Performance Audit of
Lee County School District

FINAL REPORT

Evergreen Solutions, LLC

August 27, 2018

Performance Audit of
Lee County School District

FINAL REPORT

Submitted by:

Evergreen Solutions, LLC
2878 Remington Green Circle
Tallahassee, Florida 32308

August 27, 2018

Table of Contents

Evergreen Solutions, LLC

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

As outlined in the RFQ for the Performance Audit of the Lee County School District issued by OPPAGA, the performance audit included a review of program areas related to the construction of new schools, reconstruction and renovation of existing schools, acquisition of equipment, including safety and security equipment, and technology.

Evergreen Solutions, LLC conducted the performance audit, in accordance with the requirements of Ch. 2018-118, *Laws of Florida*, found codified in s. 212.055(10), *Florida Statutes*, passed during the 2018 session of the Florida Legislature.

The report contains findings and observations organized in the following six chapters:

- Chapter 1 - Program Economy, Efficiency, and Effectiveness
- Chapter 2 - Program Design and Structure
- Chapter 3 - Alternative Delivery Methods
- Chapter 4 - Goals, Objectives and Performance Measures
- Chapter 5 - Reporting Accuracy and Adequacy
- Chapter 6 - Program Compliance

CHAPTER 1 - PROGRAM ECONOMY, EFFICIENCY, AND EFFECTIVENESS

Chapter 1 presents audit findings related to the economy, efficiency, and effectiveness of the program areas under review. As part of field work, Evergreen examined the District's internal monitoring structure including management reporting and the results of internal and external audits and operational performance reviews. In addition, Evergreen evaluated program performance and costs, and thoroughly researched the strengths and weaknesses associated with past projects of similar size and complexity.

Finding on program economy, efficiency, and effectiveness: In its evaluation, Evergreen found that the program areas under review in the Lee County School District (LCSD) are currently being operated in a way that is economical, effective and efficient. LCSD has used missteps relating to facility-related projects undertaken by prior administrations as the impetus for commendable improvements. Moving forward, Evergreen identified opportunities for further improving effectiveness and efficiency.

Key Observations

- In general, Evergreen found that each of the program areas under review had unique internal control mechanisms and methods for monitoring performance, effectiveness and efficiency.

- The District is effectively using various internal and external audits and studies to make continual improvements to the program areas under review. The Internal Auditor is also providing valuable oversight of construction projects.

- Procurement and financial management and monitoring functions are effective; however, LCSD does not have a fund balance policy that states an acceptable range of designated or undesignated reserves in the District's General Fund.

- LCSD has 26 vacant properties purchased or acquired by previous administrations, with a total of 882.23 acres of land, of which, 143.10 acres have been reserved for future school expansion. Using the District's current, sophisticated growth modeling techniques, community involvement and professional real estate services, the District should attempt to sell or trade unusable properties, and acquire land for future sites where the greatest need is projected.

- To assess the District's ability to manage the projects envisioned in the Surtax referendum, Evergreen conducted case studies of three recent construction projects, including the Bonita Springs High School project where poor planning, cost overruns, and significant construction delays were identified.

- Evergreen's overall finding in this chapter is based on the strength of the current system that has incorporated several significant enhancements to the District's procurement and management processes that were established to address lessons learned from prior construction projects. These new processes are being applied to the District's most recent construction projects, which Evergreen believes should address the prior management deficiencies detailed in this audit.

CHAPTER 2 - PROGRAM DESIGN AND STRUCTURE

Chapter 2 presents findings related to program design and structure. As part of the audit, Evergreen examined the organization and management structure of the District as a whole and the component units within the organization that are now or will be responsible for the program areas identified in the Surtax Resolution. The examination included contracted and other external services that are now or will be used in the implementation of the projects outlined in the Resolution. In addition, Evergreen assessed the procurement and contracting function to determine its capacity for handling the volume and complexity of work anticipated in the Resolution.

Finding on program design and structure: In its audit, Evergreen found that the organization structure of the program areas under review, particularly in the areas of planning and facility-related construction management in the Lee County School District (LCSD), are clearly defined and have recently been reorganized to increase internal control, minimize overlapping functions, and ensure that positions are placed in an area where their expertise is most needed. While some of the organizational changes remained in progress at the time of this audit, the employees have already begun to transition into their new positions. As part of the analysis, Evergreen identified additional opportunities for improvement.

Key Observations

- In all, Evergreen found that the Lee County School District's organizational structure is strong. Reorganizations, particularly in the areas of planning and facility-related construction management, are designed to move people into the departments or sections where their expertise is most valuable. With the decentralization of the planning functions, Evergreen believes that creating a Standing Committee on Internal Planning will help to ensure that all planning functions in the District are coordinated.

- The District recognizes the expertise that can be economically contracted for rather than permanently employed by LCSD, such as architects and financial planners, but is also examining the benefits of employing individuals when the volume of work makes it cost effective to bring those services in-house. Contracts for such services were found to be in compliance with state and local purchasing guidelines. For purposes of the projects envisioned in the Surtax Referendum, some additional staffing for project management will be needed.

- Safety and Security is also under new management and that department is also in transition. Faced with a number of new state mandates, securing the appropriate staff and entering into new interlocal agreements for School Resource Officers is and must be a priority for the District.

- Strategically, the District has centralized all procurement functions by bringing the previously independent construction-related purchasing function under the central purchasing umbrella, which improved internal control and efficiency.

CHAPTER 3 - ALTERNATIVE DELIVERY METHODS

Chapter 3 presents audit findings related to alternative delivery methods used in the program areas under review. As part of the field work, Evergreen examined the programs and services currently being provided through shared service or outsourced/contract arrangements and also assessed what, if any activities or services might be delivered in an alternative method. Further, Evergreen evaluated the manner in which the District assesses alternative delivery methods.

Finding on alternative delivery methods: In its evaluation, Evergreen found that the Lee County School District (LCSD) has taken advantage of a number of shared services, contracted services, and outsourced service arrangements. In reviewing the considerable research and documentation associated with a number of these initiatives, Evergreen found evidence that District leaders are using sound approaches for making initial decisions, are establishing measurable expectations for future evaluation and are then using those measures to evaluate whether the programs are achieving the desired results. Formalizing this review and evaluation process could provide a more uniform approach for the District.

Key Observations

- Evergreen found that the Lee County School District has a number of shared services, contracted services, and outsourced service arrangements—one of which won the Best Accounting/Finance Initiative award.

- The identified shared or outsourced services are efficient, and the District monitors the contracts to ensure that the work is carried out in a quality manner. In some instances the District has found that bringing previously outsourced services in-house can also save money and improve service delivery. Examples of both are provided in this chapter.

- Depending on the department or function, the processes used by the District to determine whether it is feasible to use an alternative delivery method are varied. Evergreen found the evaluation processes used sound logic, but recommends a more uniform process for both making the initial determination to use an alternative approach and for evaluating the effectiveness of the decision.

CHAPTER 4 - GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Chapter 4 presents findings related to goals, objectives and performance measures. As part of the field work, Evergreen examined major districtwide planning efforts and the manner in which management measures day-to-day performance and budgets, and the system of internal controls that is used to ensure that the program areas under review are meeting their goals and objectives.

Finding on goals, objectives and performance measures: In its evaluation, Evergreen found that the Lee County School District (LCSD) strategic plan called Vision 2020 has clear, measurable goals and objectives both at the district level as well as the program and department level. Leadership regularly monitors Vision 2020 progress and department heads are held accountable for goal achievement, however the plan contains no direct linkages to the budget. At the department level, Evergreen found planning to be more fragmented. The District complies with state-mandated reporting requirements, but lacks a comprehensive long-range facility master plan that ties together the various planning documents and provides clear direction for the future. Evergreen also found that Technology and Safety and Security have multiple plans and reporting measures, some of which are currently being updated or are in need of updating.   Evergreen identified a need for a centralized source for administrative procedures.

Key Observations

- Evergreen found that the District's Vision 2020 Strategic Plan includes detailed and specific annual targets for improvement and the results are monitored and reported on an ongoing basis; work has recently begun on Envision 2030—the future long-range strategic planning effort. While the laser focus of Vision 2020 is on student improvement and becoming a world class school district, the areas under review have clear and measurable goals and objectives, and management is held accountable for results.

- At the department level, planning is somewhat more fragmented. Facility and technology-related planning both have multiple components—including state-mandated information gathering and reports, growth planning, and project planning. The District, however, lacks a comprehensive long-range facility or technology master plan that comprehensively draws from these components and provides direction for the future.

- LCSD has a strong internal control structure, but unlike many other school districts which use an online Board Policy Service to develop and revise policies, the Lee County School District creates and updates its own Board policies. Contracting for a policy service and linking policies to administrative procedures would further enhance the internal control structure.

CHAPTER 5 - REPORTING ACCURACY AND ADEQUACY

Chapter 5 presents findings related to reporting accuracy and adequacy. During the performance audit, Evergreen examined districtwide information systems as well as any ancillary systems used in each of the functional areas under review to determine if the systems are meeting the business needs of the organization and are capable of delivering timely, accurate and useful information for management and stakeholders. Evergreen also examined the District's website and other tools used to keep the general public informed about ongoing projects and business activities. The Open Records processes were also assessed for responsiveness and accuracy.

Finding on reporting accuracy and adequacy: In its evaluation, Evergreen found that the information systems used by the Lee County School District (LCSD) are producing accurate and comprehensive public documents, reports and requests. A significant amount of financial, procurement and performance information is available to the public on the District's website; however, additional and more current facility and safety information is needed. The process for responding to requests for information that is not readily available on the website is well-defined and District responses are handled in a timely and appropriate manner.

Key Observations

- Evergreen found that, for the most part, the LCSD information systems are strong and integrated to reduce redundancy and duplicative data entry. Staff can run routine reports and, in most cases, there is assistance available to them if they are unable to obtain the information they need through a standard report. Throughout the review, Evergreen requested and was provided accurate and comprehensive reports and raw data in a timely manner.

- While areas of the current website are improving, LCSD recognizes that there are areas within the website that contain outdated information and, in some instances, the data are difficult to locate.

- Evergreen found the Open Records process for the District is timely and internal controls appear to be in place to validate data before they are released to the requestor.

CHAPTER 6 - PROGRAM COMPLIANCE

Chapter 6 presents findings related to program compliance. As part of the audit, Evergreen assessed the District's compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen further assessed the adequacy of processes and internal controls used to ensure compliance with and remediate instances of non-compliance with federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures applicable to the program areas under review.

Finding on program compliance: In its performance audit, Evergreen found that the Lee County School District (LCSD) is in compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen identified the groups and individuals responsible for ensuring compliance with a wide variety of laws rules, regulations, policies, and the like. In general, the internal control processes were found to be rigorous, with external experts and contract construction managers assuming some of the risk and responsibilities for compliance. Evergreen also found opportunities for strengthening management practices in specific areas.

Key Observations

- Evergreen assessed the District's planned use of the Surtax and found that LCSD was in compliance with applicable state laws, rules and regulations. Further as modifications to the plan were made, Evergreen reassessed the amended uses and found those uses to be in compliance.

- Evergreen and LCSD program administrators identified the key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures that would need to be complied when addressing the projects outlined in the Regulation. Once identified, Evergreen assessed the current organization and found that the District has internal control mechanisms and plans for contract provisions to ensure compliance and has remedies in place should a contractor be found to be non-compliant.

- Because the District's referendum includes the use of an Advisory Committee to oversee projects undertaken with Surtax proceeds, Evergreen assessed how the District is currently using the Advisory Committee structure and found that the current Board-appointed committees have played a vital role in increasing transparency and continually improving processes.

BACKGROUND AND INTRODUCTION

BACKGROUND AND INTRODUCTION

In May 2018, Evergreen Solutions responded to a Request for Quote (RFQ) issued from the Florida Office of Program Policy Analysis and Governmental Accountability (OPPAGA) for a performance audit of the Lee County School District. Evergreen was awarded the contract and immediately began work on the project by drafting a work plan which was first approved by OPPAGA. The work plan was then provided to the District's leadership.

As stated in the RFQ, the work plan addressed the requirements of Ch. 2018-118, *Laws of Florida*, found codified in s. 212.055(10), *Florida Statutes*, passed during the 2018 session of The Florida Legislature. The relevant portion states as follows:

> *212.055(1) Discretionary sales surtaxes; legislative intent; authorization and use of proceeds.—It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.*

> *(10) PERFORMANCE AUDIT.—(a) For any referendum held on or after the effective date of this act to adopt a discretionary sales surtax under this section, an independent certified public accountant licensed pursuant to chapter 473 shall conduct a performance audit of the program associated with the surtax adoption proposed by the county or school district. The Office of Program Policy Analysis and Government Accountability shall procure the certified public accountant and may use carryforward funds to pay for the services of the certified public accountant. (b) At least 60 days before the referendum is held, the performance audit shall be completed and the audit report, including any findings, recommendations, or other accompanying documents shall be made available on the official website of the county or school district. The county or school district shall keep the information on its website for 2 years from the date it was posted. (c) For purposes of this subsection, the term "performance audit" means an examination of the program conducted according to applicable government auditing standards or auditing and evaluation standards of other appropriate authoritative bodies. At a minimum, a performance audit must include an examination of issues related to the following: 1. The economy, efficiency, or effectiveness of the program. 2. The structure or design of the program to accomplish its goals and objectives. 3. Alternative methods of providing program services or products. 4. Goals, objectives, and performance measures used by the program to monitor and report program accomplishments. 5. The accuracy or adequacy of public documents, reports, and requests prepared by the county or school district which relate to the program. 6. Compliance of the program with appropriate policies, rules, and laws. (d) This subsection does not apply to a*

referendum held to adopt the same discretionary surtax that was in place during the month of December immediately before the date of the referendum.

Statutory Charge. *In accordance with s. 212.055(10), Florida Statutes, and Government Auditing Standards (2011 Revision) issued by the Comptroller General of the United States, the certified public accountant must conduct a performance audit of the Lee County School District program areas within the administrative unit(s) which will receive funds through the referendum approved by Resolution adopted by the Lee County School Board on February 5, 2018, attached hereto and incorporated herein as Appendix 2. The performance audit must include a review of program areas related to the construction of new schools, reconstruction and renovation of existing schools, acquisition of equipment, including safety and security equipment, and technology. At a minimum, audit fieldwork must include interviews with program administrators, review of relevant documentation, and other applicable methods as needed to soundly document and clearly and credibly communicate related findings and recommendations related to each of the issues described in 2.2.1.1 through 2.2.1.6.*

As outlined in the RFQ for the Performance Audit of the Lee County School District issued by OPPAGA, "The performance audit must include a review of program areas related to the construction of new schools, reconstruction and renovation of existing schools, acquisition of equipment, including safety and security equipment, and technology."

Consequently, for purposes of this audit of the Lee County School District, the program areas under review included Facilities Maintenance and Construction, and the acquisition of Safety and Security and Technology equipment.

As outlined in statute, this performance audit is organized in the following six chapters:

- Chapter 1 - Program Economy, Efficiency, and Effectiveness
- Chapter 2 - Program Design and Structure
- Chapter 3 - Alternative Delivery Methods
- Chapter 4 - Goals, Objectives and Performance Measures
- Chapter 5 - Reporting Accuracy and Adequacy
- Chapter 6 - Program Compliance

METHODOLOGY

Evergreen began the audit by developing a detailed work plan which was approved by OPPAGA and then shared with Lee County School District (LCSD) administrators and the School Board during an onsite diagnostic visit on May 31, 2018. During this visit, the District named the Chief Financial Officer as Project Manager for the audit and he and his staff began the process of gathering data on the preliminary data request list created by Evergreen.

During this same period, Evergreen began gathering additional data from the Florida Department of Education and directly from the following peer school districts:

- Brevard Public Schools
- Osceola School District

- Pasco County School District
- Polk County School District
- Seminole County School District
- Volusia County Schools

While comparison data were not used to evaluate LCSD, the information when analyzed along with the data gathered by the District provided valuable insights into the challenges and opportunities that may exist in this District.

During the week of June 24 through June 28, 2018, the Evergreen Team conducted onsite interviews, observations and tours and reviewed a wide array of policy and program documents. Additional telephone interviews and onsite visits occurred on an as-needed basis to ensure that all relevant data were collected and recorded.

While onsite, the Evergreen Team visited eight District sites accompanied by the Executive Director of Operations and the Senior Program Manager for Construction, Facility Development, and Programming. Those sites included:

- Cypress Lake High School
- Cypress Lake Middle School
- Bonita Springs High School
- Three Oaks Parkway Property
- Franklin Park Elementary School
- Dunbar High School
- Fort Myers High School
- Fort Myers Middle Academy

In addition, Evergreen conducted case studies of three major capital outlay projects, including the Bonita Springs High School project, which is scheduled for completion this Summer. The case studies examine the projects from start to finish, and identify lessons learned, if any, and how LCSD responded.

PEER COMPARISON DATA

The Lee County School District is among the fastest growing school districts of its size in Florida. As shown in **Exhibit 1**, among its peers, only Osceola and Pasco County School Districts have grown at a faster rate over the last five years, while the Polk County School District growth rate is similar to Lee County.

Of its peers, the Lee County School District receives a higher percentage of its revenues from local sources (**Exhibit 2**); the percentage of revenues from the State is the lowest among its peers.

Exhibit 1
Growth Rates in Florida Public Schools
2013-14 to 2017-18 School Years

District	# of Students 2013−14	# of Students 2014−15	# of Students 2015−16	# of Students 2016−17	# of Students 2017−18	% Change
Lee County School District	**87,428**	**89,364**	**91,309**	**92,682**	**93,221**	**6.60%**
Brevard Public Schools	71,234	72,285	72,704	73,446	73,524	3.20%
Osceola School District	58,203	59,320	61,893	63,023	65,982	13.40%
Pasco County School District	68,103	69,295	70,566	72,490	73,682	8.20%
Polk County School District	97,957	99,723	101,635	102,318	104,136	6.30%
Seminole County School District	64,846	66,134	66,996	67,816	67,915	4.70%
Volusia County Schools	61,237	61,777	62,928	63,100	62,977	2.80%

Source: Florida Department of Education, 2018.

Exhibit 2
Revenues - All Governmental Funds
2016-17 School Year*

District	Total Federal Revenues	% of Total Revenues	Total State Revenues	% of Total Revenues	Total Local Revenues	% of Total Revenues	Total Revenues
Lee County School District	$118,654,897	12.43%	$292,253,741	31%	$543,382,496	57%	$954,291,134
Brevard Public Schools	$76,437,489	10.44%	$342,480,906	47%	$313,546,066	43%	$732,464,461
Osceola School District	$77,968,125	12.21%	$329,266,843	52%	$231,140,276	36%	$638,375,245
Pasco County School District	$76,906,485	10.88%	$394,167,092	56%	$235,960,705	33%	$707,034,282
Polk County School District	$133,642,100	13.81%	$555,560,980	57%	$278,557,276	29%	$967,760,356
Seminole County School District	$56,885,119	8.82%	$308,679,070	48%	$279,575,424	43%	$645,139,613
Volusia County Schools	$64,171,412	10.38%	$272,147,784	44%	$281,691,331	46%	$618,010,527

Source: School District Annual Financial Report, Florida Department of Education, June 2018.

*latest data

Exhibits 3 and **4** explore expenditures and revenues by category. As can be seen, the Lee County School District was highest in total expenditures with the Polk County School District coming in second in the 2016-17 fiscal year.

Exhibit 3
Expenditures - All Governmental Funds
2016-17 School Year*

District	# of Students 2016−17	Total Current Expenditures	Total Capital Outlay	Total Debt Service	Total Expenditures
Lee County School District	**92,682**	**$835,251,269**	**$103,904,042**	**$46,031,098**	**$985,186,409**
Brevard Public Schools	73,446	$608,363,127	$61,451,895	$36,640,859	$706,455,881
Osceola School District	63,023	$522,732,405	$52,058,982	$31,244,165	$606,035,553
Pasco County School District	72,490	$615,594,768	$126,829,886	$47,789,069	$790,213,723
Polk County School District	102,318	$880,733,322	$27,948,194	$46,439,334	$955,120,850
Seminole County School District	67,816	$549,627,380	$56,976,560	$25,228,689	$631,832,629
Volusia County Schools	63,100	$519,638,681	$52,416,848	$51,216,504	$623,272,033

Source: School District Annual Financial Report, Florida Department of Education, June 2018.

*latest data

Exhibit 4
Categorical Program Revenues
2016-17 School Year*

District	Class Size Reduction – Operating	Florida Digital Classrooms	Safe Schools	Student Transportation
Lee County School District	**$100,383,530**	**$1,929,854**	**$1,657,209**	**$22,322,576**
Brevard Public Schools	$79,980,890	$1,637,282	$1,607,625	$10,203,905
Osceola School District	$68,559,396	$1,481,886	$1,074,456	$11,336,153
Pasco County School District	$77,979,080	$1,622,823	$1,341,130	$15,889,189
Polk County School District	$107,508,574	$2,086,428	$1,945,648	$22,448,122
Seminole County School District	$71,536,545	$1,552,485	$1,226,328	$11,508,368
Volusia County Schools	$67,126,666	$1,477,314	$1,573,042	$10,423,712

Source: School District Annual Financial Report, Florida Department of Education, June 2018.

*latest data

Exhibits 5, 6, and **7** examine facility and technology-related allocations and appropriations with relevance to the program areas under review. LCSD is third highest in total facilities appropriations in 2017-18 (**Exhibit 5**)**;** third highest in instruction-related technology appropriations (**Exhibit 6**); and, fourth highest in administrative technology service appropriations (**Exhibit 7**).

Exhibit 5
Facilities Acquisition and Construction Appropriations
2017-18 School Year

District	Salaries	Employee Benefits	Purchased Services	Energy Services	Materials and Other Supplies	Capital Outlay	Other	Total
Lee County School District	**$0**	**$0**	**$4,095,804**	**$0**	**$164,457**	**$4,288,087**	**$0**	**$8,548,348**
Brevard Public Schools	$623,042	$185,524	$41,490	$0	$9,900	$44,920	$5,300	$910,177
Osceola School District	$692,657	$182,377	$8,821,037	$0	$112,750	$303,777	$0	$10,112,598
Pasco County School District	$1,206,145	$365,473	$1,107,254	$0	$11,225	$6,400	$8,500	$2,704,997
Polk County School District	$867,384	$268,990	$1,628,671	$0	$62,140	$8,617,540	$0	$11,444,725
Seminole County School District	$0	$36	$53,985	$0	$12,134	$3,582,513	$9,835	$3,658,502
Volusia County Schools	$8,063	$0	$42,212	$26,500	$10,000	$0	$3,500	$90,274

Source: School District Summary Budget, Florida Department of Education, June 2018.

Exhibit 6
Instruction-Related Technology Appropriations
2017-18 School Year

District	Salaries	Employee Benefits	Purchased Services	Energy Services	Materials and Other Supplies	Capital Outlay	Other	Total
Lee County School District	**$5,544,908**	**$1,599,565**	**$781,913**	**$8,000**	**$0**	**$85,108**	**$0**	**$8,019,495**
Brevard Public Schools	$5,735,736	$1,518,532	$1,214,690	$0	$0	$0	$0	$8,468,959
Osceola School District	$3,221,020	$1,021,965	$321	$0	$14,906	$4,133	$60,875	$4,323,221
Pasco County School District	$5,180,448	$1,715,856	$950	$0	$0	$0	$0	$6,897,254
Polk County School District	$3,364,940	$1,180,892	$3,316,374	$0	$15,190	$4,241,054	$8,500	$12,126,951
Seminole County School District	$2,611,784	$821,377	$370,021	$0	$3,500	$4,158,636	$1,000	$7,966,317
Volusia County Schools	$2,123,553	$577,209	$3,203,001	$0	$196,381	$0	$0	$6,100,145

Source: School District Summary Budget, Florida Department of Education, June 2018.

Exhibit 7
Administrative Technology Services Appropriations
2017-18 School Year

District	Salaries	Employee Benefits	Purchased Services	Energy Services	Materials and Other Supplies	Capital Outlay	Other	Total
Lee County School District	**$3,881,216**	**$940,515**	**$2,541,345**	**$0**	**$22,961**	**$469,299**	**$72,200**	**$7,927,536**
Brevard Public Schools	$2,268,351	$604,788	$668,435	$0	$21,144	$505,331	$6,500	$4,074,548
Osceola School District	$2,296,787	$580,080	$1,074,634	$0	$676,622	$158,834	$0	$4,786,957
Pasco County School District	$6,235,595	$2,024,365	$1,517,184	$0	$28,435	$19,125	$54,100	$9,878,804
Polk County School District	$3,108,913	$845,197	$1,651,181	$0	$14,000	$1,413,565	$47,000	$7,079,856
Seminole County School District	$1,540,813	$455,895	$4,288,253	$0	$270,358	$1,730,941	$10,963	$8,297,223
Volusia County Schools	$3,149,462	$797,591	$5,871,723	$0	$38,519	$0	$8,000	$9,865,295

Source: School District Summary Budget, Florida Department of Education, June 2018.

Exhibits 8 through **10** examine the Safety and Security related allocations and appropriations.

Exhibits 11 through **15** compare various facility-related factors including the number and type of facilities as well as energy costs. As can be seen in **Exhibit 14,** LCSD has the fourth oldest facilities behind Brevard, Polk, and Volusia.

Exhibit 8
Safe Schools Allocation
2017-18 School Year

District	Allocation Minimum	2014 Crime Index	Allocation Based On Crime Index	Unweighted FTE*	Allocation Based On Unweighted	K-8 FTE	Total Safe Schools Allocation
Lee County School District	$62,660	15,074	$913,054	92,720	$655,139	64,441	$1,630,853
Brevard Public Schools	$62,660	17,944	$1,086,894	72,961	$515,528	50,852	$1,665,082
Osceola School District	$62,660	9,432	$571,310	64,570	$456,239	44,488	$1,090,209
Pasco County School District	$62,660	13,033	$789,428	73,181	$517,083	51,650	$1,369,171
Polk County School District	$62,660	18,167	$1,100,401	101,593	$717,835	71,529	$1,880,896
Seminole County School District	$62,660	11,605	$702,932	67,704	$478,380	46,142	$1,243,972
Volusia County Schools	$62,660	18,308	$1,108,942	62,702	$443,038	43,663	$1,614,640

Source: Funding Allocations, Florida Department of Education, June 2018.

