



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



ALACHUA DISTRICT SCHOOL BOARD

OPERATIONAL AUDIT

JULY 1, 2002, THROUGH JUNE 30, 2003

SUMMARY

Finding No. 1: Financial Condition

The District had fewer resources available for emergencies and unforeseen situations than other Florida school districts. At June 30, 2003, the District's unreserved fund balance, as a percent of General Fund revenues, was 1.36 percent; the average level for Florida school districts was in excess of 6 percent for the 2000-01 and 2001-02 fiscal years.

Finding No. 2: Equity in School-Level Funding

Contrary to the Equity in School-Level Funding Act, the District did not monitor the adequacy of FEFP funds allocated to individual schools and special centers throughout the school year. Failure to monitor the level of funding could result in a school or center not receiving an equitable level of funding.

Finding No. 3: District School Capital Outlay Tax

The District transferred \$596,350 of the 2002-03 fiscal year capital outlay tax levy moneys to a debt service fund to meet annual funding requirements for the Certificates of Participation, Series 2001-QZAB. However, the use of these moneys in this manner was not listed in the original published notice and an amended notice was not published, contrary to Florida law.

Finding No. 4: Capital Outlay – Contractor Insurance Requirements

During the 2002-03 fiscal year, the District expended over \$8 million on 82 construction projects. The District did not have adequate procedures to ensure the required insurance coverages were provided by the contractors. This condition increases the District's risk of loss and exposure to unnecessary liabilities.

Finding No. 5: Facility Inspections

The District did not timely correct facility deficiencies noted during safety inspections. The safety inspection reports showed many repeat deficiencies which required no costs to correct and included some that were considered life-safety conditions. Failure to timely correct facility deficiencies results in an increased risk that facilities could become unsafe for occupancy, and could result in additional costs in the future due to further deterioration.

Finding No. 6: Charter School Inspections

The District's Fire Safety Inspector did not perform the required firesafety inspections at any of the ten charter schools sponsored by the District. Although the appropriate municipal and county fire officials performed the required firesafety inspections at all but two of those charter schools, copies of the related inspection reports were not provided to the State Fire Marshal by the District. Additionally, the floor plans for the charter schools were not submitted to law enforcement agencies and fire departments.

Finding No. 7: Monitoring Bus Drivers' Driving Records

The Board created a Safe Driver Plan (Plan) to help ensure that only safe drivers are transporting its school children. We found the District's bus drivers' records were not accurate and updated timely; consequently, the effectiveness of the District's Plan was diminished. Additionally, provisions of the Plan were not always followed.

BACKGROUND

The Alachua County School District is part of the State system of public education under the general direction of the Florida Department of Education. Geographic

boundaries of the District correspond with those of Alachua County. The governing body of the District is the Alachua County District School Board which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. The Board has direct responsibility for operation, control, and supervision of public schools within Alachua County. The Board members and the Superintendent who served during the audit period are listed in Exhibit 1.

During the audit period, the District operated 24 elementary schools, 8 middle schools, 7 high schools, and 6 special centers, and sponsored 10 charter schools. The District reported 28,206 unweighted full-time equivalent students. In addition to its primary responsibility of providing educational services to students in grades kindergarten through 12, the District provided post-secondary vocational training.

The results of our audit of the District's financial statements and Federal awards are presented in audit report No. 2004-157.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Financial Condition

In governmental funds, reserve accounts are used to identify the portion of the fund balance that is restricted to specific purposes and not available for general appropriation by the Board, while the unreserved fund balance is designed to serve as a measure of net current financial resources available for general appropriation by the Board. The unreserved portion represents the amount that can be used with the most flexibility for emergencies and unforeseen situations.

