay for instructional personnel and school administrators based upon district-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.

instructional personnel, contrary to Section 1012.22(1)(c)4., Florida Statutes (2010). District personnel indicated that the District had evaluated the three schools for student composition and the use of free and reduced lunches and determined that the schools were generally similar. District personnel also indicated that there were no critical shortages of instructional and school-based administrators since all positions were filled by certified personnel. However, these considerations would not exempt the District from the requirements in Section 1012.22(1)(c)4., Florida Statutes (2010), to provide consideration of differentiated pay for school demographics, critical shortage areas, and the level of job performance.

- **School-based Administrators.** The school-based administrator's salary schedule evidenced consideration for additional responsibilities, school demographics, and level of job performance difficulties by the differing administrative pay grades for elementary, middle, and high schools based on the type school. However, the salary schedule did not evidence consideration of differentiated pay based on critical shortage areas for school-based administrators, contrary to Section 1012.22(1)(c)4., Florida Statutes (2010).

District personnel indicated that salary schedule revisions to comply with the statutory performance pay requirements were delayed to ensure consistency with Federal Race-to-the-Top grant requirements, which are subject to approval by the Florida Department of Education for the 2011-12 fiscal year. However, without Board-adopted policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance, and sufficiently identifying the basis for differentiated pay, the District may be limited in its ability to demonstrate that each instructional employee's performance correlates to their compensation and the various differentiated pay factors are consistently considered and applied. A similar finding was noted in our report No. 2011-092.

Recommendation: The Board should adopt formal policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance, and differentiated pay of instructional personnel and school-based administrators is appropriately identified on salary schedules, consistent with Section 1012.22(1)(c), Florida Statutes.

Finding No. 2: Electronic Funds Transfers

Section 1010.11, Florida Statutes, requires the Board to adopt written policies prescribing the accounting and control procedures for electronic funds transfers (EFTs) for any purpose including direct deposit, wire transfer, withdrawal, investment, or payment consistent with the provisions of Chapter 668, Florida Statutes. Pursuant to Section 668.006, Florida Statutes, the District is responsible for implementing control processes and procedures to ensure adequate integrity, security, confidentiality, and auditability of business transactions conducted using electronic commerce. In addition, State Board of Education (SBE) Rule 6A-1.0012, Florida Administrative Code (FAC), authorizes the District to make EFTs provided adequate internal control measures are established and maintained, such as a written agreement with a financial institution. An agreement must, among other things, contain the title of the bank account subject to the agreements and the manual signatures of the Board chair, superintendent, and employees authorized to initiate EFTs. Also, SBE Rule 6A-1.0012, FAC, requires the District to maintain documentation signed by the initiator and authorizer of EFTs to confirm the authenticity of EFTs.

Board policy requires the Superintendent to prescribe the accounting and control procedures under which EFTs may be made, and the District established a bank agreement signed by the Superintendent, which authorized EFTs up to \$300,000. The District regularly used EFTs for retirement benefits, Federal withholding taxes, direct deposits of employee pay, and transactions between District bank accounts. While the District used informal processes (oral instructions or written notes) to control and monitor EFTs, the Board had not adopted written policies prescribing the accounting and control procedures of EFTs, contrary to Section 1010.11, Florida Statutes. Also, the bank

agreement lacked the signatures of the Board chair and those authorized to initiate and approve EFTs, contrary to SBE Rule 6A-1.0012, FAC.

District personnel indicated that controls are in place, such as supervisory review and approval of monthly journal entry reports and bank reconciliations, to compensate, in part, for the lack of formal policies and procedures. While our tests did not disclose any EFTs for unauthorized purposes, such tests cannot substitute for management's responsibility to establish effective internal controls. Without properly established policies and procedures governing EFT activities, there is an increased risk that errors or fraud could occur and not be timely detected.

Recommendation: The Board should adopt formal written policies and procedures to ensure adequate integrity, security, confidentiality, and auditability of business transactions conducted using electronic commerce consistent with applicable Florida Statutes and SBE Rules.