*April 14, 2017 FTE count

Exhibit 9
Safe Schools Appropriation District Expenditures
2016-17 School Year

District	School Resources Officers	After-School Program for Middle School Students	Middle and High School Programs for Correction of Specific Discipline Problems	Other Improvements to Enhance the Learning Environment (Continued)	Behavior Driven Intervention Programs (Continued)	Alternative School Programs for Adjudicated Youth (Continued)	Bullying Prevention and Intervention	Total Safe Schools Appropriation Expenditure (Not Including Flexibility Option)
Lee County School District	**$1,428,468**	**$93,607**	**$148,207**					**$1,670,282**
Brevard Public Schools	$891,023			$307,993		$408,609		$1,607,625
Osceola School District	$910,756			$146,366	$6,945		$9,758	$1,073,825
Pasco County School District	$1,341,130							$1,341,130
Polk County School District	$1,945,648							$1,945,648
Seminole County School District	$481,764			$744,564				$1,226,328
Volusia County Schools	$1,404,744		$97,372	$57,279				$1,559,395

Source: Safe Schools Appropriation Report, Florida Department of Education, June 2018.

Exhibit 10
Mental Health Assistance Allocation
2018-19 School Year

District	Unweighted FTE*	Allocation Based On Unweighted FTE	Minimum Funding $100,000 Per District	Total Mental Health Allocation
Lee County School District	**92,803.40**	**$2,043,266**	**$100,000**	**$2,143,266**
Brevard Public Schools	72,705.55	$1,600,769	$100,000	$1,700,769
Osceola School District	69,394.87	$1,527,877	$100,000	$1,627,877
Pasco County School District	73,645.30	$1,621,460	$100,000	$1,721,460
Polk County School District	104,739.87	$2,306,074	$100,000	$2,406,074
Seminole County School District	67,964.73	$1,496,390	$100,000	$1,596,390
Volusia County Schools	62,392.97	$1,373,715	$100,000	$1,473,715

Source: Florida Education Finance Program, Florida Department of Education, June 2018.

*February 6, 2018 FTE count

Exhibit 11
Annual Energy Cost Information
2016-17 School Year

District	Natural Gas	Bottled Gas	Electricity	Heating Oil	All Energy	F.I.S.H. GSF	COFTE	Square Foot Cost		Cost Per COFTE	
								All Energy	Elec Only	All Energy	Elec Only
Lee County School District	**$0**	**$109,799**	**$15,654,574**	**$0**	**$15,764,373**	**$14,020,351**	**78,164**	**$1.12**	**$1.12**	**$201.68**	**$200.28**
Brevard Public Schools	$165,951	$218,430	$11,281,354	$0	$11,665,735	$12,803,248	62,860	$0.91	$0.88	$185.58	$179.47
Osceola School District	$43,909	$64,561	$11,600,172	$0	$11,708,643	$8,999,672	50,047	$1.30	$1.29	$233.95	$231.79
Pasco County School District	$36,918	$16,659	$10,171,768	$15,000	$10,240,345	$12,148,845	65,312	$0.84	$0.84	$156.79	$155.74
Polk County School District	$242,633	$134,302	$12,636,964	$0	$13,013,899	$17,841,651	93,947	$0.73	$0.71	$138.52	$134.51
Seminole County School District	$218,219	$27,396	$12,964,487	$0	$13,210,102	$11,404,265	63,619	$1.16	$1.14	$207.64	$203.78
Volusia County Schools	$130,230	$0	$9,642,356	$1,853	$9,774,439	$10,668,394	58,376	$0.92	$0.90	$167.44	$165.18

Source: District Financial Report, Florida Department of Education, June 2018.

Exhibit 12
Number of Total Classrooms
2016-17 School Year*

District	K-3 Core Classrooms	4-8 Core Classrooms	9-12 Core Classrooms	ESE Core Classrooms	Total Core Classrooms	Total Non-Core Classrooms	Total Classrooms
Lee County School District	**1,591**	**1,273**	**713**	**382**	**3,959**	**561**	**4,520**
Brevard Public Schools	1,286	1,326	840	356	3,808	447	4,255
Osceola School District	821	1,029	687	279	2,816	281	3,097
Pasco County School District	1,108	1,533	915	240	3,796	450	4,246
Polk County School District	2,171	1,881	1,130	428	5,610	665	6,275
Seminole County School District	1,067	1,284	775	249	3,375	367	3,742
Volusia County Schools	1,040	1,356	713	261	3,370	333	3,703

Source: Florida Inventory of School Houses, Florida Department of Education, June 2018.

*latest data

Exhibit 13
Number of Facility Types
2016-17 School Year

Facility Type	Lee County School District	Brevard Public Schools	Osceola School District	Pasco County School District	Polk County School District	Seminole County School District	Volusia County Schools
Vacant	2 (2)	6	4	3	4	4	2
PreKSE	0	1	0	0	0	1	0
Kindergarten	0	0	0	0	0	0	0
Elementary	45	55	24	47	71	36	45
Middle	16	11	8	14	19	12	12
Junior High	0	0	0	0	0	0	0
Senior High	13	11	8	11	13	9	9
Exceptional Student	2	0	0	0	4	1	0
Combination	4	5	4	2	12	1	2
Alternative Education	1	0	2	2	3	0	2
Adult Education	0 (2)	0	0	1	2	0	0
County Administration	2 (1)	3	3	3	9	4	3
Warehouse	1	1	0	0	1	0	1
Maintenance	1	2	0	2	6	1	2
Transportation	7	6	2	5	5	2	2
Food Service	0	0	0	0	0	0	0
Community Service	0	0	0	0	0	3	0
Joint Use	0	0	0	0	0	0	1
Multiple Use Support	0	3	3	1	0	1	1
VoTech	2 (2)	0	0	0	2	0	0
State School	0	0	0	0	0	0	0
Other	1	0	0	0	0	0	0
Leased to another entity	3	0	0	1	1	0	0
Agriculture Farm	0	0	9	0	0	0	0
Total	**100**	**104**	**58**	**92**	**152**	**75**	**82**

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.

(1) includes the Lee County Public Education Center and a storage facility located on 2097 Central Avenue.
(2) includes the Public Service Academy (correctly classified as VoTech) and Dunbar Community School (correctly classified as an Adult School).

Exhibit 14
Age of Permanent Facilities
2016-17 School Year

District	Total NSF	SQFT 1-10 Yrs Old	SQFT 11-20 Yrs Old	SQFT 21-30 Yrs Old	SQFT 31-40 Yrs Old	SFT 41-50 Yrs Old	SQFT >50 Yrs Old	Avg Age
Lee County School District	**13,050,784**	**11.60%**	**36.30%**	**20.50%**	**13.50%**	**8.80%**	**9.30%**	**27**
Brevard Public Schools	11,775,898	8.80%	18.20%	19.30%	5.70%	15.30%	32.80%	35
Osceola School District	7,797,247	27.50%	27.50%	29.30%	7.80%	5.30%	2.60%	21
Pasco County School District	10,970,384	25.30%	24.30%	19.20%	14.30%	11.90%	4.90%	23
Polk County School District	16,190,280	14.50%	26.40%	14.60%	9.90%	13.20%	21.40%	32
Seminole County School District	10,475,529	9.00%	29.50%	33.20%	13.30%	9.50%	5.50%	26
Volusia County Schools	9,598,427	14.80%	26.30%	22.00%	17.80%	5.40%	13.60%	30

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.

Exhibit 15
Age of Relocatable Facilities
2016-17 School Year

District	Total NSF	SQFT 1-10 Yrs Old	SQFT 11-20 Yrs Old	SQFT >20 Yrs Old	Avg Age
Lee County School District	**132,912**	**4.90%**	**53.80%**	**41.20%**	**21**
Brevard Public Schools	283,701	2.00%	34.10%	63.90%	36
Osceola School District	374,631	26.50%	54.60%	18.90%	15
Pasco County School District	485,657	4.20%	20.30%	75.50%	29
Polk County School District	629,338	2.50%	32.70%	64.80%	25
Seminole County School District	282,904	12.30%	55.00%	32.80%	19
Volusia County Schools	444,061	6.20%	1.60%	92.20%	44

Source: Florida Inventory of School Houses, Florida Department of Education, June 2017.

Exhibits 16 through **19** examine the staffing levels and categories for each of the peer school districts. As can be seen, LCSD has more administrative staff than peer districts, and the second highest number of instructional staff behind Polk.

Exhibit 16
Support Staff in Florida's Public Schools
2017-18 School Year

District	Other Professional Staff Non-instructional	Para-professional	Technicians	Administrative Support Workers	Service Workers	Skilled Crafts Workers	Unskilled Laborers	Total Support Staff
Lee County School District	**387**	**1,289**	**135**	**665**	**1,142**	**107**	**69**	**3,794**
Brevard Public Schools	284	817	127	603	1,088	135	7	3,061
Osceola School District	208	899	134	560	1,193	63	29	3,086
Pasco County School District	294	964	79	719	2,283	48	91	4,478
Polk County School District	409	1,578	227	700	2,372	194	24	5,504
Seminole County School District	269	628	46	401	922	158		2,424
Volusia County Schools	308	660	62	605	826	150	24	2,635

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.

Exhibit 17
Administrative Staff in Florida's Public Schools
2017-18 School Year

District	Officials, Administrators and Managers- Instructional	Officials, Administrators and Managers- Non- Instructional	Officials, Administrators, Managers Total	Consultants/ Supervisors of Instruction	Principals	Assistant Principals	Deans/ Curriculum Coordinators	Total Administrative Staff
Lee County School District	**59**	**54**	**113**	**18**	**107**	**162**	**31**	**431**
Brevard Public Schools	23	36	59	6	99	119	50	333
Osceola School District	40	29	69	7	68	93	25	262
Pasco County School District	37	47	84	24	99	151	33	391
Polk County School District	45	35	80	11	142	225		458
Seminole County School District	18	26	44	7	66	115	5	237
Volusia County Schools	23	39	62	9	79	115		265

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.

Exhibit 18
Instructional Staff in Florida's Public Schools
2017-18 School Year

District	Elementary Teachers (PK-6)	Secondary Teachers (7-12)	Exceptional Education Teachers	Other Teachers	Total Teachers	Guidance	Visiting Teachers/ Social Workers	School Psychologists	Librarians/ Audio Visual Workers	Other Professional Instructional Staff	Total Instructional Staff
Lee County School District	**2,270**	**2,344**	**812**	**126**	**5,552**	**149**	**43**	**27**	**16**	**476**	**6,263**
Brevard Public Schools	2,208	1,578	875	53	4,714	177	16	35	83	375	5,400
Osceola School District	1,547	1,558	474	151	3,730	130	13	36	48	402	4,359
Pasco County School District	2,030	2,022	975	88	5,115	181	60	46		375	5,777
Polk County School District	2,738	2,550	1,141	417	6,846	229	39	45	83	852	8,094
Seminole County School District	1,896	1,703	453	214	4,266	116	20	36	7	212	4,657
Volusia County Schools	1,607	1,435	820	140	4,002	135	15	24	67	330	4,573

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.

Exhibit 19
Total Staff By Category in Florida's Public Schools
2017-18 School Year

District	Lee County School District	Brevard County Schools	Osceola School District	Pasco County School District	Polk County School District	Seminole County School District	Volusia County Schools
Officials, Administrators and Managers	**113**	59	69	84	80	44	62
Consultants, Supervisors of Instruction	**18**	6	7	24	11	7	9
Principals	**107**	99	68	99	142	66	79
Assistant Principals	**162**	119	93	151	225	115	115
Community Education Coordinators	**31**	50	25	33		5	
Elementary Teachers (PK-6)	**2,270**	2,208	1,547	2,030	2,738	1,896	1,607
Secondary Teachers (7-12)	**2,344**	1,578	1,558	2,022	2,550	1,703	1,435
Exceptional Students Education Teachers	**812**	875	474	975	1,141	453	820
Other Teachers	**126**	53	151	88	417	214	140
Guidance Counselors	**149**	177	130	181	229	116	135
Social Workers	**43**	16	13	60	39	20	15
School Psychologists	**27**	35	36	46	45	36	24
Librarians/Audio-Visual Workers	**16**	83	48		83	7	67
Instructional	**476**	375	402	375	852	212	330
Non-Instructional	**387**	284	208	294	409	269	308
Paraprofessionals	**1,289**	817	899	964	1,578	628	660
Technicians	**135**	127	134	79	227	46	62
Clerical/Secretarial	**665**	603	560	719	700	401	605
Service Workers	**1,142**	1,088	1,193	2,283	2,372	922	826
Skilled Crafts Workers	**107**	135	63	48	194	158	150
Laborers, Unskilled	**69**	7	29	91	24		24
Total Full-Time Staff	**10,488**	**8,794**	**7,707**	**10,646**	**14,056**	**7,318**	**7,473**

Source: Staff in Florida's Public School, Florida Department of Education, June 2018.

Exhibit 20 shows the list of referenda in peer school districts. As can be seen, the Lee County School District is the only one which has not gone out for a referendum.

Exhibit 20
Referenda in Last 10 Years
in Comparison School Districts

District	Referendum (Yes/No)	# of Referenda	Issues	Years	Amount
Lee County School District	**November 2018**	**PENDING**	**Construction of new schools, reconstruction and renovation of existing schools, and acquisition of equipment, including safety and security equipment and technology**	**2019-29**	**Estimated $789.8 million total**
Brevard Public Schools	Yes (Half-cent Sales Tax)	1	Construction, Renovation, district site renewal, technology infrastructure upgrades.	2015-20	Estimated $197.5 million total
Osceola School District	Yes (Half-cent Sales Tax)	1	A/C, Carpet, Fans, Parking lots, Sinks, Locker rooms, etc.	2017-36	Estimated $25 million dollars annually
Pasco County School District	Yes (Penny for Pasco)	1	Technology infrastructure upgrades. Remodel schools, parking improvements, new cafeteria, roof replacements.	2015-24	Estimated $271 million total
Polk County School District	Yes (Half-cent Sales Tax) May be renewed in 2018	1 (2 if renewed)	Construction, reconstruction, and improvement of School facilities and campuses, land acquisitions and improvement, design and engineering costs.	2004-18	Actual: $505,213,604 through March 2018
Seminole County School District	Yes (Millage Referendum)	1	Preserve academic, vocational, arts, and athletic programs; retain teachers; repair and maintain school buildings.	2013-17	1 million annually for 4 years
Volusia County Schools	Yes (Half-cent Sales Tax)	1	Security, Technology, Science room remodel, new and replace schools, Athletics.	2014-31	Estimated $480 million total

Source: Phone calls to Comparison Districts, June 2018.

CHAPTER 1:
PROGRAM ECONOMY, EFFICIENCY, AND EFFECTIVENESS

1.0 PROGRAM ECONOMY, EFFICIENCY, AND EFFECTIVENESS

Chapter 1 presents audit findings related to the economy, efficiency, and effectiveness of the program areas under review.   As part of field work, Evergreen examined the District's internal monitoring structure including management reporting and the results of internal and external audits and operational performance reviews. In addition, Evergreen evaluated program performance and costs, and thoroughly researched the strengths and weaknesses associated with past projects of similar size and complexity.

The specific audit evaluation tasks are provided below:

1. *Reviewed any management reports/data that program administrators use on a regular basis and determined whether this information is adequate to monitor program performance and cost.*

2. *Determined whether the program is periodically evaluated using performance information and other reasonable criteria to assess program performance and cost.*

3. *Reviewed findings and recommendations included in any relevant internal or external reports on program performance and cost.*

4. *Determined whether program administrators have taken reasonable and timely actions to address any deficiencies in program performance and/or cost identified in management reports/data, periodic program evaluations, audits, etc.*

5. *Evaluated program performance and cost based on reasonable measures, including best practices.*

6. *Evaluated the cost, timing, and quality of current program efforts based on a reasonably sized sample of projects to determine whether they were of reasonable cost and completed well, on time, and within budget.*

7. *Determined whether the county or school district has established written policies and procedures to take maximum advantage of competitive procurement, volume discounts, and special pricing agreements.*

Finding on program economy, efficiency, and effectiveness: In its evaluation, Evergreen found that the program areas under review in the Lee County School District (LCSD) are currently being operated in a way that is economical, effective and efficient. LCSD has used missteps relating to facility-related projects undertaken by prior administrations as the impetus for commendable improvements. Moving forward, Evergreen identified opportunities for further improving effectiveness and efficiency.

CHAPTER HIGHLIGHTS

In general, Evergreen found that each of the program areas under review had unique internal control mechanisms and methods for monitoring performance, effectiveness and efficiency.

The District is effectively using various internal and external audits and studies to make continual improvements to the program areas under review. The Internal Auditor is also providing valuable oversight of construction projects.

Procurement and financial management and monitoring functions are effective; however, LCSD does not have a fund balance policy that states an acceptable range of designated or undesignated reserves in the District's General Fund.

LCSD has 26 vacant properties purchased or acquired by previous administrations, with a total of 882.23 acres of land, of which, 143.10 acres have been reserved for future school expansion. Using the District's current, sophisticated growth modeling techniques, community involvement and professional real estate services, the District should attempt to sell or trade unusable properties, and acquire land for future sites where the greatest need is projected.

To assess the District's ability to manage the projects envisioned in the Surtax referendum, Evergreen conducted case studies of three recent construction projects, including the Bonita Springs High School project where poor planning, cost overruns, and significant construction delays were identified. **Exhibit 1-10** details the processes and missteps encountered during the Bonita Springs project and provides a detailed analysis of the processes, procedures and staffing/departmental reorganizations that the District has undertaken to ensure that future projects are better managed.

Evergreen's overall finding in this chapter is based on the strength of the current system that has incorporated several significant enhancements to the District's procurement and management processes that were established to address lessons learned from of prior construction projects. These new processes are being applied to the District's most recent construction projects, which Evergreen believes should address the prior management deficiencies detailed in this audit.

This chapter contains the following five sections:

1.1	Management Reports and Evaluation Processes
1.2	Internal and External Audits, Studies and Reviews
1.3	Program Performance and Costs
1.4	Cost, Timing and Quality of Past and Ongoing Capital Projects
1.5	Procurement Policies and Practices

1.1   MANAGEMENT REPORTS AND EVALUATION PROCESSES

The Lee County School District (LCSD) prepares several internal and external management and operations reports and procedures to monitor its performance in the program areas under review.

OBSERVATION

The Superintendent and individual executive directors/directors focus on performance monitoring through a series of KPIs as well as special audits of efficiency and effectiveness in operations. LCSD managers regularly use several documents to manage and evaluate performance and these documents are shared with the School Board. These reports include:

1. **Department Improvement Plan (DIP) – Internal Report**

    • The DIP report reflects a Department's annual goals and achievements throughout the scholastic year. The goals on the DIP align with and support the District's Strategic Plan Vision 2020 (also see Strategic Planning section in this chapter).

2. **ACTPOINT KPI (Key Performance Indicators) – External Report**

    • ACTPOINT KPI reports measure how each dependent compares to other organizations. It also allows for comparison to a median value in key business categories/objectives.

    As one example:

    • for the Maintenance Department, KPI reports were provided to the Evergreen Team for 2014-15 and 2015-16:

        – Custodial Work – Cost Per Square Foot (2014-15)

        – Custodial Work Per Square Foot – District Operated (2015-16)

        – M&O (Maintenance & Operating) – Cost Per Student (2014-15)

        – M&O (Maintenance & Operating) – Cost Per Student (2015-16)

        – M&O (Maintenance & Operating) – Cost Ratio to District Operating Budget (2014-15)

        – M&O (Maintenance & Operating) – Cost Ratio to District Operating Budget (2015-16)

        – Routine Maintenance Cost Per Square Foot (2014-15)

        – Routine Maintenance Per Maintenance (2015-16)

        – Work Order Completion Time (2014-15)

        – Work Order Completion Time (2015-16)

    Note: The 2016-17 KPI report is not yet available.

3. **Florida School District Annual Energy Cost Information Report – External Report**

- This report shows the Lee County School District energy cost per foot as well as indicate how the Lee County School District compares to the remaining 66 Florida School Districts and the state average.

  Note: The District's base year for energy conservation is FY09 (2008-09). LCSD has been able to lower its cost per square foot from $1.71 (2008-09 School Year – FY09) to $1.12 (2016-17 School Year – FY17).

- The Maintenance Services Department provided the following energy reports for the previous two years:

  - 2015-16 Florida School District Annual Energy Cost Information
  - 2016-17 Florida School District Annual Energy Cost Information

  Note: The 2017-18 Florida School District Annual Energy Cost Information does not get published until Spring 2019.

In Summer 2017, the Director of Strategic Planning and Community Engagement conducted a training workshop for the Leadership Team on Strategic Planning—and specifically the responsibilities for DIP Monitoring and the use of KPIs, including tips on:

- posting KPI progress on Google Drive at least quarterly;

- meeting with Division Chief after posting to review and plan;

- meeting with Director of Strategic Planning & Community Engagement to discuss progress; and

- posting updates to action plans within five days of KPI review.

During the workshop, Senior Managers were encouraged to:

- review the FY18 Department Improvement Plan Process;
- review FY17 DIP goals and results;
- review comparative data, including ActPoint KPIs, where applicable;
- draft goals and measures; and
- begin developing action plans.

In addition to the performance reports and processes identified above, the Lee County School District provided Evergreen with a draft Educational and Operational Efficiency Audit currently being conducted by the Gibson Consulting Group.

The purpose of this study was to assess the efficiency and effectiveness of the District's major operations and programs. Phase I of this work provided a global data scan of district efficiency and developed an efficiency report card for each major program, administrative and operational area.

Major district-level observations made as a result of this work include the following:

- *Lee County [School District]is slightly more efficient than it was five years ago. The ratio of total students to total staff has increased slightly since 2012-13, indicating that staff growth has been less than enrollment growth. This is a primary indicator of efficiency, as staff costs represent more than 80 percent of total operating costs.*

- *When compared to the state average, Lee County [School District]is more efficient based on most measures. When compared to its peer districts, Lee County [School District] ranks in the middle on efficiency on most measures.*

- *Several efficiency best practices were noted in several departments, most having to do with management practices and the implementation or increased use of technology.*

- *Certain factors appear to be inhibiting optimum efficiency at Lee County [School District], including small schools, in-house development of many software applications, and the continued use of manual, paper-intensive processes in several areas.*

Gibson found that individual departments at Lee County School District range from below average to above average efficiency, and there are both positive and negative efficiency trends among departments. Within a department, there are also ranges of efficiency levels and trends among sub-units. These are noted throughout the report.

OBSERVATION

Monitoring student movement and making effective use of portables allow the Lee County School District to accommodate the needs of a growing student population. Operations Division staff continually monitors the capacity of school facilities as students move in and out of schools on an ongoing basis. A complete inventory of school facilities with the utilization rates can be found in **Appendix A** of this report. Because many of the permanent facilities are currently at or above capacity, portables are used to alleviate overcrowding. The use of portables and the portable square footage are reported to the State through the FISH system, and are used by the State to determine facility utilization rates.

District staff provided the following information regarding the portables currently in use districtwide:

- 151 Deployed Portables owned by the District;

- 31 District Leased Portables (22 of those are not in FISH yet);

- 41 Deployed Portables owned by the District, but are scheduled for replacement (not currently reported in FISH); and

- 39 Federally Owned Portables (will not show up on FISH).

Since District growth is focused in specific geographical locations, projections made prior to the beginning of each school year allow the LCSD to locate or relocate the portables according to projected needs.

OBSERVATION

As part of the audit of technology, Evergreen also reviewed the staffing levels for technology-related support since preliminary data in the Gibson study indicates that there may be a decline in efficiency for technology.

Evergreen found:

- The median time to resolve tickets was slightly more than 43 hours, which is well below the median of nearly 72 hours for larger school districts.

- The first contact resolution rate was 41 percent; which is in line with the median for larger school districts.

- The number of District staff per Help Desk FTEs is 8,766, which is more than the median of 1,246, but less than the maximum of over 10,000 for larger school districts. The aging report shows that the time to close tickets is increasing for both the Help Desk and Infrastructure Services.

- The Help Desk abandonment rate is 8.5 percent, which is less than the median for larger school districts.

The District uses a survey approach that automatically sends an email to users once a work order is complete.

While the District is within the median of larger school districts for 2015-16 per the Council of Greater City Schools, the aging reports indicate that the District is approaching the need for additional staffing in both field technicians and Help Desk personnel. Organizations like the International Society of Technology in Education (ISTE) no longer give specific numbers of staff needed due to the influx of many 1:1 initiatives for computers to students. Therefore, the Council provides what is the norm for larger school districts—which can vary greatly as indicated above.

Monitoring the reports for open items by type of request and area of need (such as network, telecommunications, help desk, and other field staff) could help to determine the number and type of staff that may be needed to ensure that users are assisted promptly and efficiently.

RECOMMENDATION

Recommendation 1-1:

Monitor call trends to determine the specific number and type of additional staff needed to reduce the lag time in aging reports for open items by area of need.

OBSERVATION

The District's response, recovery, and remediation to Hurricane Irma are admirable. The District's diligence and timely effort to provide emergency shelters and remediate Hurricane Irma damage provided needed assistance to area residents and allowed LCSD to reopen schools within two weeks of Hurricane Irma.

The District's Hurricane Plan outlines staff procedures and responsibilities, and everyone knows their roles and responsibilities. Damages were reported immediately after the storm, and Maintenance Department began processing and prioritizing work orders, assigning resources, and coordinating with the County and FEMA. Upon remediation, supervisors were assigned specific schools to inspect and document that the schools were safe for student return. Most of the repairs were completed by in-house Maintenance staff with the exception of Hazmat remediation. Schools were reopened in two weeks. Had the electricity been restored earlier, officials said the schools could have reopened within one week.

In addition, during the storm and without the help of the County, the District opened 11 high school and middle school emergency shelters for area residents. After Irma, the District opened up all of its schools to the public, which put a significant strain on the schools' plumbing and basic systems, which in turn required Maintenance staff to work untold hours in harsh conditions to meet the needs of the families seeking shelter.

Capital funds were allocated to repair the facilities with the hope that, once FEMA funds were received, the money could be paid back to the Capital Fund and used for other planned Maintenance needs.

1.2   *INTERNAL AND EXTERNAL AUDITS, STUDIES, AND REVIEWS*

As shown in **Exhibit 1-1**, LCSD has received unmodified opinions on its annual audits, both those conducted by the Florida Auditor General as well as those conducted by an independent firm. In each of the year's reviewed, the District also received prestigious reporting awards from the Association of Schools Business Officials and the Government Finance Officers Association.

1.2.1   Florida Auditor General

In June 2014, the Florida Auditor General conducted an Operational Audit in LCSD which contained a total of 14 findings and recommendations. Seven of the 14 findings were repeat findings from one or more prior audits.

Of some indirect relevance to the current Surtax Referendum is finding No. 4: Ad Valorem Taxation. **Exhibit 1-2** provides a copy of the findings and the Superintendent's December 2014 response.