Our analysis indicated that for Florida school districts, the average level of General Fund unreserved fund balance as a percent of revenues was in excess of 6 percent for the 2000-01 and 2001-02 fiscal years. A summary of unreserved fund balances, including internal designations, for the District's General Fund for the past three fiscal years is shown below:

Fiscal Year Ended June 30	Unreserved Fund Balance	Percent of General Fund Revenues
2001	\$ 2,296,507	1.50%
2002	1,112,179	0.79%
2003	2,133,981	1.36%

There was no indication that the lower than average fund balance resulted in any financial emergencies; however, in these circumstances, the District had less resources available for emergencies and unforeseen situations than other Florida school districts. During the 2002-03 fiscal year, the District continued implementation of a Budget Stabilization Plan started in the 2001-02 fiscal year. The Board has recognized in Policy 7.01 the need to maintain a 4 percent reserve for unforeseen events.

Recommendation: We recommend that the Board and the Superintendent take the necessary actions, including closely monitoring the budget, to ensure that an adequate fund balance is maintained in the General Fund.

District Response:

The Board has continued to address the District's low unreserved fund balance through the budgetary process. Unreserved fund balances increased 92%, or about one million dollars, for the fiscal year ending June 30, 2003. In an effort to achieve the desired four percent reserve as identified in Board Policy 7.01, the Board budgeted an additional increase in unreserved fund balances of \$900,000 for the 2003/04 fiscal year. The Board will continue its efforts to increase reserves to ensure the District has resources available for emergencies and unforeseen situations.

Finding No. 2: Equity in School-Level Funding

Section 1011.69, Florida Statutes, the Equity in School-Level Funding Act, requires that for the 2002-03 fiscal year, district school boards allocate to each school within the district at least 80 percent of the funds generated by that school based upon the Florida Education Finance Program (FEFP), as provided in Section 1011.62, Florida Statutes, and the General Appropriations Act, including gross State and local funds, discretionary lottery funds, and funds from the school district's current operating discretionary millage levy. Section 1011.69, Florida Statutes, further requires that total funding for each school shall be recalculated during the year to reflect the revised calculations under the FEFP by the State and the

actual weighted full-time equivalent (FTE) students reported by the schools.

The District did not have procedures to monitor the adequacy of FEFP funds allocated to individual schools and special centers throughout the school year. The District established its initial allocations to individual schools and special centers based on preliminary FEFP and FTE data, along with standard staffing formulas, but did not recalculate those allocations during the year to reflect the revised FEFP funds distributed by the State and the actual weighted FTE students reported by the schools. Although a preliminary Florida Department of Education, Equity in School-Level Funding Report, dated in April 2004, did not show any instances in which the individual District schools did not meet the 80 percent requirement, failure to perform the revised recalculations could result in a school or center not receiving an equitable level of funding.

Recommendation: We recommend that the District implement procedures to monitor the allocation of FEFP funds to each school and special center throughout the school year.

District Response:

The district updates and monitors school and department budget allocations after the October FTE count to ensure funds are allocated based on actual enrollments. The district will enhance monitoring procedures to ensure requirements of the School-Level Funding Act are satisfied.

Finding No. 3: District School Capital Outlay Tax

The District is authorized, pursuant to Section 1011.71(2), Florida Statutes, to levy ad valorem taxes for school capital outlay. Section 200.065, Florida Statutes, stipulates that notice for this levy be published to include a list of the projects to be funded from the proceeds, along with the date and time of the public hearing to discuss the levy. In the event that the District needs to amend the list of capital outlay projects previously advertised and adopted, the District is required to publish a revised list and hold another public hearing.

During the 2002-03 fiscal year, the District advertised the capital outlay tax levy moneys for various uses, including payments for Certificates of Participation, Series 1997,

Refunding Series 1997A, Series 1998, and Series 2001. We noted, however, that the District transferred \$596,350 from the 2002-03 fiscal year capital outlay tax levy moneys to a debt service fund to meet the annual funding requirements for Certificates of Participation, Series 2001-QZAB, which was not a use listed in the published notice. The District did not subsequently publish an amended notice or hold the required public hearing to provide for the use of the capital outlay tax levy moneys in this manner.