Finding No. 3: Information Technology

Effectively managing information technology (IT) resources requires an IT manager to develop, communicate, monitor, and enforce compliance with security policies. Such policies are intended to protect the confidentiality, integrity, and availability of data and IT resources and provide benchmarks against which compliance can be measured and contribute to an effective control environment. We noted that the District's IT processes could be improved as summarized below:

- From July 2010 through May 2011, the District did not employ an IT manager to provide overall coordination and management of IT functions and oversight of the network and application provider's activities; ensure the completeness and effectiveness of the District's disaster recovery plan; develop and distribute IT policies and procedures; and monitor compliance with IT policies and procedures. In June 2011, the District employed an IT Manager with duties, in part, to provide overall coordination and management of the District's IT functions. Without appropriate oversight of IT operations, the risk is increased that the District's data and IT resources may not be sufficiently protected.
- The District lacked written IT policies and procedures for controlling user identifications and associated access privileges, reviewing access privileges for continued appropriateness, ensuring the timely removal of access privileges, and resetting user passwords. A lack of written policies and procedures increases the risk that IT controls may not be followed consistently and in a manner pursuant to management's expectations.
- Certain District security controls related to user authentication, logging, and software monitoring needed improvement, the specific details of which are excluded from this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues.
- The District's disaster recovery plan did not identify the District's critical data, processes, and applications; provide for backup of critical data; or contain a step-by-step plan for recovery to minimize the potential impact of an event that disrupts IT operations. Without a comprehensive disaster recovery plan, there is an increased risk that, in the event of a disaster, prompt and effective continuation of District IT operations may not occur.

Similar findings were noted in previous audit reports, most recently in our report No. 2011-092.

Recommendation: The District should continue its efforts to ensure that the IT manager provides appropriate oversight of IT operations and establish written IT policies and procedures to document management's expectations for the performance of the IT functions described above. Also, security controls should be improved for user authentication, logging, and software monitoring to ensure the continued confidentiality, integrity, and availability of District data and IT resources. In addition, the District should identify data, processes, and applications critical to its operations, address backup provisions, and detail recovery measures in its disaster recovery plan to minimize potential disruptions to IT operations.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no audit findings on Federal programs required to be reported under OMB Circular A-133, Section 510.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the District had taken corrective actions for findings included in our report No. 2011-092.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*GLADES COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011*

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/ Area	Brief Description	Status	Comments
2011-092		There were no prior Federal audit findings.		

EXHIBIT A
MANAGEMENT'S RESPONSE

GLADES COUNTY SCHOOL DISTRICT
Building Academic Excellence

February 1, 2012

Wayne Aldrich
Superintendent

•

Scott Bass
*Administrative
Services
Director*

•

Deborah Pressley
*Curriculum
Services
Director*

•

Susan Williams
Finance Director

•

Janice Foster
*Exceptional Student
Education Director*

•

School Board

• **Janet Storey**
District 1

• **Jenny Allen**
District 2

• **Jeri Wilson**
District 3

• **Mike Pressley**
District 4

• **Patricia Pearce**
District 5

David W. Martin, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The Glades County School District is in agreement with the preliminary and tentative audit findings and recommendations for the fiscal year ending June 30, 2011. The District has completed some of the recommendations and continues to be in the process of correcting the remaining findings to present to the school board for approval. As in the past, Glades School District appreciates the time spent by employees of the Auditor General in our district. The District considers the process both positive and beneficial for our continuous improvement. The improvement of our school system is crucial in meeting the educational needs of our students and the District will strive to make improvements and ensure the correction of all audit findings for the year ending June 30, 2011.

Finding No. 1: Compensation and Salary Schedules

The Board will adopt formal policies regarding compensation salary schedules for instructional personnel and school-based administrators, with a portion based upon performance and differentiated pay.

Finding No. 2: Electronic Funds Transfers

The Board will adopt policies and procedures for business transactions conducted using electronic commerce consistent with applicable Florida Statutes and SBE rules.

Finding No. 3: Information Technology

The District will direct the IT Manager to provide oversight of IT operations and the District will establish written IT policies and



EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

procedures for the performance of the IT functions. Security controls will improve with a detailed disaster recovery plan activated to include recovery measures and minimum disruptions to IT operations.

If further information or documentation is required, please feel free to contact my office.

Sincerely,

A handwritten signature in black ink that reads "Wayne Aldrich". The signature is written in a cursive, slightly slanted style.

Wayne Aldrich
Superintendent,
Glades County School District

WA:lr