Exhibit 1-1
Four-Year Summary of External Audits

Category	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016 -17
Certificate of Excellence in Financial Reporting – Association of School Business Officials	Yes	Yes	Yes	Yes	Published in Next Year's Report
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	Yes	Yes	Yes	Yes	
Auditor General/ Independent Auditor		Auditor General	Independent Auditor	Independent Auditor	Auditor General
Type of Auditor's Report Issued – Financial Statements		Unmodified	Unmodified	Unmodified	Unmodified
Material Weaknesses –Financial Reporting		No	No	No	No
Significant Deficiency – Financial Reporting		None Reported	None Reported	None Reported	None Reported
Material Non-Compliance – Financial Statements		No	No	No	No
Material Weaknesses – Federal Awards		No	No	No	No
Significant Deficiency – Federal Awards		None Reported	None Reported	None Reported	None Reported
Type of Report Issued –Major Program Compliance		Unmodified	Unmodified	Unmodified	Unmodified
Any audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133?		No	No	No	No

Source: Compiled by Evergreen using FY 2013 through FY 2017 Comprehensive Annual Financial Reports.

**Exhibit 1-2
Auditor General Findings
and Superintendent's Response
2014**

Finding No. 4:   Ad Valorem Taxation

Section 1011.71, Florida Statutes, allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects; maintenance, renovation, and repair of existing schools; and purchases of new and replacement equipment. Also, Section 1013.01(12), Florida Statutes, provides a definition of maintenance and repair that excludes groundskeeping functions. The District accounts for the ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement Fund (LCIF).

For the 2013-14 fiscal year, the District had LCIF expenditures and transfers to the General Fund totaling $62.5 million and $25.6 million, respectively, and we tested LCIF expenditures and transfers totaling $2.4 million and $22 million, respectively, to determine their propriety. District records generally supported the ad valorem tax levy expenditures and transfers. However, we noted $4.2 million of LCIF transfers to the General Fund for building supervisor services that included responsibilities for monitoring custodial and groundskeeping functions for which District records, such as personnel activity reports, were not maintained to evidence the amount of time the supervisors spent monitoring these activities. Also, building supervisor job descriptions did not evidence that monitoring these activities were incidental to their other responsibilities.

We extended our procedures to interview 5 of the 83 building supervisors and noted that the 5 supervisors devoted an average of 35.4 percent of their time to custodial and groundskeeping functions. If all building supervisors devoted this percent of time to custodial and groundskeeping functions, $1.49 million of LCIF transfers for building supervisor services would represent questioned costs of ad valorem tax levy proceeds. Without adequate controls to ensure that ad valorem tax levy proceeds are expended for authorized capital outlay related purposes, the risk is increased that the District will violate applicable expenditure restrictions. A similar finding was noted in our report No. 2012-063.

Recommendation: The District should enhance controls to ensure that ad valorem tax levy proceeds are expended only for authorized purposes. Such controls should include preparation of District records, such as personnel activity reports, to evidence the allowable activities being funded from ad valorem tax levy proceeds. In addition, the District should document the allowability of the $1.49 million of questioned costs or restore this amount to the LCIF.

Response:
The District takes exception to this finding. In the previous Auditor General's review the same issue was raised. The District's response at that time was as follows:

(1) "The building supervisors referenced in the finding have the responsibility to maintain and repair the District's educational and ancillary buildings. The job description for Building Supervisors does not reference supervising other staff with the exception of the Job Description for Building Supervisors at the 13 High Schools. The essential function that includes supervising is one of thirteen essential functions. In addition, that does not negate the fact that the building supervisors' main responsibility is the maintenance and repair of buildings. The district has head custodians, who also have the supervisory responsibility for custodians, but also have significant custodial responsibilities.

The School District of Lee County appealed this finding to the Florida Department of Education (FDOE) in the fiscal year 2011 audit and received an acknowledgement from the FDOE that the District was not in violation of the use of Ad Valorem Tax proceeds and the Building Supervisor salaries were indeed an appropriate usage of Capital Ad Valorem Tax proceeds. Since winning this appeal from fiscal year 2011, the District has continued the practice.

The District plans on filing another appeal to the FDOE on this issue as we do not agree with the Auditor General's office on this issue.

Source: Auditor General's Operational Audit, June 2014; Superintendent's response December 2014.

During the course of this audit, the Auditor General was in the process of conducting an operational audit of the Lee County District School Board, which included following up on its previous findings and recommendations as well as examining current school district operational issues. The Auditor General's report and the LCSD's response to that report were not finalized upon the publication of this performance audit. However, Evergreen has referenced in this report the Auditor General 's draft findings where appropriate. When finalized, the Auditor General's report, including the school district's response, will be available at
www.flauditor.gov/pages/Reports.aspx.

OBSERVATION

LCSD has undertaken efforts to identify areas for continual improvement In recent years, LCSD has undergone operational audits by the Florida Auditor General and has contracted for independent operational audits in an effort to identify areas for improvement.

The Finance Advisory Committee recommended that the School Board conduct an Efficiency Study/Operational Audit, by an external auditor, to determine if/where there are areas for efficiency and operational improvements. The Board acted upon the request and engaged Gibson Consulting to conduct an *Educational and Operational Efficiency Audit* to assess the efficiency and effectiveness of the district's major operations and programs. Phase I of this work was to conduct a global data scan of district efficiency and develop an efficiency report card for each major program, administrative and operational area.

At the time of this writing, the preliminary results of the data gathering exercise were available and being reviewed by the administration. An initial review of the results showed that the District is generally more efficient than statewide averages in most categories and the overall efficiency is somewhat better than it was in 2012-13—indicating that staff growth has been less than enrollment growth.

Since the results are preliminary and are based on data scans, solid recommendations for improvement remain pending at the time of this writing.

1.2.2   Internal Audits

The Internal Audit Department is made up of a Director of Internal Audit and three auditors. The Director reports to the Chief Financial Officer and the department's primary responsibility is the ongoing auditing of Student Activity Funds and the support and training of campus level staff on the appropriate handling of these funds. In addition, the auditors conduct special projects as assigned by district leadership and review construction related contracts prior to final payment.

OBSERVATION

The current organization of the Internal Audit function under the Chief Financial Officer could compromise the auditor's independence should the subject of an audit relate to practices of the current administration. In response to legislation that will become effective in July 2019, the Board began discussions regarding the hiring or contracting for an Internal Auditor who will

report directly to the Board.   This legislation does not preclude districts from having Internal Auditors that report to the Chief Financial Officer and perform ongoing audits such as those currently being performed for Student Activity Funds which are time-consuming but critically needed, but rather adds a position or function that is independent of the administration and reports directly to the Board.

Effective July 1, 2019, Section 1001.42 (12)(l), Florida Statutes will read:

(l)   Internal auditor.—May or, in the case of a school district receiving annual federal, state, and local funds in excess of $500 million, shall employ an internal auditor. The scope of the internal auditor shall not be restricted and shall include every functional and program area of the school system.

1. *The internal auditor shall perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system every 5 years, and other audits and reviews as the district school board directs for determining:*

    a. *The adequacy of internal controls designed to prevent and detect fraud, waste, and abuse.*

    b. *Compliance with applicable laws, rules, contracts, grant agreements, district school board-approved policies, and best practices.*

    c. *The efficiency of operations.*

    d. *The reliability of financial records and reports.*

    e. *The safeguarding of assets.*

    f. *Financial solvency.*

    g. *Projected revenues and expenditures.*

    h. *The rate of change in the general fund balance.*

2. *The internal auditor shall prepare audit reports of his or her findings and report directly to the district school board or its designee.*

3. *Any person responsible for furnishing or producing any book, record, paper, document, data, or sufficient information necessary to conduct a proper audit or examination which the internal auditor is by law authorized to perform is subject to the provisions of s. 11.47(3) and (4).*

In the past, the District had an Internal Auditor that reported directly to the Board, however, when that individual left, the position was not filled. During the June 2018 Board meeting, staff advocated for a firm to be hired as they felt it would be difficult to find a single individual with the diverse areas of expertise needed to perform the wide variety of tasks envisioned in the legislation.

The Institute of Internal Auditors (IIA) is the recognized international standard setting body for the internal audit profession and awards the Certified Internal Auditor designation internationally. Standards provide considerable guidance concerning the purpose of the Internal Audit function as well as the need for independence and objectivity. Below are two excerpts from the standards of particular importance:

1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation:

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

Interpretation:

Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

– *Approving the internal audit charter.*

– *Approving the risk-based internal audit plan.*

– *Approving the internal audit budget and resource plan.*

– *Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.*

    − *Approving decisions regarding the appointment and removal of the chief audit executive.*

    − *Approving the remuneration of the chief audit executive.*

    − *Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.*

Organizations with highly productive and effective Internal Audit functions typically engage the services of fully certified Internal Auditors who can assist the organization in establishing an audit charter that ensures that the work is carried out professionally and in a systematic manner. Further, rather than only performing ad hoc studies based on "hot topics" of the day, standards discuss a methodical process for identifying the areas of greatest risk and agreeing upon an annual audit plan with input from the Board. That does not exclude ad hoc studies that are agreed to by the Board as a whole, but rather increases the likelihood that the areas of highest risk are audited on a schedule commensurate with the level of risk. While the use of an audit firm will address the diverse needs of the district, preparing a plan of action to work through the process of establishing a charter and an agreed upon method for establishing the annual audit plan and clearly outlining what work will continue to be performed in-house, is in keeping with IIA Standards.

RECOMMENDATION

Recommendation 1-2:

Consider IIA Standards in contracting for an Internal Audit function, and develop a strong charter and methodology for establishing the annual audit plan to meet the requirement of statute by July 2019; take into consideration and clearly delineating the ongoing work that will continue to be performed by the current Internal Audit Department.

OBSERVATION

The Internal Audit review of construction contracts prior to final payment confirms that key contract terms and conditions have been met and provides the Board a brief but meaningful synopsis of the project from the time the contract was approved to the point at which a final payment is submitted. The audit is carried out following the Construction Project Final Payment Review checklist. The checklist has been in use for between eight and ten years, according to staff, and not only serves as a guide for conducting the audit, but also guides the Facility Development and Programming Department in the gathering of documentation and signatures that will be required before the Internal Auditor will sign off on the payment request being sent to the Board for final approval.

The document contains separate checklists for the following areas:

- Planning, Audit Report, and Follow Up Procedures;
- Board Approval;
- Change Order Procedures;
- Applications for Payment;

- Certificate of Final Inspection;
- Performance and Payment Bonds;
- Consent for Surety; and
- Liability Insurance.

Exhibit 1-3 provides a sample of Section 1: Planning, Audit Report, and Follow-Up Procedures**.**

Exhibit 1-3
Internal Audit
Construction Project Final Payment Review

SECTION 1
PLANNING, AUDIT REPORT, AND FOLLOW UP

AUDIT PROCEDURE	AUDITOR'S INITIALS	COMMENT
Telephone call received from Construction Services Dept. requesting Construction Project final payment review. • Final Payment reviews are not to include new school construction. • Final Payment reviews are to be done before Board agenda item submitted.		
Items on official checklist are received from Construction Services Dept.		
Write report of what was found in format prescribed.		
Review report and work-papers with _____		
E mail draft report to Director of Construction Services for discussion. Any additional information provided at that time will change the draft rep before filing final report.		
Email final report to: Executive Director School Support Director of Construction Services Copy to Board Auditor		
Response letter received from Director Construction Services. Needs to be addressed to Internal Audit Dept. and copied to Executive Director Support Services and the Project Manager.		
Recommendations follow up testing work paper needs to be prepared. Auditor needs to comment on each recommendation made in the report to assure the recommendation is now being implemented.		
Report and work-papers filed		

Source: Lee County School District Internal Audit Department, June 2017.

A final memo from the Internal Auditor with copies of all of the required documentation is included in the packet submitted to the School Board. This memo provides members with a complete summary of activities since the project's inception to date. **Exhibit 1-4** provides a sample of the Internal Auditor's Memo for a recent project.

Exhibit 1-4
Sample Internal Audit Memo

MEMO FROM . . .

INTERNAL AUDIT DEPARTMENT

December 6, 2017

TO: Mr. Marc Mora, Executive Director, Operations

FROM: Robert G. Brown, Internal Audit Department

RE: Allen Park Elementary Kitchen Remodel

Per your request, the Internal Audit Department has reviewed documentation related to Chris Tel Construction Company and the Allen Park Elementary Kitchen Remodel Project. The procedures applied and the related recommendations are as follows:

- We traced board approval for a District wide total project cost to the board meeting minutes. Board approval was given on October 20, 2015 for a District wide total project cost of $10,000,000.00. A contract with Chris Tel Construction for $346,567.04 was agreed to on May 12, 2017 and work began on the project in June 2017.

- We reviewed change order documentation to assure proper signatures. The District's process requires two (2) signatures from the Facility Development and Programming Services Department and one (1) signature from the contractor. No discrepancies were noted. See Exhibit A

- We reviewed the applications for payment. The District's process requires two signatures from the Facility Development and Programming Services Department, one signature from the architect, and one signature from the contractor. No discrepancies were noted.

- We recalculated the contractor's request for final payment for accuracy. No discrepancies were found. The final payment that is due to the contractor represents retainage that was being withheld from the contractor until the project was completed and final inspection was approved. See Exhibit B

- We traced payments made to the contractor to the District's general ledger to assure that payment and retainage liability have been recorded properly. *It is the Project Manager's responsibility to assure that Applications for Payment represent actual work completed to date.*

- We reviewed the Certificate of Final Inspection for proper signatures. The District's process requires one signature from the Project Architect. Dr. Adkins's signature will be obtained at the Final Payment Review board action meeting.

- We reviewed the contractor's Performance and Payment Bond for timeliness, adequacy, and proper recording. The bond was dated May 23, 2017 for $346,567.04 and the bond was recorded with the Lee County Clerk of Courts as required by Florida Statutes.

- We reviewed the "Consent for Surety" to assure that the insurance company is satisfied that the project has been closed out properly. The Consent of Surety to Final Payment is dated September 28, 2017. No discrepancies were noted.

- We reviewed the "Certificate of Liability Insurance" for timeliness and adequacy. No discrepancies were noted.

Exhibit 1-4 (Continued)
Sample Internal Audit Memo

Allen Park Elementary Kitchen Remodel Project
December 6, 2017
Page 2

Recommendations

✓ After reviewing the Allen Park Elementary Kitchen Remodel Project documentation and performing the steps listed above, we recommend that the final payment of $27,259.93 representing retainage be paid to the contractor as final payment.

EXHIBIT A
Original Contract and Changes to Contract

Change Order Date	Change Order Amount	New Contract Amount	Description
		346,567.04	Original Contract Amount
05/18/17	(73,890.45)	272,676.59	Direct Material Purchase Culinary Items
Final Revised Contract		$272,676.59	

EXHIBIT B
Payments Made To Date

Payment	Payment Request Date	Work Completed	Retainage	Payments Made
1	06/27/17	153,772.13	15,377.21	138,394.92
2	07/24/17	89,682.89	8,968.29	80,714.60
3	08/25/17	29,221.57	2,922.16	26,299.40
Total		272,676.59	27,267.66	245,408.92
Final Payment Due		-	(27,267.67)	27,267.67
After Final Payment Total		$272,676.59	-0-	$272,676.59

It appears that the Facility Development and Programming Services Department was in compliance with the District's established process. No response to recommendations will be needed. Thank you very much for your assistance and cooperation during this review.

Robert G. Brown
Director, Internal Audit Dept.

Source: Lee County School District Internal Audit Department, June 2017.

As shown, the financial data provided include the original contract amount, the amount of change orders, if any, the amount of retainages, and progress payments made to date.

1.3   PROGRAM PERFORMANCE AND COSTS

The initially approved 2017-18 budget for LCSD was $1,508,771,993 which consisted of Operating ($875.6 M), Debt Service ($59.0 M), Capital Project ($288.5 M), Special Revenue ($85.3 M), Internal Service ($130.2 M), and Food Service ($70.2 M).

This section focuses on the Operating (General Fund), Debt Service and Capital Projects funds, and examines the District's management of its financial resources through a series of exhibits that provide a budget to actual comparison of the LCSD general fund and capital fund revenues and expenditures for the last three years. The FY 2018 Actual numbers are preliminary and unaudited, meaning that changes may occur as end of year accounts are reconciled.

Exhibit 1-5 provides the General Fund Revenues for Fiscal Year (FY) 2016 through June 30, 2018 for FY 2018. As shown, budgeted revenues before other adjustments have increased the districtwide budget by 6.3 percent over the three-year period. After adjustments, total actual revenues increased by 3.8 percent.

Exhibit 1-6 provides General Fund Expenditures, by function and object for the same time period for the facility and technology program areas under review.

A complete set of general fund budget to actual expenditure reports for all departments is included in **Appendix B** of this report, however for sake of brevity, only general expenditure information for the program areas under review are included in the following exhibits, with districtwide totals presented at the end for comparison purposes.

As shown, budgeted expenditures districtwide increased by 5.5 percent over the three-year period, whereas actual expenditures increased by 10.5 percent. The large increase in actual expenditures over budgeted expenditures are primarily the result of unexpected expenditures arising from Hurricane Irma. To date the expenses for cleanup after Hurricane Irma are at $18,327,109, which skews the numbers when comparing the FY 2018 adopted budget to actual expenditures.

OBSERVATION

Despite significant budget increases in some areas as a result of Hurricane Irma, the District is critically assessing priorities and using its funds to address critical needs and identified district priorities.

Instructional and Administrative Technology budgets have increased by 11 percent and 23.8 percent, respectively, while actual expenditures increased by 7.8 and 17.6 percent respectively. For FY 2017 and 2018, a large portion of the increase in Administrative Technology - Purchased Services was the result of major contracts for telecommunications installation and repair services, including materials. This project involved upgrades to wiring and other infrastructure needs to improve performance at the schools. LCSD made the decision to contract with multiple vendors to handle this work because they found it cheaper to outsource the work than to hire staff certified in the specific areas.

Exhibit 1-5
General Fund Revenues
FY 2016 through FY 2016 through FY 2018 (Preliminary Actual)

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FED IMPACT CURRENT OPERATIONS	$30,000	$33,010	$33,000	$23,965	$33,000	$26,332	10.0%	-20.2%
R O T C	$1,100,000	$1,693,731	$1,300,000	$1,678,367	$1,700,000	$1,873,725	54.5%	10.6%
MEDICAID	$2,225,000	$2,408,004	$2,350,000	$2,247,950	$2,550,000	$2,959,303	14.6%	22.9%
FLA EDUCATION FIN PROGRAM	$169,568,436	$165,767,538	$172,471,459	$163,848,436	$178,269,075	$172,938,376	5.1%	4.3%
WORKFORCE DEVELOPMENT	$9,702,808	$9,702,808	$9,697,421	$9,697,421	$9,697,421	$9,697,421	-0.1%	-0.1%
WORKFORCE ED PERF INCENTIVE	$0	$323,199	$0	$366,805	$0	$0	n/a	-100.0%
CO DS WITHHELD FOR ADM EX	$50,000	$53,800	$50,000	$54,118	$53,000	$0	6.0%	-100.0%
RACING COMMISSION/ SALES TAX DISTRIBUTION	$223,250	$223,250	$223,250	$223,250	$223,250	$223,250	0.0%	0.0%
STATE LICENSE TAX	$480,000	$493,900	$480,000	$532,402	$480,000	$473,064	0.0%	-4.2%
LOTTERY ALLOCATION	$323,786	$0	$0	$1,544,033	$1,557,106	$165,672	380.9%	n/a
CLASS SIZE REDUCTION OPERATING	$99,376,863	$99,525,290	$100,992,291	$100,383,530	$101,832,320	$100,819,469	2.5%	1.3%
FLA SCHOOL RECOGNITION FUNDS	$4,214,304	$3,846,668	$3,846,668	$1,490,006	$1,490,006	$3,407,525	-64.6%	-11.4%
VOLUNTARY PREKINDERGARTEN PROG	$300,467	$2,042,519	$155,843	$2,053,965	$2,355,367	$1,672,034	683.9%	-18.1%
MISC STATE REVENUE	$0	$33,761	$0	$36,130	$0	$90,091	n/a	166.8%
OTHER MISC STATE REVENUE	$271,860	$1,806,170	$553,114	$1,997,896	$224,528	$6,114,793	-17.4%	238.6%
DISTRICT SCHOOL TAX	$383,918,134	$385,303,457	$399,551,963	$399,499,006	$407,559,691	$405,722,410	6.2%	5.3%
RENT	$560,000	$563,164	$560,000	$563,078	$590,000	$560,100	5.4%	-0.5%
INTEREST ON INVESTMENTS	$750,000	$1,812,221	$1,500,000	$2,568,999	$1,900,000	$4,185,373	153.3%	131.0%
GAIN ON SALE OF INVESTMENTS	$0	$8,244	$0	$39,653	$0	($25,975)	n/a	-415.1%
NET INC-DEC-FMV INVESTMENTS	$0	$940,213	$0	($1,211,953)	$0	($1,666,216)	n/a	-277.2%
GIFTS GRANTS AND BEQUESTS	$320,026	$987,130	$278,945	$1,302,447	$297,640	$502,646	-7.0%	-49.1%
ADULT GENERAL ED COURSE FEES	$600	$66,797	$30,192	$118,511	$540	$176,055	-10.0%	163.6%
POSTSECONDARY VOC COURSE FEES	$1,900,000	$1,628,809	$1,900,000	$2,050,032	$1,900,000	$2,148,064	0.0%	31.9%
CONTIN WRKFRCE ED COURSE FEES	$0	$9,705	$0	$27,323	$0	$6,120	n/a	-36.9%
CAPITAL IMPROVEMENT FEES	$3,831	$81,535	$9,953	$103,376	$5,280	$103,120	37.8%	26.5%
FED IMPACT CURRENT OPERATIONS	$30,000	$33,010	$33,000	$23,965	$33,000	$26,332	10.0%	-20.2%
R O T C	$1,100,000	$1,693,731	$1,300,000	$1,678,367	$1,700,000	$1,873,725	54.5%	10.6%

Exhibit 1-5 (Continued)
General Fund Revenues
FY 2016 through FY 2016 through FY 2018 (Preliminary Actual)

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
POSTSECONDARY LAB FEES	$16,310	$391,803	$76,721	$533,019	$22,992	$615,792	41.0%	57.2%
LIFELONG LEARNING FEES	$11,566	$97,770	$5,750	$127,862	$0	$59,502	-100.0%	-39.1%
GED TESTING FEES	$1,891	$23,106	$3,606	$35,290	$1,849	$24,409	-2.2%	5.6%
FINANCIAL AID FEES	$200,000	$163,070	$200,000	$206,751	$200,000	$206,240	0.0%	26.5%
OTHER STUDENT FEES	$3,971	$160,990	$12,953	$125,554	$7,705	$133,066	94.0%	-17.3%
PRESCHOOL PROGRAM FEES	$74,718	$118,233	$88,167	$172,928	$96,293	$138,554	28.9%	17.2%
SCHOOL AGE CHILD CARE FEES	$6,450,597	$7,073,650	$6,945,711	$7,212,582	$7,580,796	$7,519,326	17.5%	6.3%
MISCELLANEOUS LOCAL SOURCES	$1,057,613	$3,354,193	$1,029,203	$3,626,748	$5,075,566	$4,950,554	379.9%	47.6%
BUS FEES	$13,500	$13,658	$13,500	$27,180	$20,000	$27,287	48.1%	99.8%
TRANS SER FOR SCH ACTIVITY	$325,000	$503,428	$350,000	$556,696	$400,000	$643,876	23.1%	27.9%
SALE OF JUNK	$41,463	$275,370	$112,121	$676,979	$244,412	$898,753	489.5%	226.4%
RECEIPT OF FED INDIRECT COST	$2,000,000	$2,752,226	$2,000,000	$3,098,828	$2,200,000	$2,970,275	10.0%	7.9%
OTHER MISC LOCAL SOURCES	$30,000	$58,240	$30,000	$61,959	$30,000	$61,168	0.0%	5.0%
REFUNDS OF PRIOR YR EXPEND	$0	$4,163	$0	$185,047			n/a	-100.0%
LOST DAMAGED - SOLD TEXTBOOKS	$10,780	$50,221	$9,257	$63,796	$19,106	$98,618	77.2%	96.4%
RECEIPT OF FOOD SERV INDIRECT	$500,000	$697,372	$500,000	$739,430	$650,000	$1,170,895	30.0%	67.9%
	$686,056,775	**$695,092,416**	**$707,361,088**	**$708,689,396**	**$729,266,944**	**$731,691,066**	**6.3%**	**5.3%**
INSURANCE LOSS RECOVERIES	$1,053	$263,905	$12,156	$326,784	$5,897	$1,162,985	460.0%	340.7%
	$1,053	**$263,905**	**$12,156**	**$326,784**	**$5,897**	**$1,162,985**	**460.0%**	**340.7%**
TRANSFERS FROM CAPITAL PROJECT	$14,800,000	$12,477,285	$9,659,817	$10,895,414	$9,619,350	$2,393,836	-35.0%	-80.8%
	$14,800,000	**$12,741,190**	**$9,659,817**	**$10,895,414**	**$9,619,350**	**$2,393,836**	**-35.0%**	**-81.2%**
BALANCES BEGINNING OF YEAR	$129,112,626	$0	$140,254,723	$0	$136,654,621	$0	5.8%	n/a
	$129,112,626	**$0**	**$140,254,723**	**$0**	**$136,654,621**	**$0**	**5.8%**	**n/a**
TOTAL Operating Revenues	**$829,970,455**	**$708,097,511**	**$857,287,785**	**$719,911,594**	**$875,546,812**	**$735,247,888**	**5.5%**	**3.8%**

Source: Lee County School District, Business Services Division, July 2018.