Recommendation: We recommend that the District document the authority upon which it used the capital outlay tax levy moneys for a purpose not specifically included in the published notice. The District should strengthen procedures to ensure that projects funded from ad valorem taxes are made only after being properly advertised and followed by a public hearing, as required by law.

District Response:

The District uses its capital outlay tax levy moneys for the payment of all Certificates of Participation. The Certificates of Participation, Series 2001-QZAB was inadvertently omitted in the published advertisement. Procedures will be strengthened to ensure that all uses of the capital outlay tax levy are included in the published advertisement.

Finding No. 4: Capital Outlay – Contractor Insurance Requirements

During the 2002-03 fiscal year, the District expended over \$8 million on 82 construction projects. Section 4.2 of the Florida Department of Education’s publication, *State Requirements for Educational Facilities*, provides that the Board shall verify through a Letter of Insurability or Certificate of Insurance that contractors are maintaining insurance coverage and limits required.

The District did not have adequate procedures to ensure the required insurance coverage was provided by contractors. We compared the coverage and limits on the certificates of insurance with those in the contract documents for two projects (project No. CA740, roof replacement at two schools for \$724,074, and project No. CB636, construction of a multi-purpose school building for \$1,860,600) to determine whether the District verified that the contractors maintained the required insurance coverage and limits. Our comparison disclosed the

following instances where the required coverages were not provided:

- **Workers' Compensation.** The certificate of insurance provided by the contractor at the time of contract for project No. CB636 expired in April 2003; however, the date of substantial completion was set as March 24, 2004. Documentation was not available to show that the District monitored the contractor's insurance coverage and obtained an updated certificate of insurance through completion of the project. Subsequent to our inquiry, the District obtained an updated certificate of insurance from the contractor.
- **Comprehensive General Liability.** The contract for project No. CA740 required coverage of \$500,000 per claimant; however, the contractor provided coverage, but with limitations for medical expense (any one person) and fire damage (any one fire) of \$5,000 and \$50,000, respectively.
- **Contractual Liability, including Owner's and Contractor's Protective Liability.** The contracts required the contractors to maintain separate coverage for personal injury, bodily injury, and property damage of \$500,000 per claimant and \$1,000,000 per occurrence; however, the required coverage was not obtained by either contractor.
- **Comprehensive Automobile Liability.** The contractor for project No. CA740 was required by the contract to maintain coverage of \$500,000 per claimant and \$1 million each occurrence or incident for each of three lines of coverage: personal injury, bodily injury, and property damage. However, the contractor provided a combined single limit of \$1 million in total for each occurrence or incident.

The absence of adequate procedures to ensure the required insurance coverages are maintained increases the District's risk of loss and exposure to unnecessary liabilities.

Recommendation: We recommend that the District improve its procedures for verifying that contractors provide the required insurance coverage and limits. The District should ensure that current certificates of insurance are on file for all construction projects in progress.

District Response:

New procedures require a review of all Certificates of Insurance by the District's Risk Manager. Additionally, a copy of the insurance requirements contained in the Contract must be attached to the Certificates of Insurance and signed by the Contractor and Insurance Producer acknowledging the requirements and indicating compliance as evidenced by the certificates produced at project onset. These items have been discussed with the District's Risk Manager and the insurance carriers. We will continue to work closely with them to update our specifications in order to maintain contemporary insurance requirements and verification procedures to control the District's risk of loss.

Finding No. 5: Facility Inspections

Section 1013.12, Florida Statutes, requires that each district school board provide for the periodic inspection of its educational and ancillary plant facilities at least once during each fiscal year to determine compliance with standards of sanitation and casualty safety prescribed in the rules of the State Board of Education. Additionally, firesafety inspections are required to be made annually by persons who are certified by the Division of State Fire Marshal to conduct firesafety inspections in public educational and ancillary plants. Furthermore, each district school board shall prescribe policies and procedures establishing a comprehensive program of safety and sanitation for the protection of occupants of public educational and ancillary plants. Such policies must contain procedures for periodic inspections and withdrawal of any educational or ancillary plant, or portion thereof, from use until unsafe or unsanitary conditions are corrected or removed.