Exhibit 1-6
General Fund Expenditures
FY 2016 through FY 2016 through FY 2018 (Preliminary Actual)

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 6500 INSTRUCTION RELATED TECHNOLOGY								
SALARIES	$4,992,850	$5,101,595	$5,735,347	$5,523,483	$5,544,908	$5,599,412	11.1%	9.8%
EMPLOYEE BENEFITS	$1,390,477	$1,403,656	$1,491,970	$1,511,049	$1,599,565	$1,583,123	15.0%	12.8%
PURCHASED SERVICES	$833,612	$690,933	$738,248	$601,659	$781,913	$562,201	-6.2%	-18.6%
ENERGY SERVICES	$10,076	$12,251	$8,000	$13,541	$8,000	$15,283	-20.6%	24.7%
MATERIALS AND SUPPLIES	$78	$0			$0	$889	n/a	n/a
CAPITAL OUTLAY	$101	$439	$108	$0	$85,108	$14,734	n/a	n/a
OTHER EXPENSES	$576	$2,128	$0	$31,028	$0	$270	n/a	-87.3%
TOTAL FOR FUNCTION 6500	**$7,227,769**	**$7,211,002**	**$7,973,673**	**$7,680,760**	**$8,019,495**	**$7,775,913**	**11.0%**	**7.8%**
FUNC 7400 FACILITIES ACQUISITION AND CONS								
SALARIES					$0	$45,880	n/a	n/a
EMPLOYEE BENEFITS					$0	$1,055	n/a	n/a
PURCHASED SERVICES	$5,455,672	$2,330,863	$4,032,530	$5,185,204	$4,095,804	$2,640,866	-24.9%	13.3%
ENERGY SERVICES						$17,374	n/a	n/a
MATERIALS AND SUPPLIES	$5,352	$10,240	$30,373	$21,575	$164,457	$403,095	2973.1%	3836.6%
CAPITAL OUTLAY	$4,148,411	$5,087,267	$6,123,686	$4,731,436	$4,288,087	$10,417,104	3.4%	104.8%
TOTAL FOR FUNCTION 7400	**$9,609,435**	**$7,428,370**	**$10,186,588**	**$9,938,215**	**$8,548,348**	**$13,525,374**	**-11.0%**	**82.1%**
FUNC 7900 OPERATION OF PLANT								
FUNC 7900 OPERATION OF PLANT								
SALARIES	$17,178,522	$16,252,834	$18,169,718	$17,647,868	$18,504,020	$17,529,083	7.7%	7.9%
EMPLOYEE BENEFITS	$6,697,477	$6,359,841	$6,888,285	$6,772,368	$7,382,694	$6,955,126	10.2%	9.4%
PURCHASED SERVICES	$26,632,535	$23,416,922	$26,356,994	$24,845,100	$27,203,894	$32,466,638	2.1%	38.6%
ENERGY SERVICES	$22,273,570	$16,343,666	$23,454,709	$15,776,728	$19,257,395	$15,517,020	-13.5%	-5.1%
MATERIALS AND SUPPLIES	$1,258,874	$1,234,551	$1,338,140	$1,298,949	$1,426,737	$1,407,403	13.3%	14.0%
CAPITAL OUTLAY	$77,167	$119,489	$149,837	$152,873	$123,424	$1,878,528	59.9%	1472.1%
OTHER EXPENSES	$710,607	$339,443	$732,261	$436,607	$746,497	$327,080	5.1%	-3.6%
TOTAL FOR FUNCTION 7900	**$74,828,751**	**$64,066,746**	**$77,089,944**	**$66,930,494**	**$74,644,661**	**$76,080,878**	**-0.2%**	**18.8%**

Exhibit 1-6 (Continued)
General Fund Expenditures
FY 2016 through FY 2016 through FY 2018 (Preliminary Actual)

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 8100 MAINTENANCE OF PLANT								
SALARIES	$10,161,666	$9,631,565	$10,665,956	$10,172,456	$10,485,832	$10,334,329	3.2%	7.3%
EMPLOYEE BENEFITS	$3,008,444	$2,879,187	$3,085,711	$3,022,070	$3,222,423	$3,101,621	7.1%	7.7%
PURCHASED SERVICES	$1,226,311	$1,264,220	$1,349,795	$1,353,165	$1,548,927	$1,494,975	26.3%	18.3%
ENERGY SERVICES	$370,800	$244,217	$370,825	$244,356	$350,900	$308,407	-5.4%	26.3%
MATERIALS AND SUPPLIES	$1,327,296	$1,278,000	$1,461,516	$1,223,676	$1,424,360	$1,156,303	7.3%	-9.5%
CAPITAL OUTLAY	$349,433	$751,006	$513,916	$182,134	$421,720	$373,901	20.7%	-50.2%
OTHER EXPENSES	$46,700	$27,120	$39,700	$31,561	$37,350	$26,841	-20.0%	-1.0%
TOTAL FOR FUNCTION 8100	**$16,490,650**	**$16,075,315**	**$17,487,420**	**$16,229,420**	**$17,491,512**	**$16,796,377**	**6.1%**	**4.5%**
FUNC 8200 ADMINISTRATIVE TECHNOLOGY SER								
SALARIES	$3,321,414	$3,213,137	$3,505,096	$3,463,700	$3,881,216	$3,775,472	16.9%	17.5%
EMPLOYEE BENEFITS	$794,193	$761,393	$825,920	$816,746	$940,515	$909,200	18.4%	19.4%
PURCHASED SERVICES	$1,799,656	$1,433,749	$1,830,701	$1,295,417	$2,541,345	$1,743,098	41.2%	21.6%
MATERIALS AND SUPPLIES	$23,096	$18,195	$22,875	$34,753	$22,961	$22,473	-0.6%	23.5%
CAPITAL OUTLAY	$385,252	$271,980	$64,396	$28,586	$469,299	$261,231	21.8%	-4.0%
OTHER EXPENSES	$78,208	$66,042	$96,170	$79,255	$72,200	$64,817	-7.7%	-1.9%
TOTAL FOR FUNCTION 8200	**$6,401,819**	**$5,764,496**	**$6,345,158**	**$5,718,458**	**$7,927,536**	**$6,776,291**	**23.8%**	**17.6%**
FUNC 9800 BALANCES AND RESERVES								
BALANCES AND RESERVES	$51,000,000	$0	$44,056,789	$0	$46,056,789	$0	-9.7%	n/a
TOTAL FOR FUNCTION 9800	$51,000,000	$0	$44,056,789	$0	$46,056,789	$0	-9.7%	n/a
Grand Total Operating	**$829,970,455**	**$696,938,766**	**$857,287,785**	**$723,138,848**	**$875,546,812**	**$769,938,478**	**5.5%**	**10.5%**

Source: Lee County School District, Business Services Division, July 2018.

While the Facilities Acquisition and construction budgets decreased by 11 percent from previous years, actual expenditures that appear to have increased by 81.4 percent include $6,690, 685 in Hurricane Irma expenditures. After eliminating those extraordinary expenditures, actual normal expenditures have increased by only 7.3 percent, which includes an increase in Materials and Supplies of $400,000 as the Fort Myers Technical College changed the lighting in their parking area to LED in order to conserve energy.

The Operation of Plant budgets were below FY 2016 levels, however, actual expenditures show an increase of 18.8 percent over FY 2016 levels primarily due to $10,745,176 in Hurricane Irma related expenditures. Eliminating the hurricane related expenditures, actual normal expenditures increased by 1.9 percent because the District has re-focused $1.8 million to address some security items like increased inspections for Stage Rigging Curtains as well as increased funds for School Resource Officers.

The Maintenance budget increased only slightly, despite the addition of new schools and programs. This was accomplished through a number of cost-saving initiatives, including the outsourcing of some routine functions which is why you see the increase in the purchased services area.

1.3.1 Capital Budgets and Expenditures

The amount budgeted and actually expended in Capital outlay is hard to compare from one year to the next as a large part of the budgeted amounts roll forward from year to year as the work progresses. Budgets include multiple projects and expenditures are recognized as the projects progress.

Exhibit 1-7 provides the Capital Fund Revenues for FY 2016 through year-to-date FY 2018. As shown, budgeted revenues before debt have increased by 18.8 percent over the three-year period while actual revenues to date have increased by 16.2 percent over the same period.

Exhibit 1-8 provides the Capital Fund Expenditures for FY 2016 through year-to-date FY 2018. The total expended includes debt. As can be seen, actual expenditures and budgeted expenditures do not match as closely as they do for the General Fund, as projects often encompass multiple fiscal years. Consequently, excess revenues may roll forward from year to year as the projects progress.

OBSERVATION

In general, Evergreen found that each of the program areas under review had unique internal control mechanisms and methods for monitoring performance, effectiveness and efficiency. Many of the mechanisms and methods are either focused on budgetary monitoring or monitoring progress toward strategic goals and performance indicators collected by the Council of Greater City Schools. The information provided in this section illustrates some of the monitoring activities carried out in the specific program areas under review.

Exhibit 1-7
Capital Fund Revenues
FY 2016 through FY 2018 (Preliminary Actual)

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
CO AND DS DISTRIBUTED	$1,031,000	$1,629,782	$1,062,000	$1,540,677	$1,518,000	$1,654,613	47.2%	1.5%
INT ON UNDISTRIBUTED CO-DS	$0	$10,635	$0	$59,174	$20,000	$0	n/a	n/a
PUBLIC EDUC CAP OUTLAY PECO	$1,400,000	$1,277,972	$1,789,160	$1,926,462	$1,926,462	$1,293,490	37.6%	1.2%
CHARTER SCHOOL CAPITAL OUTLAY	$4,800,000	$2,477,285	$3,500,000	$3,489,966	$4,035,000	$2,106,665	-15.9%	-15.0%
OTHER MISC STATE REVENUE	$357,000	$439,189	$364,000	$432,206	$371,000	$453,671	3.9%	3.3%
DISTRICT LOCAL CAP IMPROVE TAX	$99,546,622	$99,905,824	$109,187,092	$110,255,520	$118,042,004	$117,509,870	18.6%	17.6%
INTEREST ON INVESTMENTS	$500,000	$334,204	$572,000	$1,059,521	$706,000	$1,873,468	41.2%	460.6%
GIFTS GRANTS AND BEQUESTS			$0	$10,593				
MISCELLANEOUS LOCAL SOURCES	$0	$2,500,000	$0	$20,677	$0	$91,604	n/a	-96.3%
IMPACT FEES	$4,500,000	$6,137,978	$4,725,000	$6,654,615	$6,615,000	$8,256,767	47.0%	34.5%
REFUNDS OF PRIOR YR EXPEND			$0	$3,268				
	$112,134,622	**$114,712,869**	**$121,199,252**	**$125,452,678**	**$133,233,466**	**$133,240,149**	**18.8%**	**16.2%**
LOANS	$0	$0	$0	$19,965,000				
					$0	$700,000		
CERTIFICATES OF PARTICIPATION	$0	$0	$70,935,000	$60,377,940	$0	$13,990,970		
PREMIUMS-CERT OF PARTICIPATION			$0	$10,557,060				
	$0	**$0**	**$70,935,000**	**$90,900,000**	**$0**	**$14,690,970**		
BALANCES BEGINNING OF YEAR	$78,360,233	$0	$94,160,876	$0	$155,266,784	$0	98.1%	
	$78,360,233	**$0**	**$94,160,876**	**$0**	**$155,266,784**	**$0**	**98.1%**	
TOTAL FOR FUNCTION	**$190,494,855**	**$114,712,869**	**$286,295,128**	**$216,352,678**	**$288,500,250**	**$147,931,119**	**51.4%**	**29.0%**

Source: Lee County School District, Business Services Division, July 2018.

Exhibit 1-8
Capital Fund Expenditures
FY 2016 through FY 2016 through FY 2018 (Preliminary Actual)

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 7400 FACILITIES ACQUISITION AND CONS								
SALARIES	$0	$0	$0	$0	$0	$595,551		
EMPLOYEE BENEFITS	$0	$0	$0	$0	$0	$152,343		
PURCHASED SERVICES	$0	$0	$0	$0	$50,000	($44)		
MATERIALS AND SUPPLIES	$0	$0	$0	$0		$0		
CAPITAL OUTLAY	$68,108,630	$44,594,598	$96,442,684	$99,179,661	$141,045,399	$102,087,331	107.1%	128.9%
OTHER EXPENSES	$0	$0	$0	$0	$0	$0		
BALANCES AND RESERVES	$0	$0	$0	$0	$0	$0		
TOTAL FOR FUNCTION 7400	**$68,108,630**	**$44,594,598**	**$96,442,684**	**$99,179,661**	**$141,045,399**	**$102,835,181**	**107.1%**	**130.6%**
FUNC 9200 DEBT SERVICE								
OTHER EXPENSES								
DUES AND FEES	$0	$2,587	$0	$2,746	$3,000	$0		-100.0%
TOTAL FOR FUNCTION 9200	**$0**	**$2,587**	**$0**	**$2,746**	**$3,000**	**$0**		**-100.0%**
FUNC 9700 TRANSFER OF FUNDS								
TRANSFERS								
TRANSFERS TO	$56,792,891	$54,315,040	$51,111,071	$56,064,363	$54,900,115	$52,976,390		-2.5%
TRANSFERS FROM	$0	$0	$0	$0	$0	$0		
TOTAL FOR FUNCTION 9700	**$56,792,891**	**$54,315,040**	**$51,111,071**	**$56,064,363**	**$54,900,115**	**$52,976,390**		**-2.5%**
FUNC 9800 BALANCES AND RESERVES								
EXPENSES								
BALANCES AND RESERVES	$65,593,335	$0	$138,741,373	$0	$92,551,737	$0	41.1%	
TOTAL FOR FUNCTION 9800	**$65,593,335**	**$0**	**$138,741,373**	**$0**	**$92,551,737**	**$0**	**41.1%**	
Grand Total Capital Expenditures	**$190,494,855**	**$98,912,226**	**$286,295,128**	**$155,246,770**	**$288,500,250**	**$155,811,571**	**51.4%**	**57.5%**

Source: Lee County School District, Business Services Division, July 2018.

The Facility Development and Programming Department (FDP) uses a detailed change order process when amendments are made to the original contracts of capital projects. The request for change order originates with the Construction Manager and follows the steps outlined below before audit by the District Internal Auditor for submission to the Lee County School Board for approval. The Facility Development and Programming Department capital projects change order process is as follows:

- change order is created by the Construction Manager;

- change order is submitted to the project design professional for review;

- change order is submitted to the Facility Development and Programming Department Accountant for review;

- change order is reviewed and approved by Facility Development and Programming Department Facility Engineer;

- change order is reviewed and approved by the Facility Development and Programming Department Senior Program Manager; and

- change order is reviewed by Operations Executive Director for final staff approval and execution.

As an independent review, the Internal Auditor reviews documentation for capital projects and performs auditing procedures to ascertain compliance with the District's accountability standards. **Exhibit 1-9** shows the Internal Auditor's report date, the Board approved final payout date, the project original contract amount, change orders that reduce or increase the original contract amount, the description of the change orders, and the final revised contract amount. As the chart shows, change orders result from various activities such as direct materials purchases, construction savings, and the return of unused contingency funds.

OBSERVATION

The budget preparation and monitoring processes used by the Technology Department are systematic and involve LCSD leaders. The department uses a variety of reports to monitor budgets, project timelines, and resources. The use of traditional Project Management Institute's, Project Management Book of Knowledge (PMBOK) requires the continual monitoring of projects using tools like Microsoft Project. These reports, along with Scrum meetings, which are succinct meetings (which are to catch up on status of currently scheduled activities with all parties involved) include any vendors working on the project.

According to interviews conducted, Technology leadership meet every other Monday and the department leadership meets every Tuesday throughout the year to capture budget needs for planning purposes and then to monitor budgets for specific projects that will directly impact the overall budget as well as routine costs that are non-project specific. At this time, the department's Executive Director and CIO review the rollup budgets and expenditures of the divisions within the Technology Department as exhibited earlier in this chapter. Further, division and department directors in other areas meet with the Superintendent twice weekly to directly communicate data updates that impact the District. Critical updates are communicated immediately and do not wait for scheduled meetings.

Exhibit 1-9
Lee County School District
Capital Projects Contract and Change Order Summary
2016-17 and 2017-18 Fiscal Years

Internal Audit Report Date	Board Approval Final Payout	Project Name	Original Contract Date	Original Contract	Final Contract	Change Order Amounts	Change Order Description
2016-17							
9-19-2016	10-25-2016	Three Schools Project Fire Alarms Replacement	4-20-2015	$702,220.53	$630,018.23	($72,202.30)	Return of Unused Funds
10-26-2016	11-22-2016	Spring Creek Elementary Kitchen Renovation	4-27-2016	$350,957.00	$350,931.70	($25.30)	Return of Unused Contingency
10-27-2016	11-22-2016	Estero High School Chiller Tower Conversion	3-10-2016	$2,323,819.44	$1,550,203.44	($763,396.00)	Direct Materials Purchase
						$177,645.00	Reduction on Direct Materials Purchase
						($192,000.00	Direct Materials Purchase
						$4,135.00	Reduction on Direct Materials
11-30-2016	1-10-2017	Pelican Elementary Kitchen Renovation	4-29-2016	$232,873.34	$166,250.34	($56,056.83)	Direct Material Purchase
						($10,566.17)	Return of Unused Contingency
4-11-2017	5-2-2017	Veterans Park Food Service Project	6-3-2016	$284,140.00	$214,537.00	($69,603.00	Direct Material Purchases and Return of Unused Funds
4-10-2017	5-2-2017	Mirror Lakes Elementary Food Service	5-23-2016	$227,963.64	$225,777.79	($2,185.85)	Return of Unused Contingency
5-8-2017	6-6-2017	Ft. Myers High School HVAC	7-26-2016	$1,874,787.00	$1,822,273.54	($52,513.46)	Direct Materials Purchase
5-12-2017	6-6-2017	Riverdale High School HVAC	4-11-2016	$1,986,300.16	$1,369,775.67	($359,857.00)	Direct Materials Purchase
						($174,000.00)	Direct Materials Purchase
						($71,725.00)	Direct Materials Purchase
						($10,942.49)	Unspent Costs
2017-18							
6-28-2017	7-25-2017	Villas Elementary Kitchen Remodel	5-9-2016	$282,599.00	$272,599.00	($10,000)	Return of Unused Funds
11-1-2017	12-12-2017	Riverdale High School Kitchen Remodel	5-12-2017	$388,731.13	$245,382.85	($143,348.28)	Direct Materials Purchase

Exhibit 1-9 (Continued)
Lee County School District
Capital Projects Contract and Change Order Summary
2016-17 and 2017-18 Fiscal Years

Internal Audit Report Date	Board Approval Final Payout	Project Name	Original Contract Date	Original Contract	Final Contract	Change Order Amounts	Change Order Description
11-15-2017	12-12-2017	Veterans Park Arts Academy and Lehigh Acres Middle School Centralized CEP	10-19-2016	$4,523,101.00	$2,958,294.82	($842,100.00)	Direct Materials Purchase
						($224,811.00)	Direct Materials Purchase
						($57,945.00)	Direct Materials Purchase
						($699.96)	LP Tank Relocation
						($263,766.00)	Direct Materials Purchase
						($175,484.22)	Unspent Costs
12-6-2017	12-12-2017	Allen Park Elementary Kitchen Remodel	5-12-2017	$346,567.04	$272,676.59	($73,890.45)	Direct Materials Purchase
12-16-2017	1-9-2018	Bonita Springs Middle School Kitchen Renovation	5-12-2017	$386,587.91	$287,759.62	($98,828.29)	Direct Materials Purchase
12-15-2017	1-9-2018	Bonita Springs High School Portable Campus	11-18-2016	$949,705.68	$949,416.91	($288.77)	Return of Unused Contingency
12-22-2017	1-23-2018	Varsity Lakes Middle Food Service	5-25-2017	$449,816.00	$411,338.00	($38,478)	Return of Unused Funds
1-19-2018	2-13-2018	Ft. Myers Science Building	5-12-2017	$1,531,930.00	$1,207,042.00	($324,888)	Direct Materials Purchase
2-15-2018	3-13-2018	Bayshore Elementary Cabinetry	7-14-2017	$655,543.00	$654,273.00	($1,270)	Return of Unused Funds
2-8-2018	3-13-2018	Success Academy Kitchen Remodel	5-23-2017	$309,248.59	$306,756.11	($2,492.48)	Return of Unused Contingency
2-15-2018	3-13-2018	Colonial Elementary Kitchen Remodel	5-23-2017	$218,656.58	$214,523.08	($4,133.50)	Direct Materials Purchase
4-25-2018	5-22-2018	Edison Park Waterproof and Stucco	12-12-2017	$240,867.00	$224,792.00	($16,075)	Return of Unused Funds
6-27-2018	7-5-2018	Mirror Lakes Elementary Re Roof	11-20-2017	$912,604.00	$905,604.00	($7,000)	Return of Unused Funds

Source: Compiled by Evergreen from Lee County School District Internal Auditor Reports 2016-2017 and 2017-2018 and Operations Division Spreadsheet, July 2018.

The department uses spreadsheets to plan and budget projects. Once the budget and overall plan are approved by all concerned, the detailed plan is carried over into either Microsoft Project of Planner. These tools provide specific details to ensure projects are clearly representative of the current status, including the possibility of any delays with the embedded alerts in these two pieces of software.

In addition, the department uses key performance indicators which are tracked by the Council of Greater City Schools and shared across the country on how they are managing with the budget as compared to the number of staff and students.

OBSERVATION

LCSD does not have a fund balance policy that states an acceptable range of designated or undesignated reserves in the District's General Fund. According to the FY 2017 Comprehensive Annual Financial Report, the District's fund balances are in general increasing; however, the General Fund has decreased slightly, which according to staff interviewed, is being done purposefully.

Excerpts regarding fund balance from the CAFR read as follows:

- *The District's governmental funds reported combined ending fund balances of $325,262,817 or an increase of $61,245,569 or 23.2 percent in 2016-17 fiscal year in comparison with the 2015-16 fiscal year.*

- *The unassigned fund balance of the General Fund representing the net current financial resources available for general appropriation by the Board, totaled $97,908,901, at June 30, 2017, or 13.5 percent of total General Fund expenditures.*

- *The General Fund total fund balance as of June 30, 2017, totaled $136,951,707, a 2.3 percent decrease in comparison to the 2015-16 fiscal year total of $140,178,961. The decrease in total fund balance of the General Fund is mainly attributed to the implementation of several classroom curriculum initiatives in the current year using prior year resources.*

The Government Finance Officers Association (GFOA) in its publication, *Fund Balance Guidelines for the General Fund* makes the following recommendation:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.[3] Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.   In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments

that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures...

RECOMMENDATION

Recommendation 1-3:

Establish a fund balance policy in keeping with the GFOA recommendation that articulates a framework and process for maintaining the unrestricted fund balance at an acceptable level.

1.4   *COST, TIMING, AND QUALITY OF PAST AND ONGOING CAPITAL PROJECTS*

This section of the report evaluates the cost, timing, and quality of past and ongoing capital projects to determine if the processes and procedures employed provide the level of control required to successfully implement the projects envisioned in the Surtax referendum. As the three case studies show, a thorough examination of project files revealed some exemplary practices as well as significant missteps, particularly regarding the Bonita Springs High School project, that resulted in delays, cost overruns and the like. With each identified misstep Evergreen sought to determine whether LCSD had reacted properly and in a timely manner to first, mitigate the immediate situation; and second, implement sufficient procedural and/or organizational changes to ensure the problem did not recur in the future.

At the end of each case study, the **Lessons Learned Lead to Process Improvement** section presents a summary and assessment of the findings, and where missteps were observed, Evergreen's assessment of the remedial actions taken.

Exhibit 1-10 at the end of the Bonita Springs High School case study, details the processes and missteps encountered during the project and provides a detailed analysis of the processes, procedures and staffing/departmental reorganizations that the District has undertaken to ensure that future projects are better managed. Evergreen's assessment of the strength of the current system is therefore based on the new procurement and management processes being applied to the most recent construction projects based on the lessons learned as a result of this painful experience.

In its draft report, the Auditor General included findings related to the LCSD's school construction processes. When finalized, the Auditor General's report, including the school district's response, will be available at *www.flauditor.gov/pages/Reports.aspx*.

1.4.1   Case Studies of Past Projects

The following three case studies summarize pertinent aspects of select Lee County School District (LCSD) Capital Projects including Bonita Springs High School, Riverdale High School Central Energy Plant Renovation, and Veterans Park Academy of the Arts and Lehigh Acres Middle School Centralized Energy Plant.

These properties were chosen because they represent different types of projects and are indicative of current facility needs. LCSD Facilities Development and Programming staff analyzed the steps taken in each project throughout the construction process and identified lessons learned and best practices for facility development.

Case Study #1
Bonita Springs High School

The Bonita Springs High School is a new school currently under construction in the School District of Lee County located in Southwest Florida. Lee County is among the fastest growing communities in the United States with over 80,000 students currently enrolled in District schools. The 1,720 student station comprehensive high school is being built in the City of Bonita Springs which is located in the southernmost part of Lee County. The unique campus design of the school stands it apart from Island Coast High School in Cape Coral which was the last high school built by the District almost a decade ago. The school is slated to open to students in August 2018 with a full-service athletic facility and specialized learning spaces for career academies, JROTC, and the arts.

Planning and constructing the school, which was designated as "LLL" in development, presented the District and those responsible for managing the project with several obstacles and challenges. Unforeseen variables—such as a protracted site search, inflation and market condition fluctuations, and construction cost estimating errors at the onset of the project—have provided the District opportunities to improve processes and implement best practices to ensure successful execution of all future projects.

Overview

An overview of Bonita Springs High School shows:

> Location: Imperial Parkway, Bonita Springs, Florida
> Building Size: Net: 203,316 sq. ft., Gross: 224,492 sq. ft.
> Student Stations: 1,720
> Architect: BSSW Architects Inc.
> Construction Manager: Gulfpoint Construction Co.
> Construction Type: Concrete Tiltwall
> Total Project Cost: $84,936,272
> Funding: Certificate of Participation (COP) Bond
> Project Approval: April 19, 2016
> Construction Start: February 28, 2017
> Expected Completion Date: August 10, 2018

Meeting Capacity Needs

Student enrollment in the District of Lee County has grown between 1,500-1,800 students annually over the past decade which reflects the steady growth of the overall population in Lee County, Florida. The primary impetus for building a new high school in the City of Bonita Springs was high capacity utilization rates in the four high schools located within the District's south student assignment zone and projected growth over the next10 years.

The closest school in proximity to the City of Bonita Springs is Estero High School which has been consistently enrolled over capacity due to the rapid population growth in both the Village of Estero and the City of Bonita Springs. Because of this, many high school aged children from Bonita Springs are bused to South Fort Myers High School over 16 miles away at an increasing expense to the District.

With South Fort Myers High School quickly exceeding capacity, it was clearly evident that additional high school student stations would be necessary to meet the current and future population growth of South Lee County. Bonita Springs High School will add 1,720 much needed student stations when it opens in August 2018 resulting in decreased transportation costs and more optimal capacity utilization rates in all South Zone high schools.

The Project

<u>The Beginning</u>

The need for additional high school student stations in the South Zone was projected by the District's Department of Planning, Growth, and School Capacity in accordance with School Board Policy 9.02. A recommendation was initially made to the Superintendent in 2011 to build a new high school in Bonita Springs to accommodate the forecasted growth with a targeted 2017-18 school year opening on District-owned vacant property located on Tower Road.

<u>Project Funding</u>

With sharp declines in capital revenue the previous five years, the project's funding source was hotly debated by the School Board beginning in 2013. A Certificate of Participation (COP) Bond was ultimately decided upon in April of 2016. The Board approved a total project cost of $70,935,000 for Bonita Springs High School on April 19, 2016. With a target opening of August of 2017, considerable project planning time had lapsed and staff members were challenged with a condensed schedule to procure professional services, develop design plans, secure required permits, and complete construction.

<u>Procurement of Services</u>

The Department of Facility Development and Programming acted in accordance with School Board Policy 6.07 and Florida State Statute to procure the necessary professional services for the project. The Request for Qualifications (RFQ) process was used to competitively solicit design services, construction manager at risk services, and building official services. Facility Development and Programming staff successfully negotiated contracts with the top-ranked vendor for each service.

<u>Contracting</u>

The following vendors are under contract for the duration of the project:

Architectural Design and Engineering Services:

BSSW Architects Inc.
1500 Jackson St. # 200
Fort Myers, FL 33901

> *Board approved ranking: 5/26/2015*
> *Contract Execution: 8/12/2016*

Construction Manager @ Risk:

Gulfpoint Construction Co.
9240 Marketplace Rd. # 1
Fort Myers, FL 33912

> *Board approved ranking: 5/26/2015*
> *Contract Execution: 1/12/2017*

Building Official:

GFA International, Inc.
5851 Country Lakes Dr.
Fort Myers, FL 33905

> *Board approved ranking: 7/26/2016*
> *Contract Execution: 2/8/2017*

Due to the compressed project schedule, the Construction Manager at Risk agreement with Gulfpoint Construction Co. was subject to fast-track construction in order to shorten the time to completion. As a result, a total of five (5) amendments to the agreement were issued reflecting separate GMP's for each particular phase of construction.

Site Identification

The Department of Planning, Growth, and School Capacity manages the District's vacant property inventory and is responsible for identifying viable sites for new schools and overseeing the selection process according to School Board Policy 9.01. Both Planning staff and the School Board's Construction Advisory Committee determined that the only vacant property in the inventory located within the municipal boundaries of Bonita Springs large enough to build a comprehensive high school was a 40-acre parcel on Tower Road. Soon thereafter, the School Board heard numerous concerns from both residents and activists in Bonita Springs regarding the District's possible development in an environmentally sensitive area designated by Lee County as a Density Reduction Groundwater Resource (DRGR) which spurred the District to look for an alternate site in Bonita Springs.

Due to the District's lack of capital, it was proposed that an alternate site be acquired via a swap of district-owned property located on Three Oaks Parkway. Staff found a limited number of properties in Bonita Springs large enough to site a high school. A total of ten (10) available properties with only two (2) meeting the basic requirements for size and location were considered by LCSD staff and presented to the Board on November 4, 2015. A majority were impractical due to their abutment on an active railway, shaped in a way that made siting a high school difficult, or priced well above the projected value of the property to be swapped.

Two properties located on Bonita Beach Road just east of I-75 were found to be the most ideal in terms of location, size, shape, and price. After conducting preliminary due diligence, staff found the 80 acres located north of Bonita Beach Road and East of Interstate 75 would prove to be overly cumbersome to assemble and could potentially jeopardize the District's timeline to construct and open a high school by the 2017-2018 target.

Staff then considered a multi-parcel 43-acre property located on the south side of Bonita Beach Road just east of 1-75. With fewer owners to deal with, and considerable site improvements already in place, staff began their assessment in earnest and entered into negotiations to acquire the property in step with the high school construction timeline.

A third property entered the market in December 2016 and was assessed by staff and the Construction Advisory Committee to be a highly viable site for the new school. This 76 acre site located at the corner of Imperial Parkway and Shangri-La Road was in close proximity to a large population of students, enjoyed great access, and was sized appropriately for the planned comprehensive high school.

On March 14, 2016, all three properties were presented to the District's Site Selection Committee who in accordance to Policy 9.01 would make a recommendation to the School Board. The meeting was open to the public and supporters for and against each property under consideration made comment. The committee approved the site at the corner of Imperial Parkway and Shangri-La Road and the recommendation was passed along to the School Board who unanimously approved the purchase at the April 19, 2016 Board Action meeting. LCSD closed on the purchase of the property on August 10, 2016.

The considerable delay in identifying a viable site for Bonita Springs High School greatly compressed the construction schedule requiring a fast track approach which significantly limited the team's ability to complete a thorough preconstruction phase.

Imperial Parkway Site Concerns & Issues

During the purchase of the Imperial Parkway site, an unfortunate error in a land survey failed to reveal that a small, roughly tenth of an acre property adjacent to the proposed high school site belonged to the Hawthorne Homeowners Association instead of being part of the City of Bonita Springs utilities easement. The error was discovered by the District and project engineers as offsite improvements were being finalized for Shangri-La Road which included a planned turn lane for bus traffic only. Subsequently, a review of a traffic study suggested the right turn lane from Shangri La Road was not warranted and LCSD staff determined the acquisition of the property was unnecessary. The Hawthorne Homeowners Association has recently approached the District with an interest in conveying the parcel at no cost. The City of Bonita Springs and the District are currently assessing the conveyance of the property.

Concerns with prior asbestos contamination on the Imperial Parkway site brought additional controversy which was ultimately proven unfounded through research and additional testing performed by the District. Less than two acres of the 75+ acre site had been affected by cementitious asbestos-containing pipe fragments that were placed on the site by a construction firm during the construction of Imperial Parkway. The firm contracted with an environmental engineering company to abate the asbestos that was located on the site. The abatement and subsequent report was completed per regulations and was signed off by the Florida Department of Environmental Protection. The actions taken by the environmental engineering company satisfied all required regulations for asbestos remediation on the site. During the course of the due diligence period prior to purchasing the property, the District ordered additional environmental testing to assure the site was clear of any contamination. All tests returned negative for asbestos.

LCSD staff also discovered, in its own due diligence, an area of the site that may have been contaminated by a minor diesel fuel spill. The District required the seller to complete diesel fuel contamination testing, conduct proper remediation of the affected area, and provide the School District with final approval/sign-off from the Florida Department of Environmental Protection or other appropriate agency prior to closing on the property.

Construction Cost Estimates

The Board approved a total project cost of $70,935,000 for Bonita Springs High School on April 19, 2016. That amount included $48.6 million for new construction based chiefly on the cost to construct the last high school built by the District in 2008. The estimate was developed by LCSD staff without the benefit of consultation from designers or construction managers. In following process, staff sought approval for a total project cost prior to engaging with professionals in a comprehensive pre-construction process that would have seen the development of design documents that could have been used to estimate costs more accurately. The initial new construction estimate also failed to consider important variables such as market conditions and inflation.

The compressed schedule was exacerbated by delays in identifying a project funding source and an extended property search provided little time to develop design documents from which accurate estimates could be developed. The fast-track approach prioritized delivery speed at the expense of estimation accuracy. As the project architect more fully developed the design and engineering documents and the construction manager was able to provide sub-contractor pricing it became evident to the team that the cost initially approved by the School Board was inadequate to deliver the project as expected. In an attempt to bring the project within the approved construction budget both staff and the project team began an aggressive value engineering program on February 13, 2017 to reduce costs while preserving the planned academic program of the school. School Board members and the Superintendent were continually informed of cost reduction efforts and a plan of action was presented during a School Board briefing on March 7, 2017. The value engineering work continued in earnest through the summer of 2017 until it was finally recognized the $48.6 million target for construction was unreasonable and jeopardized the entire project. On August 22, 2017, staff briefed the School Board on their efforts and provided a construction estimate of $62.2 million to complete the project as designed and deliver the school on schedule. The School Board approved the Total Project Cost budget as requested.

To date, the project is currently ahead of schedule and well under the approved budget. District staff and the entire project team have worked diligently to cut costs and ensure on time delivery. The Construction Manager delivered

the main campus building in early June 2018 far in advance of the date specified in contract. The team is currently on track to deliver all parts of the project ahead of schedule and with substantial construction cost savings. LCSD staff anticipate the project will be closed-out and the external auditor review to be completed in late October to early November 2018.

Among the greatest lessons learned in the project was the importance of developing accurate construction cost estimates. Significant changes to the school construction process, including a comprehensive pre-construction phase, have been subsequently implemented by the School District that should greatly improve the success of all future projects.

Municipal Engagement & Partnerships

The School District entered into an Interlocal Agreement for Public School Facility Planning with the Lee County Commission and the other municipal entities within the county, including the City of Bonita Springs, on August 20, 2002. This agreement defines the procedures to be utilized to better coordinate public school facilities planning and land use planning. In accordance with the procedures, the School District has worked collaboratively with all entities of the City of Bonita Springs government over the duration of the project. Engagement with the City of Bonita Springs in all aspects of Bonita Springs High School has been continuous since the early partnership with the Community Development Department on the school site search. The Imperial Parkway site selection was supported by the City of Bonita Springs through a notice of consistency with land use issued as required by the agreement. The School District has presented development plans and periodic project updates to the Bonita Springs City Council, worked with the Public Works Department on road improvements, and with the local Fire Control & Rescue District. Clear channels of communication between City Manager and Mayor have been maintained throughout the project and all concerns/issues of residents have been collaboratively resolved.

LCSD has also partnered with the Lee County Government during the project on matters concerning traffic, ingress/egress improvements to the campus from Imperial Parkway, and the placement of a traffic signal at the main entrance. The cost of the traffic signal and significant offsite improvements were partially offset by the sale of an unusable 10 acre parcel of District-owned land to Lee County Parks and Recreation. The property is located adjacent to Estero High School and will be developed into an athletic park the District would enjoy access through a shared-use agreement currently in place with Lee County.

Another example of municipal engagement and partnership during the project was the collaborative development of future deep well sites with the local water utility, Bonita Springs Utilities. An agreement to exchange two small and unusable portions at the extremities of the school site resulted in Bonita Springs Utilities waiving the School District's development fees on the site, saving LCSD $80,000.

LCSD continuous collaboration and strategic partnership with the local municipality, county government, local utility, and local chamber of commerce has enabled the project to stay on a very tight schedule and demonstrates a shared stewardship of community development in the City of Bonita Springs. A footnote in the school's history will be the first open house that was graciously hosted by the Mayor of Bonita Springs in City Hall on February 7, 2017.

Permitting

A major schedule consideration in all school development plans is permitting. The outcome of a permit application may have financial implications as property mitigation may be required or possibly restrictions on developable areas. Prior to commencing construction, all applicable Army Corp of Engineers (ACOE) and Southwest Florida Water Management (SWFLWM) environmental permits along with associated surveys must be fully approved. The process from submission, review, and ultimately approval, can be lengthy given the current workload of the regional districts. The delay in acquiring a viable property for the school and the compressed development timeline was of a major concern.

The School District greatly benefited from the expedited due diligence of the Project Engineer and the ACOE's District Reviewer. All required ACOE, SWFLWM, and Florida Environmental Protection Agency permits were approved on or prior to February 2, 2017, clearing the way for construction to begin later that same month.

<u>Community Involvement & Collaboration</u>

Residents

The development of any school from selecting a site to forging partnerships to support the school long after construction is completed requires the involvement of the entire community the school will serve. LCSD faced many challenges with identifying a viable site for the school after it was determined the planned location was not acceptable to very vocal and active environmentally sensitive residents. In total, the School District considered eleven (11) potential sites with only three (3) meeting the criteria for development as a high school. All of the sites considered met with opposition from residents for various reasons.

LCSD held several forums in the City of Bonita Springs to present the potential sites and listen to feedback from residents. All of the potential sites were presented at publically advertised School Board briefings at which many residents shared their concerns or support. LCSD set-up a High School LLL webpage to keep stakeholders informed on the project as well as a dedicated email box (and address) for the public to send their input electronically and receive timely responses from staff.

School Board Community Advisory Committees

School Board Advisory Committees such as the Equity & Diversity Advisory Committee (EDAC) and the District Advisory Committee (DAC) which are comprised of community representatives were provided updates, briefings, and the opportunity to comment on all of the potential sites. The District's Site Selection Committee, which is comprised of members from both EDAC and DAC, participated in making a recommendation of a viable site to the School Board.

Home Owners Associations

Once the site located on the corner of Imperial Parkway and Shangri-La Road was selected for the new high school the Home Owners Associations (HOA) in close proximity shared various concerns regarding the development. School District staff promptly engaged with the HOA Board Members in a series of meetings to hear concerns and collaborate on ways to mitigate the apprehension of having a high school next door. HOA Board Members were invited to participate in the design charrette for the school and were instrumental in determining the appropriate siting of the school, campus ingress/egress points, landscaping, building design, athletic field locations, and safety & security.

In a collaborative move, the School District accepted the conveyance of a retention lake from the Hawthorne HOA to relieve them of maintenance/repair responsibilities which benefited the project with increased water retention capability.

Bonita Springs Chamber of Commerce and Historical Society

Activities such as a groundbreaking ceremony or school naming contest are key to building a community's identity with a school. School District staff worked collaboratively with both the Bonita Springs Chamber of Commerce and the Bonita Springs Historical Society to plan/sponsor these activities which led to very positive involvement of the business and civic community in Bonita Springs.

Bonita Bay Naming Rights

The development of Bonita Springs High School coincided with the School District's school facility naming rights initiative. The sale of naming rights is an innovative attempt to generate additional capital revenue District-wide and Bonita Springs High School was the trailblazer. The rights to the school's gymnasium were purchased for close to $150,000 by the residents of Bonita Bay, an affluent community located in Bonita Springs. For the next five (5) years the gymnasium will be referred to as the "Bonita Bay Recreational Center".

District Staff Project Responsibilities

The staff listed below held significant responsibilities in the planning of Bonita Springs High School and the management of the construction project for the District:

Senior Program Administrator
Facility Development and Programming Department

Manages Facility Development and Programming Services teams to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.

Facility Engineer
Facility Development and Programming Department

Coordination of construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.

Accountant
Facility Development and Programming Department

Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).

Long Range Planner
Planning, Growth, and School Capacity

Assists the Executive Director of Operations in planning, site selection for new schools and in the design and implementation of planning processes related to the future growth of the school district.

Executive Director, Operational Planning & Project Management
Operations Division

Directs operational planning, project management, and implementation support of key District Initiatives including major capital projects.

Lessons Learned Lead to Process Improvement

The Bonita Springs High School project presented the District and staff responsible for managing construction with several challenges. Unanticipated variables and construction cost estimating errors were among the chief factors leading to a careful review and analysis of past practices. Through consultation with industry experts, peer collaboration, and research of best practices, the District subsequently overhauled the entire school development processes. An improved approach to construction funding and a phased project approach have been implemented with all current capital projects. LCSD is confident that the lessons learned during the Bonita Springs High School project and resulting improvements will ensure the stewardship and success stakeholders expect well into the future.

The school construction best practice and process improvements summarized in **Exhibit 1-10** below display the major factors impacting the Bonita Springs High School project and subsequent corrective actions implemented by the School District to ensure future construction project success.

Exhibit 1-10
Lee County School District
School Construction Best Practice and Process Improvements
as of July 6, 2018

Lee County School District Construction Best Practice and Process Improvements					
Activity	**BSHS Process**	**Impact/Implication**	**Forward Objective**	**Anticipated Change**	**Implemented Change**
Project Scheduling/ Funding	Significant time gap between identification of school need and determination of funding source jeopardized schedule	Push back of original opening date caused enrollment capacity pressure resulting in deployment of portable staging school at significant cost	Reduction of gaps between key project activities/ decisions Enforcement of critical deadlines for decision making Improved stewardship/ accountability of comprehensive project schedule	Development and approval of comprehensive funding program for all forecasted new schools, renovations, and additions in the 5 year plan Board commitment to funding source prior to establishment of project timeline	Certificate of Participation (COP)Bond secured as funding source for both High School MMM and Lehigh Senior High School Addition/ Renovation projects prior to pre-construction phase Sales-tax revenue funding identified as potential source for future new school projects
School Site Selection	Hasty removal of viable District-owned property from consideration in light of initial community resistance Lack of ongoing analysis of District property inventory and needs	Prolonged search for property in tight Bonita Springs real estate market resulted in additional project cost (inflation), compression of schedule, and political exposure	Prioritization of District-owned property for future school sites Develop Plan for District Property Conduct periodic analysis of property inventory and needs	Stronger advocating for building on District-owned property Enforce Board approved site selection process when considering District-owned property	Development of Strategic Plan for District Property in collaboration with Real Estate Professional Goal set to acquire viable property in projected growth areas in advance of need by leveraging current inventory
Property (School Site) Due Diligence	Delayed selection and purchase of school site limited staff ability to initialize the environmental permitting process (ACOE, SFWM, FW&F, etc.)	District benefited from expedited permitting process	Prioritization of District-owned property for future school sites enables District staff to leverage due diligence already completed at time of purchase and begin environmental permitting process aligned with targeted opening date	Begin environmental permitting process for all District-owned sites targeted for development as a school site within next five years (survey period)	Environmental permitting process started on all property planned for new school sites within next 5 years. HS MMM site, 3 Oaks Pkwy site (Middle/ Elementary), Sunrise Ave. Site (Middle/ Elementary), Treeline Blvd. Site (Middle)
Total Project Cost Estimation	Total Project Cost estimate developed using incomplete construction documents with little consideration for forecasted construction market conditions Total Project Cost estimate made prior to CM or Architect under contract	Severely underestimated Total Project Cost unknowingly approved by Board Significant exposure to District as actual costs realized by CM Several revisions brought forward to Board to rectify underestimation	Development of realistic/current Total Project Cost that considers all factors (forecasted inflation/labor shortages, etc.) and independently verified prior to Board approval of Total Project Cost	Significant change in School Construction procurement/ budget approval process to a phased approach Preconstruction phase funding (design/full construction docs) approval prior to Total Project Cost approval	Phased-approach to construction and project funding implemented with High School MMM and Lehigh Senior HS Addition/remodel projects Preconstruction phases underway with Architect/Construction manager in each project

Exhibit 1-10 (Continued)
Lee County School District
School Construction Best Practice and Process Improvements
as of July 6, 2018

Lee County School District Construction Best Practice and Process Improvements					
Activity	**BSHS Process**	**Impact/Implication**	**Forward Objective**	**Anticipated Change**	**Implemented Change**
Local/ National Construction Market Monitoring	Limited consideration of factors currently or forecasted to affect the construction market in SW Florida, regionally, and nationally	Construction material and labor inflation not factored in Total Project Cost estimate approved by Board Periodic updates of factors not calculated and reported to decision-making District staff/ Superintendent/ Board	Periodic and real-time recalculation of Total Project Cost with consideration to current and forecasted inflation reported to decision-making District staff/ Superintendent/ Board on a continual basis	Monthly reports of school construction estimates (Total Project Cost) to Superintendent and Board via reports and briefings	Facilities Staff currently monitoring and reporting regularly on local/national trends that may impact planned projects Regular reports from construction partners regarding real-time inflationary factors are considered in all in-house project cost estimates
School Construction Funding Timeline	Total Project Cost estimated and funded based on outdated numbers, incomplete construction documents, and independent verification	Total Project Cost prematurely approved by Board without updated estimates based on full construction documents and little consideration of current/forecasted construction market variables	Approval of Total Project Cost based on phased approach Initial preconstruction phase funding to include full construction documents with independently verified estimates with market condition consideration	Architect, construction manager, and independent estimator brought under contract at preconstruction phase to develop/verify accurate Total Project Cost prior to Board approval	Phased-approach to construction and funding implemented with current projects Architects and Construction Mangers currently engaged in design development phase
Project Tracking and Periodic Reporting	With significant delays in the budgeting and site selection processes, the Total Project Cost estimates were neglected and not reconsidered to factor time elapsed and local construction market changes (inflation)	Estimated Total Project Costs were never regularly updated and reported to decision-making staff/ Superintendent/ Board in a timely manner Reported cost overruns were unanticipated and severely limited proactive mitigating approaches	Consistent and regular status reports of projects in order to anticipate and proactively resolve potential budget challenges	Publication of regular project budget status Periodic Board briefings of project budget status Weekly project reports/ briefings to Chief of Operations Officer Monthly project reports/ briefings to Board Construction Advisory Committee (CAC)	School Board briefings of project budget status and schedule delivered monthly Weekly project reports/ briefings to Executive Director, Operations Monthly project reports/ briefings presented to Board Construction Advisory Committee (CAC) as standing agenda item

Exhibit 1-10 (Continued)
Lee County School District
School Construction Best Practice and Process Improvements
as of July 6, 2018

Lee County School District Construction Best Practice and Process Improvements					
Activity	**BSHS Process**	**Impact/Implication**	**Forward Objective**	**Anticipated Change**	**Implemented Change**
RFQ Process/ Construction Contracting	RFQ process managed by Facilities Development and Programming Services Department Negotiations led by Facilities Development and Programming Services Department CM@R standard contract type with neither stipulations nor performance incentives (lump sum fee)	Ineffective scoring criteria/methodology in ranking/selection process Lack of accountability for contracted CM and/or architect to deliver project on schedule and within budget Lack of incentive for contracted CM and/or architect to deliver project ahead of schedule and/or under-budget	Improved transparency and objectivity in the ranking and subsequent contracting for Design/construction management services for all District capital improvement projects Contracting that places shared responsibility (risk) and accountability for Total Project Costs directly on CM and Architect Contracting that incentivizes project delivery under budget and ahead of schedule	Increased transparency into solicitation and evaluation processes Increased objectivity and reduced subjectivity in the scoring process Separation of duties between procurement and operations Standardized, best practices applied to all District competitive solicitations Increased communication, shared rationale for decisions, and risk mitigation	CM@R standard contract updated with consultation with legal professionals, best practices of peer school districts, and alignment with industry standards CM@R contracts for High School MMM and Lehigh Senior HS Addition/remodel projects successfully negotiated General Conditions specified by line item for improved auditing negotiated separately from CM Fee CM preconstruction scope of work and flat fee successfully negotiated
Comprehensive Preconstruction Phase	Substantial delays in the budgeting and site selection processes forced a significantly compressed preconstruction phase	Preconstruction phase did not include a CM nor an Architect Design based on a prototype (Island Coat HS) that eventually underwent significant changes Time limited opportunity to perform value engineering (done "on-fly" via fast-track approach) Total Project Cost estimate approved by Board prior to a comprehensive preconstruction phase with input from architect and CM	Provision of adequate preconstruction phase planning Development of a comprehensive project scope resulting in well-developed construction documents from which accurate Total Project Costs can be estimated and independently verified prior to Board approval	Six to eight months dedicated to preconstruction phase activities that lead to the comprehensive development of an accurate Total Project Cost based on complete construction documents, adjusted to reflect projected market conditions, and independently verified prior to Board approval	Preconstruction phase underway for both High School MMM and Lehigh Senior HS Addition/remodel projects. Architect and CM currently engaged in design development Considerably time has been allotted for comprehensive preconstruction phase Agreement with external auditor for GMP and total project cost estimate prior to Board Approval in process

Exhibit 1-10 (Continued)
Lee County School District
School Construction Best Practice and Process Improvements
as of July 6, 2018

Lee County School District Construction Best Practice and Process Improvements					
Activity	**BSHS Process**	**Impact/Implication**	**Forward Objective**	**Anticipated Change**	**Implemented Change**
Team Accountability	District staff initially owned responsibility for project cost issues Architect and CM engaged in cost reductions/ value engineering only after significant budget exposure	District staff solely accountable for budget issues Significant lack of confidence in District staff's ability to manage and deliver major capital projects on budget and on schedule	Collaborative/team-based approach to construction projects Increased accountability and transparency of all project partners	Full engagement of project team from inception to delivery Participant in all Board briefings of project budget status, Divisional weekly project reports/ briefings, and monthly project reports/ briefings to Board Construction Advisory Committee (CAC)	Full engagement of project team is underway. All team meetings conducted at School District headquarters with Architect, CM, Exec. Director of Operations, Facilities Program Administrator, and Facility Engineer in mandatory attendance. Monthly project reports/ briefings made to Board Construction Advisory Committee (CAC)
District Owner's Representation	Status-quo leadership and outdated project management processes Lack of best practice/ industry standard expectations Lack of project team accountability of controlling project scope/costs	Disruptions in project management/ department leadership Subsequent reorganization and change in direction/ leadership of Facilities Development and Program Services Department Deep project involvement of Chief Operations Officer/ Executive Director diverting from other Divisional duties/District priorities	Adequate staffing and leadership of Facilities Development and Program Services Department Clear articulation of expectations, levels of accountability, and goals for Department leadership Research and implementation of best practices via consultation and peer-District visits	Improved professionalism Immediate implementation of process improvements and best practices in project management Increased accountability and transparency	Reorganization of Operations Division Facilities Development and Programming directly reports to Executive Director of Operations New leadership of Facilities Development and Programming Department Long Range Planner position duties realigned with Facilities Development needs Staff Architect position proposed for FY19 Engagement with Construction Management Consultant (Wright Construction) Participant in Regional Facility Planning Consortium with peer School Districts

Source: Lee County School District Operations Division, July 6, 2018.

Case Study #2
Riverdale High School Central Energy Plant Renovation

The Riverdale High School is an existing high school in the School District of Lee County located in Southwest Florida. The following case study is a review of pertinent aspects of Lee County School District Capital Project, Riverdale High School Central Energy Plant Renovation. LCSD Facilities Development staff analyzed the steps taken throughout the construction process and identified major lessons learned. The following case study highlights certain steps in the construction process and includes a summary of kilowatt hour reductions and cost savings as a result of this initiative.

Overview

An overview of Riverdale High School Central Energy Plant Renovation shows:

Location: 2600 Buckingham Road, Fort Myers, FL. 33905
Building Size: Net: 257,634 sq. ft.
Student Stations: 2,362
Mechanical Engineer: OCI Associates, Inc.
Construction Manager: Owen-Ames-Kimball Company
Construction Type: Existing
Total Project Cost: $1,986,300.16
Funding: Capital Funds
Project Approval: October 28, 2015 (Design Engagement)
Construction Start: April 19, 2016 (Notice to Proceed)
Expected Completion Date: August 19, 2016 (Notice to Proceed)

The Project

The Beginning

Origination of project was to address aging inefficient equipment. Chiller and tower ages were approximately 20 plus years respectively. The chiller capacity serving the campus was not keeping up on design cooling day, so additional chilled water capacity was included in the design. Chiller plant is constant flow setup designed to conserve energy.

Project Funding

With sharp declines in capital revenue the previous five years, the project's funding source was existing Capital Maintenance Funds.

Procurement of Services

The District's Department of Facility Development and Programming acted in accordance with School Board Policy 6.07 and Florida State Statute to procure the necessary Continuing Contract professional services for the project (a 3 year program). The Request for Qualifications (RFQ) process was used to competitively solicit design services, construction manager at risk services, and building official services. Facility Development and Programming staff successfully negotiated contracts with the ranked vendors for each service.

Contracting

The following vendors were contracted for the duration of the project:

Mechanical Engineering Services:

OCI Associates, Inc.
9728 Commerce Center Court
Fort Myers, FL. 33908

Board approved ranking: 8/11/2015
Contract Execution: 10/28/2015

Construction Manager @ Risk:

Owen-Ames-Kimball Company (OAK)
11941 Fairway Lakes Drive
Fort Myers, FL. 33913-8338

Board approved ranking: 10/20/2015
Contract Execution: 4/11/2016

Building Official:

GFA International, Inc.
5851 Country Lakes Dr.
Fort Myers, FL 33905

Board approved ranking: 9/22/2015
Contract Execution: 3/2/2016

Site Concerns & Issues

The project schedule was determined by dates of low facility capacity during critical shut downs and switchovers to the new central energy plant. This schedule allowed for minimal disruption of ongoing school operations. The bulk of the construction, however, was completed during full student capacity. Keeping the facility at a comfortable temperature and safety of students and staff are always at the forefront.