The District's safety inspection reports include the estimated costs of correction and priority codes, recorded by the safety inspector, to indicate the type and severity of the deficiencies found during inspection. We examined the District's 2002-03 fiscal year safety inspection reports for four schools. The reports showed a total of 371 deficiencies, including 310 that were previously cited from 1 to 14 times. Of the 310 repeat deficiencies, 124 were for life-safety conditions such as the presence of asbestos, needed emergency lighting and automatic heat and smoke detectors, improper storage of chemicals and combustible materials, a trip hazard posed by a sidewalk, an inoperable exit light, and a missing fire extinguisher.

We noted that 112 of the repeat deficiencies required no costs to correct, and included 48 deficiencies that were considered life-safety conditions. Failure to timely correct facility deficiencies results in an increased risk that facilities could become unsafe for occupancy and could result in additional costs in the future due to further deterioration. A similar deficiency was noted in audit report No. 01-132.

Recommendation: We recommend the District take the necessary action to ensure maintenance deficiencies identified in facility inspection reports are timely corrected.

District Response:

The District will prioritize the items listed in the report and organize our efforts to correct any critical hazards first, regardless of age. We have no staff exclusively assigned to these items. We will continue to do our best to complete these items along with daily operational repairs.

None of the four schools reviewed, Oak View Middle, Newberry Elementary, Chiles Elementary, or Lofton High has a facilities employee assigned exclusively to that school at any time during the workweek.

This department is continuing to work with each zone maintenance foreman to organize and prioritize our efforts. Any serious, life-threatening safety hazards will be addressed immediately. We also are working with each school principal to eliminate hazardous operational conditions.

Finding No. 6: Charter School Inspections

Section 1002.33(16)(a)5., Florida Statutes, provides that charter schools are subject to the provisions of Chapter 1013, Florida Statutes, pertaining to student health, safety, and welfare. Section 1013.12, Florida Statutes, requires that annual firesafety inspections of charter schools be performed by both district school boards and one of the authorities with jurisdiction over those schools, e.g., fire officials in municipalities, counties, and special fire control districts. District school boards are required to submit a copy of each charter school's inspection report to the State Fire Marshal. Additionally, Section 1013.13, Florida Statutes, requires each district to annually submit a copy, by October 1, of the floor plan for each educational facility in the district that was new or modified during the preceding year to the law enforcement agency and fire department with jurisdiction over that facility.

The District's Fire Safety Inspector did not perform the required firesafety inspections at any of the ten charter schools that the District sponsored during the 2002-03 school year. Although the appropriate municipal and county fire officials performed the required firesafety inspections at all but two of those charter schools, copies of the related inspection reports were not provided to the State Fire Marshal by the District. The District informed us that current reports for two of the charter schools were not available because city and county fire inspectors were behind in their inspections and unless the charter schools contact the inspectors to request an annual inspection, there is no follow-up.

Additionally, the floor plans for the District's educational and ancillary plant facilities which were submitted to law enforcement agencies and fire departments excluded the District's charter schools.

After communicating these deficiencies to the District, we were informed that the District's charter school monitoring procedures will be improved to prevent a similar recurrence. Specifically, the annual monitoring of each charter school will require the submission of a copy of the current firesafety inspection, as well as the current building floor plans. Additionally, the District will participate in a joint inspection of each charter school with the fire authority having jurisdiction and ensure that copies of all inspection reports are submitted to the State Fire Marshal. The District will also include each charter school's floor plans in a separate section of its Florida Inventory of School Houses to ensure the future submission of all floor plans, including charter schools, to the appropriate law enforcement agencies and fire departments.