Construction Cost Estimates

The School Board approved the Superintendent to execute the necessary documents associated with all Continuing Contract ranking approvals in 2015.

The following are the continuing contracts and associated costs:

Mechanical Design: $39,000
Construction Manager: $1,986,300.16
Building Official: $11,700

Permitting

All plan review, permitting, and inspections were performed by a private provider licensed to do business in the State of Florida, in conformance with all Federal, State and Local Building Codes.

District Staff Project Responsibilities

The staff listed below held significant responsibilities in the planning of Riverdale High School Central Energy Plant Renovation and the management of the construction project for the School District:

Director of Facility Development and Programming Department

Manages Facility Development and Programming Services teams to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.

Facility Engineer
Facility Development and Programming Department

Coordination of construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.

Accountant
Facility Development and Programming Department

Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).

Executive Director, Operational Planning & Project Management
Operations Division

Directs operational planning, project management, and implementation support of key District Initiatives including major capital projects.

Lessons Learned Lead to Process Improvement

OAK, Project Construction Manager, provided self-performed services, thus eliminating added cost of subcontractors and keeping the project within budget. OAK engaged work promptly to avoid inflationary costs. Lessons learned include efficiencies to be derived from proactive construction management and scheduling.

Savings to the District include a reduction in power consumption and cost savings. **Exhibit 1-11** shows the initial reductions in kilowatt hours and cost savings.

Exhibit 1-11
Energy Savings Summary
2015-16 to 2016-17

Fiscal Year	Kilowatt Hours	Cost
2015-16	4,129,429	$358,353
2016-17	3,922,925	$350,190
Savings	**206,504**	**$8,163**

Source: Lee County School District Operations Division, July 2018.

Case Study #3
Veterans Park Academy of the Arts and Lehigh Acres Middle School Central Energy Plant

The Veterans Park Academy of the Arts and Lehigh Acres Middle schools are existing adjacent schools in the School District of Lee County located in Southwest Florida. The following case study is a review of pertinent aspects of Lee County School District Capital Project, Centralized Energy Plant at Veterans Park Academy of the Arts and Lehigh Acres Middle School. LCSD Facilities Development staff analyzed the steps taken throughout the construction process and identified major lessons learned. The following case study highlights certain steps in the construction process and includes a summary of kilowatt hour reductions and cost savings as a result of this initiative.

Overview

An overview of Veterans Park Academy of the Arts and Lehigh Acres Middle School Central Energy Plant shows:

Location:

- Veterans Park: 49 Homestead Road, Lehigh Acres, FL. 33936
- Lehigh Acres Middle: 104 Arthur Avenue, Lehigh Acres, FL. 33936

Building Size:
Veterans Park
- Net: 250,055 sq. ft.
- Student Stations: 1898

Lehigh Acres Middle
- Net: 130,421 sq. ft.
- Student Stations: 1177

Mechanical Engineer: TLC Engineering for Architecture, Inc.
Construction Manager: Owen-Ames-Kimball Company
Construction Type: New Building Masonry
Total Project Cost: $4,778,101.00
Funding: Capital Maintenance Funds
Project Approval: September 27, 2016
Construction Start: October 13, 2016 (Notice to Proceed)
Expected Completion Date: August 19, 2016 (Notice to Proceed)

The Project

The Beginning

Origination of project was to address aging inefficient air cooled chiller equipment at both Veterans Park Academy of the Arts (VPAA) and Lehigh Acres Middle School (LAMS) campuses. Chiller ages at VPAA and LAMS were approximately 12 and 14 plus years respectively. The chiller capacity serving LAMS campus was not keeping up on design cooling day, so additional chilled water capacity was included in the design. VPAA chiller plant was constant flow setup, so in addition to conserving energy by transitioning to water cooled chillers, system pump energy could be reduced by making the system variable flow.

Project Funding

With sharp declines in capital revenue the previous 5 years, the project's funding source was limited to existing Capital Maintenance Funds.

Procurement of Services

The District's Department of Facility Development and Programming acted in accordance with School Board Policy 6.07 and Florida State Statute to procure the necessary Continuing Contract professional services for the project (a 3 year program) and Construction Management at Risk contract. The Request for Qualifications (RFQ) process was used to competitively solicit design services, construction manager at risk services, and building official services. Facility Development and Programming staff successfully negotiated contracts with the ranked vendors for each service.

Contracting

The following vendors were contracted for the duration of the project:

Mechanical Engineering Services:

TLC Engineering for Architecture, Inc.
255 South Orange Avenue Ste. 1600
Orlando, FL. 32801

Board approved ranking: 8/11/2015
Contract Execution: 3/2/2016

Construction Manager @ Risk:

Owen-Ames-Kimball Company
11941 Fairway Lakes Drive
Fort Myers, FL. 33913-8338
Board approved ranking: 7/26/2016
Contract Execution: 10/10/2016

Building Official:

GFA International, Inc.
5851 Country Lakes Dr.
Fort Myers, FL 33905

Board approved ranking: 9/22/2015
Contract Execution: 12/9/2016

Site Concerns & Issues

Central Energy Plant (CEP) work was done concurrently with school semester. The project finished before the summer prior to 2017/2018 school year. Existing chillers were utilized until new chillers could be brought online. This transition occurred during the 2016/2017 year Spring Break. Accommodations for student access and egress were made where underground chilled water piping connected the two campuses. This included providing pit covers to allow walkways and egress to be maintained.

Construction Cost Estimates

The School Board approved the Superintendent to execute the necessary documents associated with all Continuing Contract ranking approvals in 2015 and Requests for Qualifications for the Facilities Development and Programming Construction Manager.

The following are the continuing and/or contracts and associated costs:

Mechanical Design: $151,500
Construction Manager: $4,523,101.00
Building Official: $15,000.00

Permitting

All plan review, permitting, and inspections were performed by a private provider licensed to do business in the State of Florida, in conformance with all Federal, State and Local Building Codes.

District Staff Project Responsibilities

The staff listed below held significant responsibilities in the planning of Veterans Park Academy of the Arts / Lehigh Acres Middle Schools Central Energy Plant (CEP) and the management of the construction project for the School District:

Director of Facility Development and Programming Department

Manages Facility Development and Programming Services teams to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.

Facility Engineer
Facility Development and Programming Department

Coordination of construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.

Accountant
Facility Development and Programming Department

Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).

Executive Director, Operational Planning & Project Management
Operations Division

Directs operational planning, project management, and implementation support of key District initiatives including major capital projects.

Lessons Learned Lead to Process Improvement

The project duration was compressed, which allowed for minimal disruption of ongoing school operation; however, this schedule caused coordination issues, especially between trades. The largest lesson learned is about coordination. When the project duration is compressed, additional close coordination between trades must be performed. The construction process requires coordination between doing the work and overseeing the work. Rushing due to insufficient coordination time led to issues such as reworking piping and ducts to maintain

clearances and maintenance access. Such issues were rectified by the contractors for the intended outcome. Savings to the District include a reduction in power consumption and cost savings.

Exhibit 1-12 shows the initial reductions in kilowatt hours and cost savings.

Exhibit 1-12
Energy Savings Summary
2015-16 to 2016-17

Fiscal Year	Kilowatt Hours	Cost
2015-16	5,131,300	$541,330
2016-17	4,540,450	$489,422
Savings	**590,850**	**$51,907**

Source: Lee County School District Operations Division, July 2018.

1.4.2   **Ongoing Projects**

In addition to the case studies, Evergreen evaluated project management and planning activities.

OBSERVATION

Over the last 20 years, LCSD has accumulated a number of pieces of property that could be used as future school sites. In addition, the District has been given certain parcels, or has used Impact Credits to acquire land. The majority of land was purchased between 2003 and 2008, with no additional land on this list being purchased after September 2008.

Planning for new school sites is driven by growth, and while some of the land is located in a growth corridor, not all of the land is large enough to sustain a school or in a location where a school is needed. Over the last few months, District administrators have been working with a real estate broker to determine the current value of District land and then to begin identifying sufficient land for planned schools in the areas where schools are currently overcrowded.

As shown in **Exhibit 1-13**, LCSD has 26 vacant properties with a total of 882.23 acres of land, of which, 143.10 acres have been reserved for future school expansion.

The broker, working on behalf of the District, has performed a Comparative Market Analysis of the remaining 739.13 acres as part of the process to assess the inventory and make decisions beneficial to the District as to which parcels should be retained for future schools or sell and/or exchange. In addition, the Broker examined the LCSD Bus Depot, which sits on 34.86 acres of land. This property has appreciated in value over the last 20 years (purchased in 1997) by more than $5 million and it may be possible to leverage the value of that land by selling it and relocating the terminal to another location of lesser value.

As can been seen, with only few exceptions, the properties purchased from 2003 to 2008 have lost value. While growth projection models being used during this time period were far less accurate, attempting to forecast land needs 10 to 15 years into the future is difficult at best.

Exhibit 1-13
Vacant/Available Properties on the
Lee County School District

Address	City	Purchase Date	Purchase Price	Broker Assessed Value as of May 7, 2018	Unrealized Gain/(Loss)	Acres	Strap #
13401 Palomino Ln	Fort Myers	8/18/05	$6,849,300	$3,498,740	($3,350,560)	18.96	22-45-25-00-00001.0010
214 David Ave	Lehigh Acres	1/14/08	$2,200,000	$100,000	($2,100,000)	20.00	34-44-27-00-00001.0230
3851 Buckingham Rd	Fort Myers	9/25/08	$835,100	$221,720	($613,380)	18.90	32-43-26-00-00006.0010
Griffin Dr. & State Rd 82	Fort Myers	8/28/03	$1,948,800	$2,756,500	$807,700	55.67	05-45-26-00-00002.1030
12690 Treeline Ave	Fort Myers	3/31/05	$4,213,556 in Impact Credits	$1,077,300	($3,136,256)	23.94	14-45-25-00-00007.0000
2369 S Olga Dr	Fort Myers	3/15/05	$1,643,200	$234,145	($1,409,055)	18.8	28-43-26-00-00004.0000
Redmont Ave	Lehigh Acres	12/9/05	$1,491,100	$12,600	($1,478,500)	12.6	06-44-27-05-00000.0530
Sunrise Blvd	Lehigh Acres	3/19/08	$2,453,500	$126,012	($2,327,488)	36.08	04-45-27-00-00008.0000 04-45-27-00-00009.0000
Corner Lot Joel Blvd/Tuckahoe	Alva	1/22/07	$2,146,216	$215,106	($1,931,110)	** 101.8 (35.7)	34-43-27-00-00008.2200
5451 Tice St	Fort Myers	12/28/05	$12,770,700	$746,305	($12,024,395)	115.00	02-44-25-00-00011.0000
1429 NE 15th Ave	Cape Coral	11/1/05	$0	$88,290	$88,290	9.81	06-44-24-C2-02088.0000
9650 Littleton Rd	N. Fort Myers	5/19/05	$2,837,056	$490,631	($2,346,425)	** 124.00 (47)	28-43-24-00-00005.0000
2227 Trafalgar Pkwy	Cape Coral	1/18/08	$1,769,900	$178,335	($1,591,565)	13.21	21-44-23-C4-00211.0000
4010 NE 19th Ave	Cape Coral	8/13/04	$346,600	$107,460	($239,140)	15.92	17-43-24-C4-05765.0000
1402 NE 1st Pl	Cape Coral	10/3/77	$0	$14,000	$14,000	0.23	01-44-23-C1-02463.0220
2817 NW 1st St	Cape Coral	5/5/05	$1,354,900	$499,200	($855,700)	12.36	08-44-23-C4-03975.0000
NW 15 Ter/ 515 NW 24th Ave	Cape Coral	7/7/08	$2,556,900	$1,043,520	($1,513,380)	25.41	33-43-23-C4-03904.0000 33-43-23-C4-03907.0000
1101 NW 11th Pl	Cape Coral	7/7/08	$2,767,300	$161,025	($2,606,275)	26.36	03-44-23-C3-02858.0000
NE 27th Ter	Cape Coral	7/7/08	$3,778,300	$158,403	($3,619,897)	27.29	25-43-23-C1-02315.0000
NW 22nd Ter	Cape Coral	1/17/07	$3,447,800	$734,512	($2,713,288)	15.83	33-43-23-C2-03884.0000
214 NW 20th Ave	Cape Coral	5/5/05	$4,002,500	$153,850	($3,848,650)	30.77	09-44-23-C4-03731.0000
Chiquita-Kismet Pkwy	Cape Coral	7/13/05	$5,500,000	$825,244	($4,674,756)	37.89	28-43-23-C3-00002.0000
20891 Three Oaks Pkwy	Estero	9/25/03	$5,600,000	$7,554,515	$1,954,515	70.80	26-46-25-E4-U2186.2435
12961 Tower Rd	Bonita Springs	5/29/03	$1,400,000	$300,675	($1,099,325)	40.00	30-47-26-B2-00001.0060
5208 Birdsong Ln	Bokeelia	6/18/04	$479,000	$147,725	($331,275)	10.00	28-44-22-00-00011.0010
Not assigned yet	Cayo Costa	n/a	n/a	$40,000	$40,000	0.60	12-44-20-01-00047.0020
Total of Vacant Properties Only			**$72,391,728**	**$21,485,813**	**($50,905,915)**	**** 882.23 (739.13)**	
LCSD Bus Depot*	Fort Myers	8/29/97	$1,900,000	$7,157,667	$5,257,667	34.86	25-45-24-00-00005.0000
Total Including Bus Depot			**$74,291,728**	**$28,643,480**	**($45,648,248)**	**** 917.09 (773.99)**	

Source: Compiled from Lee County School District list of Vacant Properties and Trinity Commercial Group Comparative Market Analysis, 5/7/18.

* Not included in the count of Vacant Properties, however, due to the location being on a major corridor, the broker is researching the sale and possible relocation of the bus depot in a manner that would benefit the District.

** A portion of these two properties is being reserved as future school sites, therefore the purchase price and the and the Broker Assessed Value have been adjusted to reflect the acreage that the District has indicated may be available for sale or trade (smaller number in parenthesis).

Further, land sales in the late 2000's were seriously affected by the economic recession, and simply have not recovered.

As discussed in other sections of this report, community concerns related to the use of the Bonita Springs High School acreage resulted in construction delays while a more suitable location was found. District leaders are now making greater effort to include the community in their current land use and acquisition processes.

After assessing the information provided by the real estate broker, district leaders developed a Strategic Plan for District Property that will be presented to the Board in late August. The goal outlined in that document reads as follows:

> *Market and sell/swap current properties located outside of areas projected for future student enrollment growth along with those deemed undevelopable as schools to position the School District in advantageous position to purchase properties in more viable locations that address future growth needs.*

Making use of the modeling techniques currently in place in the District, projections are likely to be more accurate, however, the availability of affordable, buildable land to meet those needs in locations where the public is willing to entertain a school, will become increasing difficult. While some may advocate the sale of all properties and others may prefer to hold on to the properties until the values rise, strategically recognizing the needs and acting to secure the properties in the locations where they are needed is a proactive step the District has taken to avoid construction delays and increase unmet needs.

RECOMMENDATION

Recommendation 1-4:

Continue to use the District's current, sophisticated growth modeling techniques, community involvement and professional real estate services to support implementation of the **Strategic Plan for District Property that seeks to sell or trade unusable properties, and acquire land for future sites where the greatest needs are projected.**

OBSERVATION

Although the District uses a Construction Manager (CM) At-Risk model, once the projects are underway, weekly meetings with the CM and the subcontractors provide all parties an opportunity to discuss emerging issues and concerns, and develop strategies for ensuring that the project continues to move forward. While most CMs welcome the opportunity for subcontractors to meet with the District's Facility Engineers, some are reluctant. As a result, communication is slowed and in some instances miscommunication can occur. Facility Engineers pointed to this situation as a pain point in the process, but were quick to add that they felt the particular CMs were doing a good job overall. Not all subcontractors need to be at every weekly meeting, but Facility Engineers said that having the option of requesting that a subcontractor attend certain meetings would significantly improve their ability to work through problems and issues as they arise in a timely and effective manner.

RECOMMENDATION

Recommendation 1-5:

Revise the contract language with Construction Managers to provide the District (the owner) the ability to request that subcontractors attend weekly meetings, as necessary.

OBSERVATION

The process for recognizing fixed assets for new construction, major renovations and upgrades is internally defined, but the closeout checklist used by the Facility Engineers does not contain this step in the process. Facility Engineers indicated that at the time the District takes possession of a new facility or closes out a large project, the individuals responsible for bar coding and recording the assets are notified. While many of the larger pieces of equipment are recorded when the District makes Direct Material Purchases, the barcoding and recognition of the asset may not occur until later in the process. There is no evidence that the current process is ineffective, but as the volume of projects increases as a result of the Surtax, having a clearly articulated process and a line items on the current closeout checklist would provide additional assurance that all assets ae barcoded and recorded in a timely manner.

RECOMMENDATION

Recommendation 1-6:

Clearly define the process for recognizing and barcoding fixed assets and add a line item to the Close Out Checklist referring to those procedures.

1.5   PURCHASING POLICIES AND PRACTICES

Board Policy 6.07 outlines the Purchasing and Bidding guidelines for the District. Thresholds for competitive procurement are as follows:

- *The District's formal bid threshold is set at $50,000, and purchases of less than the formal bid threshold do not require Board approval.*

For purchases below the formal bid threshold, policy outlines the following procurement requirements as a percent of the formal bid threshold [dollar amounts are shown for clarification purposes]:

- *When the amount purchased is less than 20 percent [$9,999.99] of the District Formal Bid Threshold, such purchases are not subject to the competitive award process.*

- *When purchases are to be made of any item or group of related items of goods or services costing at least 20 percent [$10,000] but less than 70 percent [$34,999.99] of the District Formal Bid Threshold, the school or department desiring to make such purchase(s) shall request three quotations and indicate such on the purchase requisition(s). The quotations may be verbal or written and may be received by mail, electronic mail, facsimile machine or other similar medium.*

- *When purchases are to be made of any item or group of related items of goods or services costing at least 70 percent [$35,000], but less than 100 percent [$49,999.99] of the District Formal Bid Threshold, the school or department desiring to make such purchase(s) shall ask the Procurement Department to request three or more written quotations, by mail, electronic mail, facsimile machine or other similar medium. The written quotations shall accompany the purchase requisition as a permanent part of the purchase record.*

- *When purchases are to be made of any item or group of related items of goods or services costing 100% [$50,000] or more of the District Formal Bid Threshold, the school or department desiring to make such purchase(s) shall ask the Procurement Department to request formal, sealed, written solicitations from three or more sources.*

Exhibit 1-14 provides a list of the top 20 vendors for the period of July 1, 2017 - June 30, 2018.

Exhibit 1-14
Purchase Orders Issued
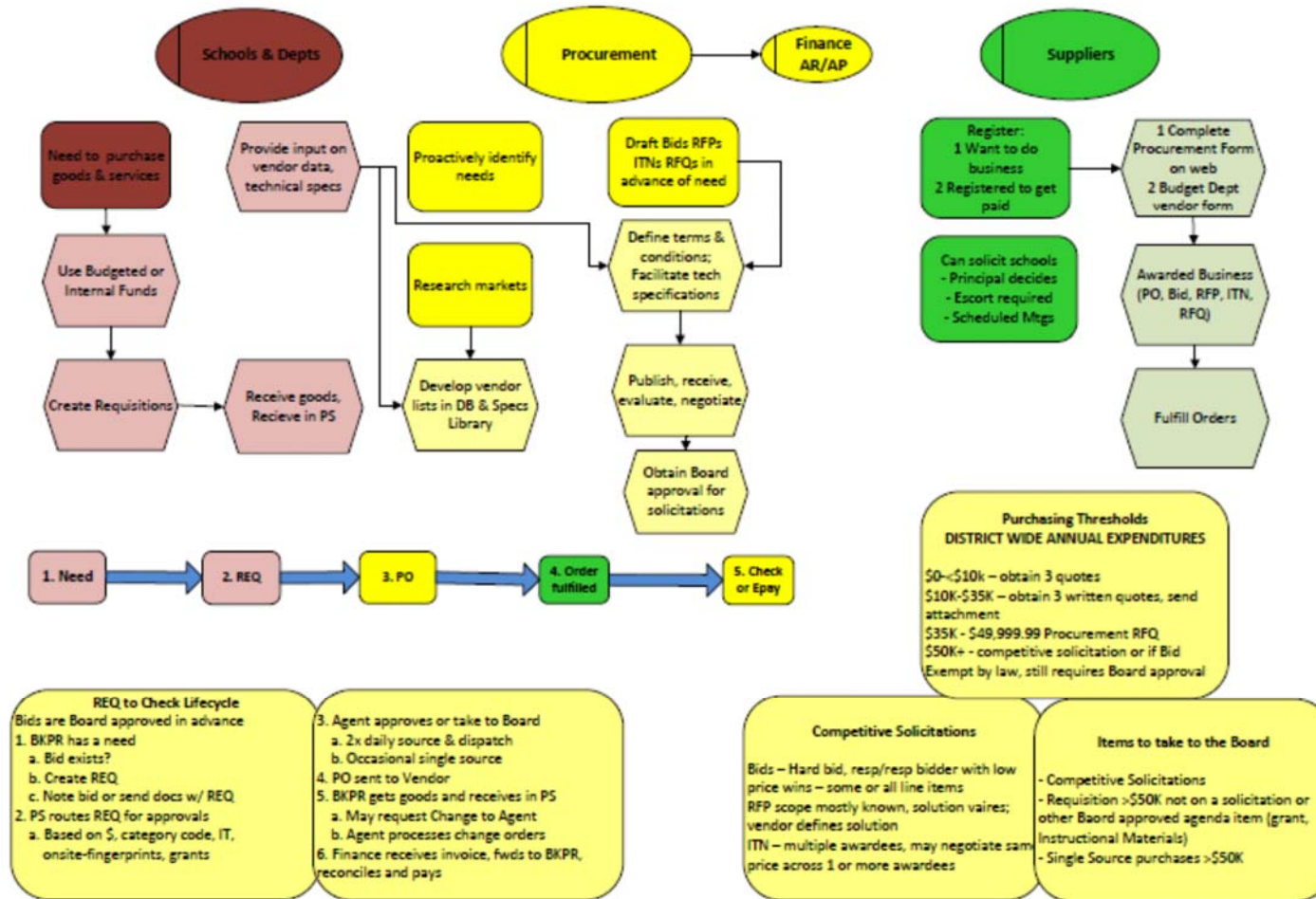**by Vendor and Dollar Amount**
July 1, 2017 - June 30, 2018

Supplier	Amount Purchase Orders	Product/Service/Projects
GULFPOINT CONST CO INC	$47,951,595	Construction Manager of Bonita Springs High School Awarded vendor on other contracts (e.g. roofing) IRMA repairs
UNITED DATA TECHNOLOGIES, INC.	$28,911,072	Computer products and services
US FOODSERVICE TAMPA	$24,514,417	Food products
FLA POWER & LIGHT CO	$17,698,000	Electric company
METLIFE	$14,074,783	Insurance
LEE COUNTY ELECTRIC COOP	$13,979,016	Electric company
MADDEN LAW FIRM, LLC	$10,975,497	Land purchase for Bonita Springs High School
FLA TRANSPORTATION SYS INC	$10,646,113	Buses - Bluebird
MATTHEWS BUS ALLIANCE, INC.	$10,409,984	Buses - Thomas
CDW GOVERNMENT INC	$9,474,947	Computer products and services
AETNA LIFE INSURANCE COMPANY	$9,345,822	Insurance
PORT CONSOLIDATED, INC.	$8,818,686	Fuel
SUN STATE INTERNATIONAL TRUCKS, LLC	$8,624,872	Buses - International
OAKES FARMS FOOD & DISTRIBUTION SERVICES	$6,645,828	Fresh fruits and vegetables, food products
COMMUNITY REHAB ASSOC	$6,474,533	Occupational /Physical/Speech Therapists
OAK/FLORIDA INC	$5,162,496	Architectural firm; on Continuing Contract and other bids
FRESHAIRE SOLUTIONS	$4,897,856	Indoor air quality repairs and services
FLA SCHOOL BOOK DEPOSITORY	$4,823,635	Instructional materials and books from one supplier
OFFICE OF THE SHERIFF	$4,640,966	Security
MANSFIELD OIL COMPANY OF GAINESVILLE	$4,483,214	Fuel

Source: LCSD Business Services, June 2018.

The Business Services Division provided a copy of a flow chart used for training new school and department staff on the procurement processes (**Exhibit 1-15**).

Exhibit 1-15
Solicitation Lifecycle

Source: LCSD Business Services, June 2018.

OBSERVATION

The Lee County School District has recognized the need to revise the process used for the procurement of Construction Manager at-Risk services, and has developed a process intended to mitigate cost overruns during the lifecycle of a project.

Recognizing that some of the delays and cost overruns experienced as part of the Bonita Springs High School construction project resulted from specific delays in the Construction Manager at Risk (CMaR) contracting process, the Operations Division in collaboration with the Business Service Division, developed a procurement process flow specific to CMaR procurements.

Exhibit 1-16 provides the process that is now in place and has been used for the most recent two major construction contracts. The major changes to the process flow, often referred to by staff as the Bonita Springs affect, are as follows:

- Environmental Permitting begins as soon as the need is identified;

- an initial not-to-exceed budget is estimated at the beginning of the cycle, and may be shared with the Board, but is not approved by the Board until more information is obtained through the competitive procurement process;

- design services are competitively bid, awarded and executed by the Procurement Department using the new construction services solicitation process.

- simultaneously, the CMaR solicitation is developed, competitively bid, and awarded and executed, but the Contract Funding amount approved by the Board is tentative and amended once additional steps in the process are accomplished;

- once the design specification are final, and the CMaR is on board, the design is aligned with the budget and the CMaR issues solicitations for subcontractors;

- LCSD staff work with the CMaR during the subcontractor solicitation process wo ensure that the best interests of the District are served in the process; and

- once all bids are finalized and awarded, a final not-to-exceed price is known, and an amendment to the contract is taken to the Board for final approval.

While cost overruns may still occur, moving the final approval of the project cost nearer to the time that construction actually begins, reduces the likelihood that materials and labor costs will rise substantially during the project life.

Exhibit 1-16
Construction Manager at Risk (CMaR) Delivery Method
for NEW SCHOOL CONSTRUCTION

Source: LCSD Operations Division, June 2018.

CHAPTER 2:
PROGRAM DESIGN AND STRUCTURE

2.0   PROGRAM DESIGN AND STRUCTURE

Chapter 2 presents findings related to program design and structure. As part of the audit, Evergreen examined the organization and management structure of the District as a whole and the component units within the organization that are now or will be responsible for the program areas identified in the Surtax Resolution. The examination included contracted and other external services that are now or will be used in the implementation of the projects outlined in the Resolution. In addition, Evergreen assessed the procurement and contracting function to determine its capacity for handling the volume and complexity of work anticipated in the Resolution.

The specific audit evaluation tasks performed are provided below.

1. *Reviewed program organizational structure to ensure the program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs.*

2. *Assessed the reasonableness of current program staffing levels given the nature of the services provided and program workload.*

Finding on program design and structure: In its audit, Evergreen found that the organization structure of the program areas under review, particularly in the areas of planning and facility-related construction management in the Lee County School District (LCSD), are clearly defined and have recently been reorganized to increase internal control, minimize overlapping functions, and ensure that positions are placed in an area where their expertise is most needed. While some of the organizational changes remained in progress at the time of this audit, the employees have already begun to transition into their new positions.   As part of the analysis, Evergreen identified additional opportunities for improvement.

CHAPTER HIGHLIGHTS

In all, Evergreen found that the Lee County School District's organizational structure is strong. Reorganizations, particularly in the areas of planning and facility-related construction management, are designed to move people into the departments or sections where their expertise is most valuable. With the decentralization of the planning functions, Evergreen believes that creating a Standing Committee on Internal Planning will help to ensure that all planning functions in the District are coordinated.

The District recognizes the expertise that can be economically contracted for rather than permanently employed by LCSD, such as architects and financial planners, but is also examining the benefits of employing individuals when the volume of work makes it cost effective to bring those services in-house. Contracts for such services were found to be in compliance with state

and local purchasing guidelines. For purposes of the projects envisioned in the Surtax Referendum, some additional staffing for project management will be needed.

Safety and Security is also under new management and that department is also in transition. Faced with a number of new state mandates, securing the appropriate staff and entering into new interlocal agreements for School Resource Officers is and must be a priority for the District.

Strategically, the District has centralized all procurement functions by bringing the previously independent construction-related purchasing function under the central purchasing umbrella, which improved internal control and efficiency.

This chapter contains the following five sections:

> 2.1   Districtwide Staffing and Organization
> 2.2   Technology Staffing and Organization
> 2.3   Facility Maintenance and Construction Staffing and Organization
> 2.4   Safety and Security Staffing and Organization
> 2.5   Finance, Purchasing, and Contract Management Staffing and Organization

2.1   *DISTRICTWIDE STAFFING AND ORGANIZATION*

The districtwide organizational chart for the program areas under review is shown in **Exhibit 2-1** for the 2017-18 school year. The district-level management structure appears reasonable. Reorganizations discussed in the remainder of this chapter are designed to improve effectiveness.

OBSERVATION

The School Board of Lee County and the Superintendent currently have a very positive relationship. Dr. Gregory Adkins has been Superintendent of the Lee County School District for three years and a District employee for about 30 years. Prior to his appointment, and for at least a decade, the relationship between the Board and previous superintendents was contentious. Under his leadership, the relationship between the Board and Superintendent has significantly improved. Communication has been described as exemplary by both Board members and the Leadership Team. In June 2018, the Board extended the Superintendent's contract for an additional three years.

According to the Superintendent, communication and team building are critical to the effectiveness of his office. He meets weekly with his direct reports and holds them accountable for the operations of their divisions/departments. All positions above director are required to develop goals annually upon which they are evaluated directly by the Superintendent.

Exhibit 2-1
Organizational Chart for the Program Areas Under Review in
the Lee County School District
2017-18 School Year

Public

School Board Attorney — **SCHOOL BOARD** — Board Advisory Committees

Staff Attorney — **SUPERINTENDENT**

Director Communications and Printing Services

Director Strategic Planning & Community Engagement

Executive Director Government & Community Relations (vacant)

Coordinator Resource Development

Chief Information Officer

Chief Operating Officer (vacant)

Chief Financial Officer

Director Intervention Services

Executive Director Operational Planning

Director Business Services

Director Application Services

Director Maintenance

Director Internal Audit

Executive Director Infrastructure Services

Director, Safety and Security

Director Food & Nutrition Services and District Warehouse Operations

Assistant Director Infrastructure Services

Director, Planning Growth and School Capacity*

Executive Director Financial Services

Director Student Assignment

Director Financial Accounting and Property Records

Assistant Directors Transportation (3)

Executive Director Transportation Services

Director Payroll

*being dissolved in 2018-19

Director Procurement Services

Source: Lee County School Superintendent's Office, June 2018.

According to the Board members who were interviewed, there are multiple avenues to meet and communicate with the Superintendent including, but not limited to:

- Board meetings (twice a month);
- briefings (twice a month);
- workshops; and
- individual weekly meetings.

While most school boards have the first three activities, individual meetings with each board member every week is somewhat unique to Dr. Adkins and his Board. These meetings allow for and promote a transparent relationship between the Superintendent and the Board.

OBSERVATION

Several modifications related to senior staff are anticipated in the coming year in the organizational chart shown above, including the following:

- The Chief Operating Officer will remain vacant for the near future with two Executive Directors of Operational Planning and an Executive Director of Transportation Planning assuming the roles assigned to the division.

- The Executive Director of Operational Planning (the former Executive Director of High Schools) will be responsible for safety and security and maintenance.

- The position of Director of Planning, Growth and School Capacity will not be filled, and the planning responsibilities will be disaggregated to Academics (for student enrollment) and to Budget (for short-range planning/staffing plan), while the responsibility of long-range planning will remain with Operational Planning.

- The position of the Executive Director and Community Relations (currently vacant) will also be combined with the position of Director of Strategic Planning and Community Engagement.

As can be seen, under this new structure, the planning function will be decentralized with operational planning, academics, budget and strategic planning all having responsibility for a portion of the planning functions. While the reasoning for the realignment is strong, coordination among these divisions and departments will be critical for success.

RECOMMENDATION

Recommendation 2-1:

Assign the Superintendent's Leadership Team or create a Standing Committee on Internal Planning to ensure that all planning functions in the District are coordinated.

OBSERVATION

Evergreen found that the staffing levels in LCSD overall were in an acceptable range, and found evidence that the District is attempting to control staffing growth, despite student enrollment growth and an increase in the total number of schools served. As shown in **Exhibit 2-2**, Evergreen examined the overall staffing of the District in comparison to its peers. As can be seen, LCSD has the second highest Total Student to Staff ratio among its peers, indicating that overall LCSD is serving more students with fewer staff than all but one of its peers.

Exhibit 2-2
Staffing Ratios for LCSD and Peers
FY 2017-18

District	Lee County School District	Brevard County Schools	Osceola School District	Pasco County School District	Polk County School District	Seminole County School District	Volusia County Schools
# of Students 2017−18	93,221	73,524	65,982	73,682	104,136	67,915	62,977
Administrative Staff							
Officials, Administrators and Managers	113	59	69	84	80	44	62
Consultants, Supervisors of Instruction	18	6	7	24	11	7	9
Principals	107	99	68	99	142	66	79
Assistant Principals	162	119	93	151	225	115	115
Community Education Coordinators	31	50	25	33		5	
Total Administrative Staff	431	333	262	391	458	237	265
Student to Administrative Staff Ratio	216	221	252	188	227	287	238
Instructional Staff							
Elementary Teachers (PK-6)	2,270	2,208	1,547	2,030	2,738	1,896	1,607
Secondary Teachers (7-12)	2,344	1,578	1,558	2,022	2,550	1,703	1,435
Exceptional Students Education Teachers	812	875	474	975	1,141	453	820
Other Teachers	126	53	151	88	417	214	140
Guidance Counselors	149	177	130	181	229	116	135
Social Workers	43	16	13	60	39	20	15
School Psychologists	27	35	36	46	45	36	24
Librarians/Audio-Visual Workers	16	83	48		83	7	67
Instructional	476	375	402	375	852	212	330
Total Instructional Staff	6,263	5,400	4,359	5,777	8,094	4,657	4,573
Student to Instructional Staff Ratio	14.9	13.6	15.1	12.8	12.9	14.6	13.8
Support Staff							
Non-Instructional	387	284	208	294	409	269	308
Paraprofessionals	1,289	817	899	964	1,578	628	660
Technicians	135	127	134	79	227	46	62
Clerical/Secretarial	665	603	560	719	700	401	605
Service Workers	1,142	1,088	1,193	2,283	2,372	922	826
Skilled Crafts Workers	107	135	63	48	194	158	150
Laborers, Unskilled	69	7	29	91	24		24
Total Support/Operational Staff	3,794	3,061	3,086	4,478	5,504	2,424	2,635
Student to Support Staff Ratio	24.6	24.0	21.4	16.5	18.9	28.0	23.9
Total Full-Time Staff	10,488	8,794	7,707	10,646	14,056	7,318	7,473
Total Student to Staff Ratio	8.9	8.4	8.6	6.9	7.4	9.3	8.4

Source: Enrollment, Florida Department of Education, June 2018; Staff in Florida's Public School, Florida Department of Education, June 2018.

LCSD has more Administrators than its peers, which is reflected in the lower Student to Administrative Staff Ratio. In terms of operational and support staff, which includes the program area under review, LCSD has the second highest student to staff ratio, second only to Seminole, indicating a higher degree of efficiency.

Evergreen also examined the total staffing growth in the District over the last three year, with tentatively budgeted positions for the 2018-19. As shown in **Exhibit 2-3**, while student enrollment over the period shown has grown by 3.3 percent, the District has managed to hold staffing increases to 2.7 percent overall.

Exhibit 2-3
LCSD Staffing Trends
2015-16 Actuals through 2108-19 Budgeted

Description	2015-16 Actual Positions	2016-17 Actual Positions	2017-18 Actual Positions	2018-19 Budgeted Positions	Change	% Change
ELECTED OFFICIAL						
Board Members	5.0	7.0	7.0	7.0	2.0	40.0%
TOTAL ELECTED OFFICIAL	**5.0**	**7.0**	**7.0**	**7.0**	**2.0**	**40.0%**
INSTRUCTIONAL						
School Counselor	137.3	138.9	146.4	141.4	4.1	3.0%
Occupational/Physical Therapist	7.0	7.0	13.0	13.0	6.0	85.7%
Media Specialist	23.3	19.3	14.5	14.0	-9.3	-39.9%
Nurse, RN	41.6	42.6	50.8	46.4	4.8	11.5%
Psychologist	32.0	33.0	31.0	31.0	-1.0	-3.1%
Social Worker/Visiting Teacher	41.0	45.5	53.8	50.4	9.4	22.9%
Career Specialist	4.0	5.0	5.0	6.0	2.0	50.0%
Primary Specialist	3.5	1.5	1.2	1.5	-2.0	-57.1%
Teacher	5459.3	5566.0	5779.9	5550.9	91.6	1.7%
TOTAL INSTRUCTIONAL	**5749.0**	**5858.8**	**6095.6**	**5854.5**	**105.6**	**1.8%**
ADMINISTRATIVE						
Assistant Director	10.0	9.0	15.0	13.0	3.0	30.0%
Assistant Principal	161.0	169.0	170.5	167.0	6.0	3.7%
Executive Officer	4.0	6.0	5.0	5.0	1.0	25.0%
Attorney	2.0	2.0	2.0	2.0	0.0	0.0%
Coordinator	41.0	34.0	46.0	49.0	8.0	19.5%
Director/Executive Director	38.0	38.0	42.0	43.0	5.0	13.2%
Superintendent of Schools	1.0	1.0	1.0	1.0	0.0	0.0%
Manager	3.0	3.0	3.0	3.0	0.0	0.0%
Principal	88.0	91.0	90.0	88.0	0.0	0.0%
Program Administrator	1.0	1.0	1.0	1.0	0.0	0.0%
TOTAL ADMINISTRATIVE	**349.0**	**354.0**	**375.5**	**372.0**	**23.0**	**6.6%**
SUPERVISORY/TECHNICAL/CONFIDENTIAL						
Accountant	15.0	15.0	15.0	15.0	0.0	0.0%
Accounting Clerk/Procurement Analyst	19.8	19.0	20.0	19.0	-0.8	-3.8%
Assistant Supervisor	19.0	19.0	19.0	19.0	0.0	0.0%
Auditor	3.0	3.0	3.0	3.0	0.0	0.0%
Agent/Analyst/Generalist	8.0	8.0	9.0	9.0	1.0	12.5%
Food Services Manager	85.0	85.0	88.0	84.0	-1.0	-1.2%
Clerk Typist	9.0	9.0	12.5	8.0	-1.0	-11.1%
Clerk Specialist	2.0	2.5	3.0	3.0	1.0	50.0%
Coordinator	9.0	9.0	7.0	7.0	-2.0	-22.2%

Exhibit 2-3 (Continued)
LCSD Staffing Trends
2015-16 Actuals through 2108-19 Budgeted

Description	2015-16 Actual Positions	2016-17 Actual Positions	2017-18 Actual Positions	2018-19 Budgeted Positions	Change	% Change
Architect/Planner	1.0	1.0	1.0	2.0	1.0	100.0%
Engineer	1.0	1.0	1.0	1.0	0.0	0.0%
Equipment Operator	3.0	3.0	3.0	3.0	0.0	0.0%
Supervisor/Foreman	22.0	22.0	22.0	21.0	-1.0	-4.5%
Manager	14.0	13.0	17.0	21.0	7.0	50.0%
Programmer/Network Admin	20.0	5.0	5.0	5.0	-15.0	-75.0%
Secretary-Confidential	132.0	131.5	135.0	132.0	0.0	0.0%
Supervisor	29.0	28.0	28.0	28.0	-1.0	-3.4%
Analyst/Database IS/ITS	17.0	22.0	23.0	23.0	6.0	35.3%
Manager, Application Systems	3.0	16.0	16.0	16.0	13.0	433.3%
Info/Data/Support Specialist	5.0	5.0	8.0	8.0	3.0	60.0%
Personnel/Payroll Specialist	26.0	27.0	27.0	27.0	1.0	3.8%
Specialist	9.0	10.0	18.5	20.0	11.0	122.2%
Specialist-Professional Staff	16.0	18.0	17.0	16.0	0.0	0.0%
Building Supervisor	86.0	85.0	86.0	86.0	0.0	0.0%
TOTAL SUPV/TECH/CONF	**553.8**	**557.0**	**584.0**	**576.0**	**22.3**	**4.0%**
SUPPORT						
Assistant Manager	35.0	41.0	53.0	53.0	18.0	51.4%
Bookkeeper	82.9	83.9	83.9	83.9	1.0	1.2%
School Bus Operator	774.3	769.3	769.3	762.3	-12.0	-1.5%
Clerk, Stockroom	4.0	4.0	4.0	4.0	0.0	0.0%
Inventory/Procurement Specialist	9.0	9.0	10.0	10.0	1.0	11.1%
Clerk	9.5	8.0	7.5	7.5	-2.0	-21.1%
Clerk Typist	120.2	126.3	128.3	112.4	-7.8	-6.5%
Alternate Duty	6.0	6.0	6.0	6.0	0.0	0.0%
Crafts or Trades Worker	60.0	60.0	61.0	60.0	0.0	0.0%
Custodian	456.8	460.6	460.5	465.9	9.1	2.0%
Food Service Worker	467.0	487.2	539.6	565.5	98.5	21.1%
Utility Worker	15.0	15.0	15.0	15.0	0.0	0.0%
Helping Teacher/Job Coach	343.3	319.2	288.4	352.1	8.8	2.6%
Intern	11.0	10.0	18.0	18.0	7.0	63.6%
Technical Application Control	1.0	1.0			-1.0	-100.0%
Mechanic	48.0	48.0	48.0	48.0	0.0	0.0%
Messenger/Courier	4.0	4.0	4.0	4.0	0.0	0.0%
Nurse, LPN	5.0	9.0	3.0	3.0	-2.0	-40.0%
Graphic Artist	1.0	1.0	1.0	1.0	0.0	0.0%
Head Custodian	82.0	82.0	82.0	84.0	2.0	2.4%
Secretary SPALC	83.5	85.5	85.5	85.5	2.0	2.4%
Security Specialist	113.5	123.1	134.3	131.3	17.8	15.7%
Education Paraprofessional	1031.4	1149.5	1283.4	1018.8	-12.6	-1.2%
Educ Paraprof, Bus Monitors	12.2	13.1	13.1	13.1	0.9	7.4%
Educ Paraprof, Transportation (ESE)	220.0	219.0	219.0	219.0	-1.0	-0.5%
Educ Paraprof, Food Service	20.9	20.9	24.1	40.3	19.4	93.0%
Info/Data/Support Specialist	117.7	121.0	121.3	122.3	4.6	3.9%
Social Worker/Paraprofessional	36.6	33.5	33.4	31.4	-5.2	-14.2%
Stock Control Specialist	12.0	12.0	12.0	12.0	0.0	0.0%

Exhibit 2-3 (Continued)
LCSD Staffing Trends
2015-16 Actuals through 2108-19 Budgeted

Description	2015-16 Actual Positions	2016-17 Actual Positions	2017-18 Actual Positions	2018-19 Budgeted Positions	Change	% Change
Parapro Headstart Instructor	20.0	20.0	19.0	19.0	-1.0	-5.0%
Specialist	83.5	85.5	85.5	85.5	2.0	2.4%
Dispatcher	12.0	12.0	12.0	12.0	0.0	0.0%
Printer	2.0	2.0	2.0	2.0	0.0	0.0%
Treasurer	1.0	1.0	1.0	1.0	0.0	0.0%
Finishing Procedure Operator	2.0	2.0	2.0	2.0	0.0	0.0%
Sites Worker	48.3	46.7	48.1	48.3	0.0	0.0%
Driver Trainer/Safety Coordinator	4.0	4.0	4.0	4.0	0.0	0.0%
ITV & Media Center Tech Specialist	1.0	1.0	1.0	1.0	0.0	0.0%
Technician	37.0	34.0	34.0	34.0	-3.0	-8.1%
Other Personnel Services	0.5	0.3	0.3	0.3	-0.3	-50.0%
Route Specialist	7.0	7.0	7.0	7.0	0.0	0.0%
TOTAL SUPPORT	**4,400.9**	**4,537.5**	**4,724.2**	**4,545.3**	**144.3**	**3.3%**
TOTAL PERSONNEL	**11,052.6**	**11,307.4**	**11,779.2**	**11,347.8**	**295.2**	**2.7%**
TOTAL STUDENT ENROLLMENT	**91,309**	**92,682**	**93,221**	**94,300**	**2,991.0**	**3.3%**

Source: LCSD Budget Books 2018-17 and 2018-19, Actual Enrollment from Florida Department of Education; projected enrollment LCSD, August 2018.

The greatest percentage increase is found among administrators, with a growth rate of 6.6 percent over the period shown. Numerically, the greatest increase in staffing is found in Food Service Workers. The largest percentage increase was 433.3 percent based on the addition of 13 Application System Managers in FY 2016-17. This increase, however, is offset in the same year by a reduction of 15 Programmer/Network Administrator positions during a restructuring discussed below.

2.2   *TECHNOLOGY STAFFING AND ORGANIZATION*

The LCSD Technology Department currently has three unique service areas that are led by the Chief Information Officer (CIO). The areas include Infrastructure Services, Application Services, and Innovative Services.

OBSERVATION

Evergreen found the organization structure in the Technology Division to be effective but was unable to provide a definitive opinion on the staffing levels at the central office level as key pieces of information were not available at the time of the audit.

According to District records, there are a total of 104 district-level technology positions, 77 of which are District employees with the remaining positions being in-sourced service positions. **Exhibit 2-4** shows the inventory of devices that the organization currently. While the in-sourced positions can vary, the device to total central staff ratio is approximately 1,125 to 1. A 2012-13

study conducted by School Dude found a ratio of 814:1 to be the norm, which would appear to indicate that LCSD is understaffed.

Exhibit 2-4
Inventory of LCSD Devices
Supported by the Technology Department

Description	Count
Computer - All in One	5,052
Computer - ChromeBook	76,795
Computer - Desktop	10,849
Computer - Laptop	24,197
Computer - Mac	69
Computer - Netbook	57
Computer - Other	1
Tablet - Surface	19
Grand Total	**117,039**

Source: Device Inventory provided by LCSD, June 2018.

The school industry is changing, however, as more schools are implementing one-to-one classroom computers where more school-based technology training and assistance is being used. As explained and recommended in **Chapter 1** of this report, the best way to determine if the district is understaffed is to review open help desk tickets through an aging report. Open items greater than 30 days that are specifically due to a lack of internal technology resources would indicate whether the department is truly understaffed. Without this aging information, Evergreen is relying on observation in stating that the staffing levels appear to be on the low end of reasonable, as no specific concerns or unmet needs were pointed out by user departments during the audit.

Regarding organizational structure, the Chief Information Officer came into the District two years ago, at which time he found the department to be divided into sections or silos, and the organization was not, in his opinion, well organized or defined. For six months he evaluated the operation and in February 2017, he announced a reorganization of the department.

During the reorganization process he engaged the team in the process to ensure that each employee had a good understanding of the entire portfolio management process. They now refer to the organization structure as a composite organization.

Interviews conducted with staff found that the LCSD technology staff have been instrumental in implementing a secure infrastructure that supports the many applications deployed while developing innovative add-on applications to increase efficiencies and effectiveness of the different departments.
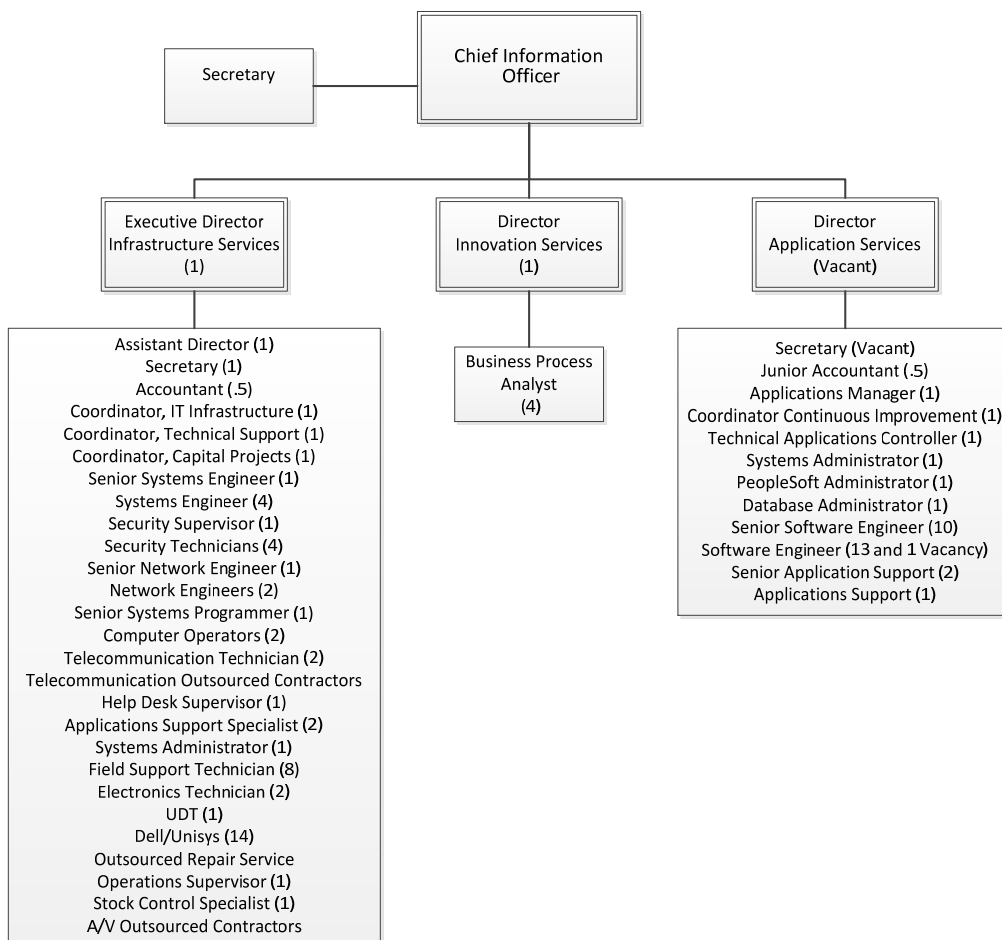
The District uses the Key Performance Indicators from the Council of Greater City Schools to monitor its efficiency. Some key areas from the most recent report for the 2015-16 school year lists the overall system downtime for the ERP systems and shows the District to be slightly above median as compared to districts of the approximate size across the country.

In addition to the District employees, the department is seeking opportunities for improving service and reducing the workload on current staff. As mentioned above, the CIO said that they use Dell Insourced Employees to manage all of the Chromebook and Dell products. They went through a process to determine the most effective and economic method for handling this service and determined that this contract was a better use of resources.

Exhibit 2-5 shows the organizational structure for LCSD under the direction of the CIO. For Infrastructure Services, staff include coordinators for IT infrastructure, technical support and capital projects.

Exhibit 2-5
Technology Division Organization Chart
Lee County School District

Source: *Created by Evergreen Solutions based upon charts provided by LCSD Technology Department, 2018.*

All three areas, along with safety and security, are listed with the number of positions for each title. Application Services include support for student applications, reporting to the Florida Department of Education, and Web and Human Resource applications. Additionally, this division supports the Controller's applications as well as the PeopleSoft software for the District.

The newest addition of Security Services for surveillance technicians and the IT systems that support LCSD security as of July 1, 2018 are included under the direction of the Infrastructure Services Executive Director.

Exhibit 2-6 shows the overall total of Instruction-Related Technology Appropriations of LCSD as compared to peers for the 2017-18 school year. As shown, LCSD has the second largest student enrollment yet has the third largest appropriation for technology.

Exhibit 2-7 shows the Administrative Technology Appropriations of LCSD as compared to peers for the 2017-18 school year. LCSD has the second highest student enrollment yet fourth largest appropriation.

Exhibit 2-6
Instruction-Related Technology Appropriations Peer Comparisons
2017-18 School Year

District	Total Instructional Technology Appropriations	Student Enrollment
Lee County School District	**$8,019,494.65**	**93,221**
Brevard Public Schools	$8,468,958.75	73,524
Osceola School District	$4,323,220.94	65,982
Pasco County School District	$6,897,254.00	73,682
Polk County School District	$12,126,950.88	104,136
Seminole County School District	$7,966,317.03	67,915
Volusia County Schools	$6,100,144.62	62,977

Source: School District Summary Budget, Florida Department of Education, June 2018.