Recommendation: We recommend that the District develop the procedures necessary to ensure that the student health, safety, and welfare requirements discussed above are met with respect to the District's charter schools.

District Response:

The District will improve our Charter monitoring and inspection procedures in the future as follows:

The annual monitoring of each Charter School will require submission of a current copy of the Fire Safety Inspection, County Health Department Sanitation Inspection, fire alarm system certifications, and current building floor plans. Failure to submit

the required information will be noted on the monitoring instrument and specifically brought to the attention of the District Administrator who oversees the Charter School contracts.

The District will participate in a joint inspection of each Charter School facility with the municipal fire authority having jurisdiction. The District will submit copies of these, and all other facility inspections, to the State Fire Marshal. It should be noted that the 2002-03 school year was the first time Charter Schools were required to be inspected by the District as public schools. None of the local fire authorities, nor the District, were aware of this requirement until it was clarified by State Fire Marshal memo late in the year.

The District will include the floor plans of each Charter School facility in a separate section of our Florida Inventory of School Houses (FISH) plans. They will, therefore, be included in all future submissions to law enforcement and fire departments.

Finding No. 7: Monitoring Bus Drivers' Driving Records

State Board of Education (SBE) Rule 6A-3.0141(6), Florida Administrative Code, requires that the District obtain bus drivers' history records prior to initial employment and periodically screen their records no less often than the beginning of each semester. Alachua District School Board created a Safe Driver Plan (Plan) to help ensure that only safe drivers are transporting its school children. In accordance with the Plan, the District created a Safe Driver Plan Committee (Committee) to monitor driving records. The Committee reviews driving records maintained by the District and may assess points against a driver, in addition to, or in lieu of, the State assessing points. The Plan establishes actions that the District may take against bus drivers, including termination of employment, based on the number of points assessed over set time periods.

We reviewed the driving records for 17 bus drivers, comparing the drivers' records shown in the Florida Department of Education, School Bus Driver Records System – Bus Driver Information Report (FDOE Report) with the School Board of Alachua County, Driver Accident History (SBAC Report) dated March 11, 2004. The FDOE Report shows State violations, actions, and points assessed, whereas the SBAC Report is intended to document all violations and points assessed by the Committee in accordance with the Plan. Our comparison, considering Plan requirements, disclosed

discrepancies between the two records for 4 of the 17 drivers, as follows:

- One driver's FDOE Report showed a conviction for unlawful speeding in February 2003; however, the SBAC Report did not include any reference to this conviction. Additionally, the SBAC Report showed one entry in 2003 and three entries in 2001 in which the driver's bus struck different objects (e.g., mailbox, tree limb, mirror on car); however, no points were assessed for these entries. Documentation also indicated that the driver was to be suspended for one day as the result of these infractions; however, the suspension was not enforced until our inquiries.
- One driver's FDOE Report included an accident and adjudication withheld for careless driving in May 2002, and a seat belt violation in July 2003. The SBAC Report included reference to the first incident, but none to the latter; however, no points were assessed for either incident. According to the Plan, points should be assessed for careless driving, regardless of whether the State convicted, withheld adjudication, or assessed points, and for seat belt violations.
- One driver's SBAC Report included "Bus Struck Car Rt Turn" in December 2003; however, no points were assessed until after our inquiry. Additionally, a speeding ticket conviction from May 2000 was not referenced, nor were any points assessed on the SBAC Report.
- One bus driver's FDOE Report showed nine entries during the past three school years. The SBAC Report showed that points had been assessed for only one of the nine entries.

When the District's bus drivers' records are not accurate and updated timely, the effectiveness of the District's Safe Driver Plan is diminished.

The fourth bus driver referred to above (with nine entries during the past three school years) was hired in March 2000. The driver's FDOE Report showed 21 points assessed and that her driver's license had been suspended for 30 days during the three full school years prior to being hired. We were informed that the District did not receive the driver's driving record until after the employee was hired. However, it was not documented why the District hired the driver prior to receiving the driver's driving record, contrary to SBE Rule, or why the driver's employment was not terminated in accordance

with the Plan once the District reviewed the employee's driving record. Further, as noted above, the driver's FDOE Report showed nine entries, including three for unlawful speeding, one for failure to obey a traffic sign or device, one for careless driving resulting in an accident, and one for driving while license cancelled, revoked, or suspended. These nine entries occurred during the 26-month period of employment from April 2001 through May 2003. It was not documented why the driver's employment was not terminated based on these infractions in accordance with the Plan.

Not following the District's Plan could expose the District to unnecessary legal action should a driver cause an accident or injury while driving a school bus.

Recommendation: We recommend that the District take action, as appropriate, to ensure its bus drivers' records are accurate and maintained in accordance with Plan requirements to help ensure only safe drivers are transporting its school children. The District's records should be compared periodically with records maintained by FDOE, and discrepancies should be investigated. The District should also take action, as appropriate, to ensure its Plan is followed.

District Response:

The District has taken action to ensure its bus drivers' records are accurate and maintained in accordance with Plan requirements to ensure that only safe drivers are transporting its school children. Procedures have been established to periodically compare district records with those maintained by FDOE.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this operational audit were to determine whether District management controls promoted and encouraged: 1) compliance with applicable laws, administrative rules, and other guidelines; 2) the economic, effective, and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets.

Specifically, our review included management controls related to financial condition; personnel; employee compensation; equity in school funding; safety and sanitation inspections; extended day, child care fee revenues; capital outlay construction projects; monitoring charter schools; and the District's Safe Driver Plan.

PRIOR AUDIT FINDINGS

Except as discussed in Finding No. 5, the District corrected the prior audit findings.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA
Auditor General

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of district school boards. This audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was conducted by John Davisson, CPA, and supervised by Philip B. Ciano, CPA. Please address inquiries regarding this report to David W. Martin, CPA, Audit Manager, via e-mail at davidmartin@aud.state.fl.us or by telephone at (850) 487-9039.

This audit report, as well as other reports prepared by the Auditor General, can be obtained on our Web site at <http://www.state.fl.us/audgen>; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

EXHIBIT I
ALACHUA COUNTY DISTRICT SCHOOL BOARD
JULY 1, 2002, THROUGH JUNE 30, 2003

The Board members and the Superintendent of Schools who served during the audit period are listed below:

	<i>District No.</i>
<i>Beverly P. Carroll to 11-18-02</i>	<i>1</i>
<i>Tina Pinkoson from 11-19-02</i>	<i>1</i>
<i>Jeannine M. Cawthon, Vice-Chairman to 11-18-02, Chairman from 11-19-02</i>	<i>2</i>
<i>Chester W. Leathers to 11-18-02</i>	<i>3</i>
<i>F. Wesley Eubank from 11-19-02</i>	<i>3</i>
<i>Barbara J. Sharpe, Vice-Chairman from 11-19-02</i>	<i>4</i>
<i>William H. Cake to 11-18-02, Chairman</i>	<i>5</i>
<i>Virginia S. Childs from 11-19-02</i>	<i>5</i>

Dr. Mary L. Chambers, Superintendent

BOARD MEMBERS

Jeannine M. Cawthon
Virginia S. Childs
F. Wesley Eubank
Barbara J. Sharpe
Tina Turner Pinkoson



620 E. University Avenue
Gainesville, Florida 32601
www.sbac.edu
(352) 955-7300
Fax (352) 955-6700
Suncom 625-7300
Suncom Fax 625-6700

SUPERINTENDENT OF SCHOOLS

Sandra H. Hollinger, Interim Superintendent

Success . . . one student at a time.

June 16, 2004

Honorable William O. Monroe, Auditor General
State of Florida
G74 Claude Pepper Building
Tallahassee, Florida 32399-1450

Re: Response to Preliminary and Tentative Audit Findings

Dear Mr. Monroe:

Following are our responses to the preliminary and tentative audit findings and recommendations for the operational audit of the 2003/04 fiscal year.

Finding 1: Financial Condition

The Board has continued to address the District's low unreserved fund balance through the budgetary process. Unreserved fund balances increased 92%, or about one million dollars, for the fiscal year ending June 30, 2003. In an effort to achieve the desired four percent reserve as identified in Board Policy 7.01, the Board budgeted an additional increase in unreserved fund balances of \$900,000 for the 2003/04 fiscal year. The Board will continue its efforts to increase reserves to ensure the District has resources available for emergencies and unforeseen situations.

Finding 2: Equity in School-Level Funding Act

The district updates and monitors school and department budget allocations after the October FTE count to ensure funds are allocated based on actual enrollments. The district will enhance monitoring procedures to ensure requirements of the School-Level Funding Act are satisfied.

Finding 3: District School Capital Outlay Tax

The District uses its capital outlay tax levy moneys for the payment of all Certificates of Participation. The Certificates of Participation, Series 2001-QZAB was inadvertently omitted in the published advertisement. Procedures will be strengthened to ensure that all uses of the capital outlay tax levy are included in the published advertisement.

Finding 4: Capital Outlay – Contractor Insurance Requirements

New procedures require a review of all Certificates of Insurance by the District's Risk Manager. Additionally, a copy of the insurance requirements contained in the Contract must be attached to the Certificates of Insurance and signed by the Contractor and Insurance Producer acknowledging the requirements and indicating compliance as evidenced by the certificates produced at project onset. These items have been discussed with the District's Risk Manager and the insurance carriers. We will continue to work closely with them to update our

specifications in order to maintain contemporary insurance requirements and verification procedures to control the District's risk of loss.

Finding 5: Facility Inspections

The District will prioritize the items listed in the report and organize our efforts to correct any critical hazards first, regardless of age. We have no staff exclusively assigned to these items. We will continue to do our best to complete these items along with daily operational repairs.

None of the four schools reviewed, Oak View Middle, Newberry Elementary, Chiles Elementary, or Lofton High has a facilities employee assigned exclusively to that school at any time during the workweek.

This department is continuing to work with each zone maintenance foreman to organize and prioritize our efforts. Any serious, life-threatening safety hazards will be addressed immediately. We also are working with each school principal to eliminate hazardous operational conditions.

Finding 6: Charter School Inspections

The District will improve our Charter monitoring and inspection procedures in the future as follows:

The annual monitoring of each Charter School will require submission of a current copy of the Fire Safety Inspection, County Health Department Sanitation Inspection, fire alarm system certifications, and current building floor plans. Failure to submit the required information will be noted on the monitoring instrument and specifically brought to the attention of the District Administrator who oversees the Charter School contracts.

The District will participate in a joint inspection of each Charter School facility with the municipal fire authority having jurisdiction. The District will submit copies of these, and all other facility inspections, to the State Fire Marshal. It should be noted that the 2002-03 school year was the first time Charter Schools were required to be inspected by the District as public schools. None of the local fire authorities, nor the District, were aware of this requirement until it was clarified by State Fire Marshal memo late in the year.

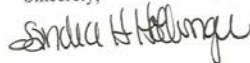
The District will include the floor plans of each Charter School facility in a separate section of our Florida Inventory of School Houses (FISH) plans. They will, therefore, be included in all future submissions to law enforcement and fire departments.

Finding 7: Monitoring Bus Drivers' Driving Records

The District has taken action to ensure its bus drivers' records are accurate and maintained in accordance with Plan requirements to ensure that only safe drivers are transporting its school children. Procedures have been established to periodically compare district records with those maintained by FDOE.

We appreciate the opportunity to respond to these findings. After reviewing our responses please advise me if you need further clarification or action on our part.

Sincerely,



Sandra H. Hollinger
Interim Superintendent
SHH/rt