Exhibit 2-7
Administrative Technology Appropriations Peer Comparisons
2017-18 School Year

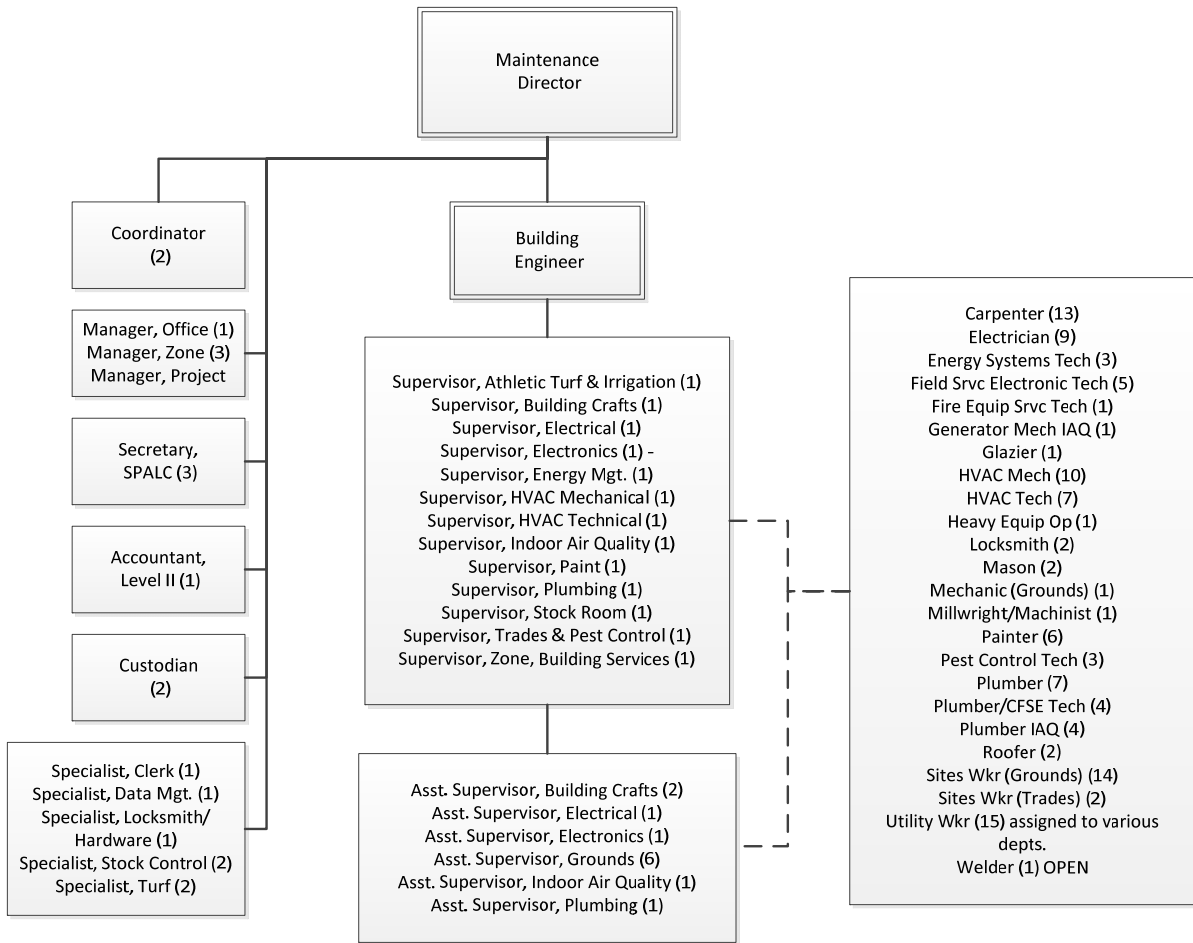| District	Administrative Technology Appropriations Total	Student Enrollment
Lee County School District	**$7,927,536.11**	**93,221**
Brevard Public Schools	$4,074,548.41	73,524
Osceola School District	$4,786,956.64	65,982
Pasco County School District	$9,878,804.00	73,682
Polk County School District	$7,079,856.26	104,136
Seminole County School District	$8,297,222.64	67,915
Volusia County Schools	$9,865,294.59	62,977

Source: School District Summary Budget, Florida Department of Education, June 2018.

2.3   FACILITY MAINTENANCE AND CONSTRUCTION STAFFING AND ORGANIZATION

The Maintenance Department, shown in **Exhibit 2-8**, is separated from the construction functions of the District, but is actively engaged in large projects, particularly in the event of emergencies, as was the case in the response, recovery and remediation to Hurricane Irma.

Exhibit 2-8
Maintenance Division Organization Chart
Lee County School District

Source: Lee County School District, June 2018.

OBSERVATION

Evergreen found that the Maintenance Department is reasonably organized and staffing levels are within an acceptable range, when considering the various contracted services that are used to supplement the Maintenance needs of the District. The Florida Department of Education published the following guidelines (**Exhibit 2-9**) for Maintenance staffing.

Exhibit 2-9
Florida Department of Education
Maintenance Staffing Guidelines

Maintenance Staffing Formula
Total facility square footage (as listed on FISH report)
Divided by
45,000 square feet
Equals
1 FTE building maintenance–related staff position
Plus
1 FTE support positions for each 6.8* building
maintenance–related staff positions
Equals
Total FTE for maintenance department.
(*based on sampling of school districts and community colleges)

Source: FLDOE, Florida Center for Community Design +Research, Chapter 6.0.

According to the most recent Florida Inventory of Schools report, Lee County School District has 13,050,784 net total square feet (NSF) of permanent facilities and another 132,912 NSF of relocatable space, for a total of 13,183,696 NSF. Based on the formula above, this equates to 293 Maintenance staff, plus 43 support staff. As shown in the Maintenance Organization Chart, the Maintenance Department has 163 positions, including the Director and grounds staff, which are considered by FLDOE in a separate formula.

Although the staffing levels appear low, the District provided copies of contracts for a variety of services such as emergency plumbing repairs, elevator repairs, glass material repair and replacement, painting services, gutter and facia soffit repair, tree trimming and removal services, refrigeration repair services, and air conditioner installation services. In each case, the District has found that contracting for some services, rather than employing individuals with the skills and capacity to handle the District's needs, is more economical and efficient.
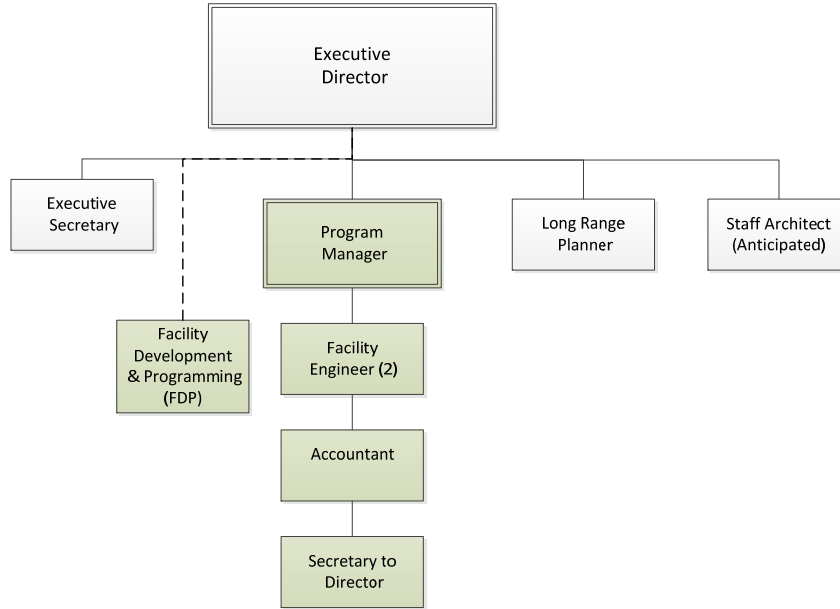
OBSERVATION

LCSD recognized the need for reorganization of the facilities development and planning functions and proactively addressed the need help ensure the organizational capacity for effective planning and management of capital projects, including those envisioned in the referendum.

Through its move toward improved professionalism and increased accountability and transparency, the Operations Division has begun implementation of a Division reorganization. **Exhibit 2-10** shows the current organizational structure of the Facilities Development and Planning (formerly called Construction Services) aspect of the Operations Division. The District recently reorganized the Operations Division as a component of its Best Practice and Process Improvements initiative, intended to improve the efficiency and effectiveness of program service delivery through meeting enhanced objectives.

Exhibit 2-10
Operations Division Organizational Chart
Lee County School District
July 2018

Source: Lee County School District Operations Division Staff, July 2018

Operations Division objectives include:

- criteria adequate staffing and leadership of Facilities Development and Program Services Department;

- clear articulation of expectations, levels of accountability, and goals for Department leadership; and

- research and implementation of best practices via consultation and peer-district visits.

Exhibit 2-11 lists the position title, department of the Operations Division, and the major responsibilities of the LCSD staff involved with the planning and management of LCSD construction projects. District staff project responsibilities are outlined below. As part of the reorganization of the Operations Division, the position of Staff Architect is noted below as proposed.   The Architect's position is proposed as a result of the elimination or reassignment of positions and as a resource to mitigate exposure in the District's capital program.

Exhibit 2-11
Operations Position Responsibilities
Lee County School District
July 2018

Position Title	Operations Division Department	Major Responsibility
Senior Program Administrator	Facility Development and Programming Department	Manages Facility Development and Programming Services teams to provide cost effective and timely delivery of quality capital projects consistent with the District's goals. Oversees all aspects of planning, coordination, and construction of new schools, campus redevelopment, comprehensive renovation projects, capital improvement projects, and portable classroom installations.
Facility Engineer	Facility Development and Programming Department	Coordinates construction projects, maintaining and reporting on project schedules and budget, and owner representation at all project meetings.
Accountant	Facility Development and Programming Department	Provides accounting services needed for efficient operation of the District through analysis and reporting of construction project financial data consistent with local, State, and Federal requirements and Generally Accepted Accounting Principles (GAAP).
Long-Range Planner	Planning, Growth, and School Capacity	Assists the Executive Director of Operations in planning, site selection for new schools and in the design and implementation of planning processes related to the future growth of the school district.
Executive Director, Operational Planning & Project Management	Operations Division	Directs operational planning, project management, and implementation support of key District Initiatives including major capital projects.
Architect (proposed)	Operations Division	Maintains architectural guidelines, criteria and standards in accordance with Board policies and procedures, and prepares reports such as the 5-year Plant Survey and the Florida Inventory of School Houses (FISH).

Source: Compiled by Evergreen from Lee County School District Operations Division staff and District Job Descriptions, July 2018.

OBSERVATION

Evergreen found that current staff levels for the management of large projects may require supplementation in order to address the envisioned Surtax-related projects.

Facility Engineers are the Project Managers for all large LCSD projects. As the chart in **Exhibit 2-10** shows, the District currently has two Facility Engineers. Depending on the timing of the projects outlined for implementation should the Surtax pass, additional project managers may be needed to assist in overseeing some projects, at least during peak construction periods.

Evergreen reviewed documentation showing that the Operations Division has commenced a Facilities Development and Programing staffing analysis to determine the appropriate levels necessary to adequately manage the projects outlined for implementation should the Surtax pass. Using comparative industry data, the administration has tentatively determined that the staffing level is not sufficient to handle an increased number of projects that could result from the Surtax.

Assuming passage, that District has set a target staffing goal and plans to conduct a cost-benefit analysis to determine if external resources (such as contract service employees or construction program management services) are a more a viable solution to short-term project needs rather than investing in additional internal staff. While there are still a number of variables to be considered, Evergreen found the process being used by the District to be logically sound.

The staffing analysis conducted by the District will help the organization anticipate the need and ensure that all projects are given appropriate oversight and management. The suggested cost-benefit analysis would also help determine if it would be more financially feasible to use external resources (such as contract service employees or construction program management services) rather than hiring additional staff.
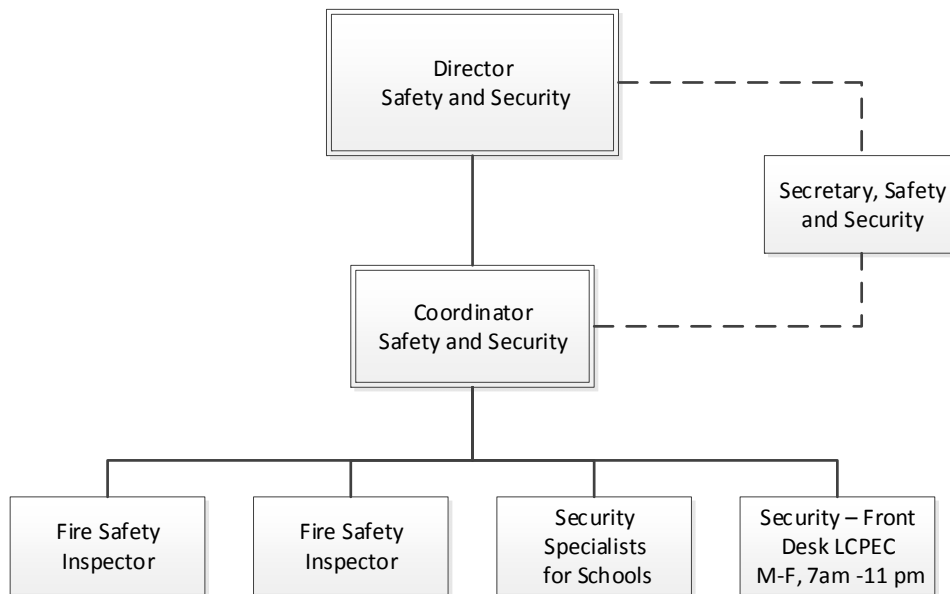
RECOMMENDATION

Recommendation 2-2:

Continue LCSD efforts to ensure adequate staffing to provide organizational capacity for the effective management of capital projects.

2.4   *SAFETY AND SECURITY STAFFING AND ORGANIZATION*

Exhibit 2-12 provides the current structure, and **Exhibit 2-13** shows the proposed structure for the coming year.
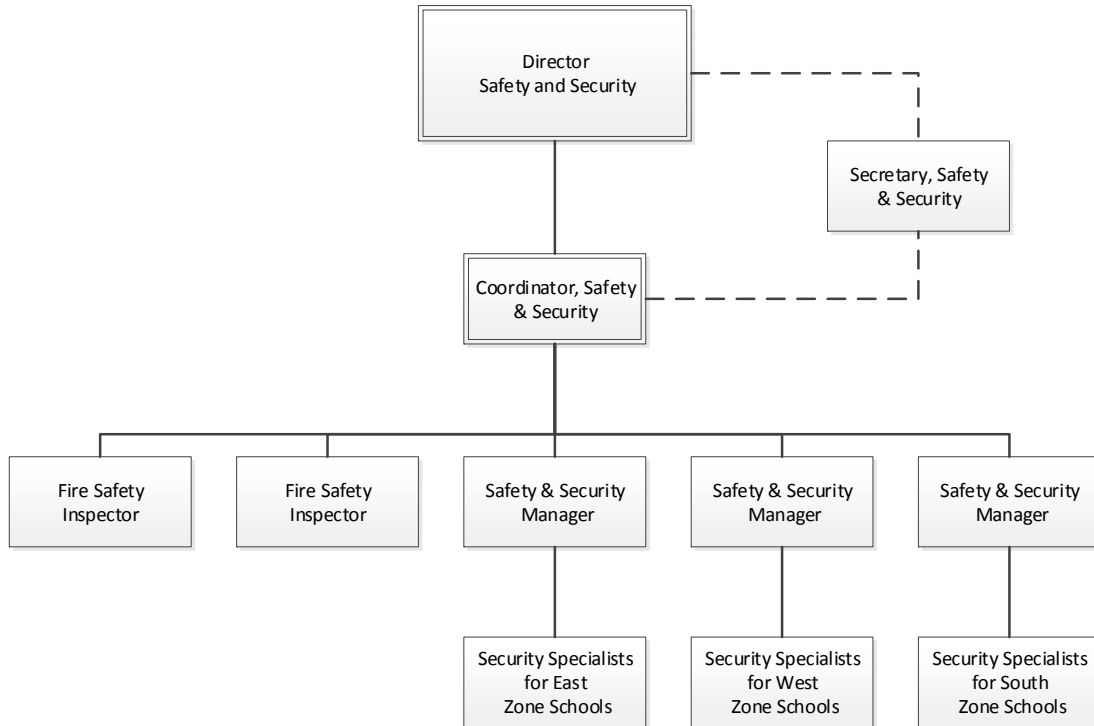
Exhibit 2-12
Safety and Security Department
Organizational Chart
2017-18 School Year

Source: Safety and Security Department, June 2018.

Exhibit 2-13
Safety and Security Department
Proposed Organizational Chart for
2018-19 School Year

```
                    ┌─────────────────────┐
                    │      Director       │ - - - - - - - ┐
                    │ Safety and Security │               │
                    └─────────────────────┘          ┌──────────────────┐
                              │                       │ Secretary, Safety │
                              │                       │    & Security     │
                              │                       └──────────────────┘
                    ┌─────────────────────┐               │
                    │ Coordinator, Safety │ - - - - - - - ┘
                    │     & Security      │
                    └─────────────────────┘
                              │
   ┌──────────┬───────────────┼───────────────┬──────────────┐
┌────────┐ ┌────────┐   ┌──────────┐    ┌──────────┐   ┌──────────┐
│  Fire  │ │  Fire  │   │ Safety & │    │ Safety & │   │ Safety & │
│ Safety │ │ Safety │   │ Security │    │ Security │   │ Security │
│Inspector││Inspector│   │ Manager  │    │ Manager  │   │ Manager  │
└────────┘ └────────┘   └──────────┘    └──────────┘   └──────────┘
                            │                │              │
                     ┌───────────┐    ┌───────────┐  ┌───────────┐
                     │ Security  │    │ Security  │  │ Security  │
                     │Specialists│    │Specialists│  │Specialists│
                     │ for East  │    │ for West  │  │ for South │
                     │Zone Schools│   │Zone Schools│  │Zone Schools│
                     └───────────┘    └───────────┘  └───────────┘
```

Source: Safety and Security Department, July 2018.

OBSERVATION

The Director of Safety and Security recognized that the current structure would not fully address the growing safey and surity needs of the District, nor would the structure allow for adequate training and monitoring as envisioned in the most recent legislative mandates. For 2018-19, the Safety and Security organization is being restructured with a zone approach that provides greater levels of supervision and monitoring. Evergreen found the new structure to be reasonable, and the increased supervision warranted, particularly in light of new legislation.

OBSERVATION

Four law enforcement agencies provide Security Resource Officers (SRO) to LCSD including the Lee County Sheriff's Department, Cape Coral Police Department, Fort Myers Police Department, and Sanibel Police Department. The District pays 50 percent of the SRO salaries and each respective law enforcement agencies pay the other 50 percent. Currently, the District has one signed inter-local agreement with Cape Coral Police Department. This agreement is administered by the School Board of Lee County. The remaining inter-local agreements are in draft form.

The inter-local agreements signed between the Board and the law enforcement agency detail the duties and responsibilities of the SROs and the Board, including materials and facilities that the Board will provide for the SRO. For the most part, the language is identical in each agreement with respect to duties, responsibilities, appointment, dismissal, etc. Each agreement designates the school each law enforcement entity will oversee.

Exhibit 2-14 shows the assignment of schools for all SROS and respective campuses.

In March 2018, the Florida Legislature and Governor enacted the Marjory Stoneman Douglas High School Public Safety Act (MSDHSPSA), Senate Bill 7026, Florida Statute Title XLVIII K-20 EDUCATION CODE, Chapter, 1006.12, mandating that all districts have SROs on each school campus and other requirements, such as threat assessment and active shooter training, and strengthened the role of the SROs.

According to the Safety and Security Department's internal procedures, the basic guidelines regarding the job descriptions of the SROs include:

- high visibility during parent drop off and pick up;

- high visibility during lunch time in and around cafeteria;

- work with school administration on upcoming lock down, hostage and active shooter drills;

- walk perimeter of campus during the day and identify any deficiencies in security;

- work with teachers to educate students on Gate Training;

- take calls for service and report all criminal activity;

- assist in Baker Act procedures and counseling of students when needed;

- place marked vehicles in a highly visible spot in front of the school;

- not to assign a placement location within the school (SRO needs to be mobile);

- not to partake in student discipline, unless crime has occurred or has taken place; and

- all felony crimes will be worked solely by the SROs.

One area where the inter-local agreement and internal procedures conflict is in the physical station of the SRO. Internal procedures say SROs "will not be assigned a placement location within the school" and that they need to be mobile. The inter-local agreement states that the Board should provide facilities necessary for them to perform their duties, specifically "a dedicated air conditioned and properly lighted private office for each Middle and High School SRO, a telephone which may be used for general business purposes, a desk, chair, and access to secretarial support."

Exhibit 2-14
LCSD Security Resource Officer
School Assignments

Schools in Unincorporated Lee County	Lee County Sheriff
Alva K-8	17500 Church Ave
Bayshore Elementary	17050 Williams Rd
Cypress Lake Middle	8901 Cypress Lake Dr
Cypress Lake High	6750 Panther Ln
East Lee High	715 Thomas Sherwin Ave S
G. Weaver Hipps Elementary	1200 Homestead Rd N
Gateway Elementary	13280 Griffin Dr
Hancock Creek Elementary	1601 Skyline Dr
Harns Marsh Elementary	1800 Unice Ave N
Harns Marsh Middle	1820 Unice Ave N
Heights Elementary	15200 Alexandria Ct
J. Colin English Elementary	120 Pine Island Rd
Lehigh Elementary	200 Schoolside Dr
Lehigh Acres Elementary	104 Arthur Ave
Lehigh Senior High	901 Gunnery Rd S
Lexington Middle	16351/355 Summerlin Rd
Littleton Elementary	700 Hutto Rd
Manatee Elementary	5301 Tice St
Oak Hammock Middle	5321 Tice St
Mirror Lakes Elementary	525 Charwood Ave S
N Ft Myers Academy Arts K-8	1856/58 Arts Way
N. Ft. Myers Academy	5000 Orange Grove Blvd
Orange River Elementary	4501 Underwood Dr
Pine Island Elementary	5360 Ridgewood Dr
Pinewoods Elm	11900 StoneyBrook Golf Dr
Rayma C. Page Elementary	17000 S. Tamiami Trl
Riverdale High	2600 Buckingham Rd
Riverhall Elementary	2800 Riverhall Pkwy
San Carlos Elementary	17282 Lee Rd
South Fort Myers High	14020 Plantation Rd
Sunshine Elementary	601 Sara Ave N
Three Oaks Elementary	19600 Cypress View Dr
Three Oaks Middle	18500 Three Oaks Pkwy

Exhibit 2-14 (Continued)
LCSD Security Resource Officer
School Assignments

Schools in Unincorporated Lee County	Lee County Sheriff
Tice Elementary	4524 Tice St
Tortuga Preserve Elementary	1711 Gunnery Rd N
Tropic Isles Elementary	5145 Orange Grove Blvd
Varsity Lakes Middle	901 Gunnery Rd N
Veterans Park K-8	49 Homestead Rd S
Villas Elementary	8385 Beacon Blvd
Schools in Town of Fort Myers Beach	**Lee County Sheriff**
Fort Myers Beach Elementary	2751 Oak St
Schools in the Village of Estero	**Lee County Sheriff**
Estero High	21900 River Ranch Rd
Pinewoods Elm	11900 StoneyBrook Golf Dr.
Schools in City of Bonita Springs	**Lee County Sheriff**
Bonita Elementary	10701 Dean St
Bonita Middle	10141 W Terry St
Bonita High	25592 Imperial Pkwy
Spring Creek Elementary	25571 Elementary Way
Schools in the City of Fort Myers	**Fort Myers Police**
Allen Park Elementary	3345 Canelo Dr
Colonial Elementary	3800 E Schoolhouse Rd
Dunbar High	3800/3713 Edison Ave/Canal St
Edgewood Elementary	3464 Edgewood Ave
Edison Park Elementary	2401 Euclid Ave
Fort Myers Middle	3050 Central Ave
Fort Myers High	2635 Cortez Blvd
Franklin Park Elementary	2323 Ford St
James Stephens Elementary	1333 Marsh Ave
Orangewood Elementary	4001 DeLeon St
Paul Lawrence Dunbar Middle	4750 Winkler Ave Ext
Ray Pottorf Elementary	4600 Challenger Blvd
Tanglewood Elementary	1620 Manchester Blvd
Treeline Elementary	10900 Treeline Ave

Source: Safety and Security Department Director, July 2018.

During site visits to Bonita Springs, Dunbar, and Fort Myers High Schools, Evergreen noted that SRO offices were placed, or in the process of being moved, to front office areas of the schools. It is not clear if Safety and Security Department procedures include a protocol for how much time a SRO should spend patrolling and monitoring each school campus. Senate Bill 7026 is not prescriptive in that regard. Refining agreements and procedures with its law enforcement partners to clarify the expectations regarding how much time SROs are visible and patrolling school campuses will help to ensure that all SROs are performing in the fully-engaged manner intended by the new legislation.

RECOMMENDATION

Recommendation 2-3:

Ensure that all inter-local agreements are refined to include agreement on the role and visibility of SROs, and are in place by the start of the school year.

OBSERVATION

Senate Bill 7026 requires the Florida Department of Education and each school district to provide additional safety measures, including:

- providing active shooter training to district staff;

- designating a school safety specialist for each district school;

- completing a security risk assessment for each school;

- establishing a threat assessment team with expertise in mental health counseling, academic instruction, law enforcement, and school administration;

- hiring security resource officer (SRO);

- training to identify signs of youth mental illness; and

- establishing school-based mental health care.

Senate Bill 7026 is driving quick implementation and training of new safety and security guidelines—such as active shooter training, threat assessment training, and mental illness screening. As mandated, the District has begun the Mental Health Awareness training process, with all training for teachers and staff continuing throughout the upcoming school year. The train-the-facilitator training for Threat Assessment Teams is scheduled for July 30-31, 2018. DOE has not been as prescriptive on this rollout but, according to the Safety and Security Director, the new legislation is modeled after the University of Virginia Model, authored by Dr. Dewey Cornell and Dr. Gene Deisinger, and the District's train-the-facilitator training is based on that model, but adapted to Florida.

In addition to the new training requirements, the District must conduct fire, lockdown for active shooter (during school lunch times), hurricane, tornado, and bomb threats. State law requires three drills per month per district.

To augment the need for more security coverage and implementation of best practices, training and coordination, the District is hiring three Security Zone Managers reporting to the Safety and Security Coordinator for 2018-19. To roll out the new legislative requirements, the Safety and Security Department plans to use tools, best practices, and templates, such as active shooter drills, changing up scenarios for evacuation plans, and building in contingencies to help them to train all district staff. In addition, parents will also need training on action and intervention.

Evergreen found that the mandates specified in the Marjory Stoneman Douglas High School Public Safety Act are being completed as mandated and those programs that require sustainability are being established. Additionally, the District has responded by establishing working groups with District departments, such as Psychological and Counseling Services and external groups such as the School Resource Officer Supervisor Advisory Committee, comprised of representatives from the four law enforcement agencies serving the District.

When considering the hardware and software upgrades envisioned in the Surtax referendum and the many facets of training included in the legislation, the District will need to prioritize what can and must be accomplished immediately, and what contingencies are available to full implementation over the coming months and years.

RECOMMENDATION

Recommendation 2-4:

Continue to prioritize the safety and security needs and legislative mandates, with a clear, realistic implementation strategy and contingencies that account for available funds, construction and installation time, as well as training and communication flows.

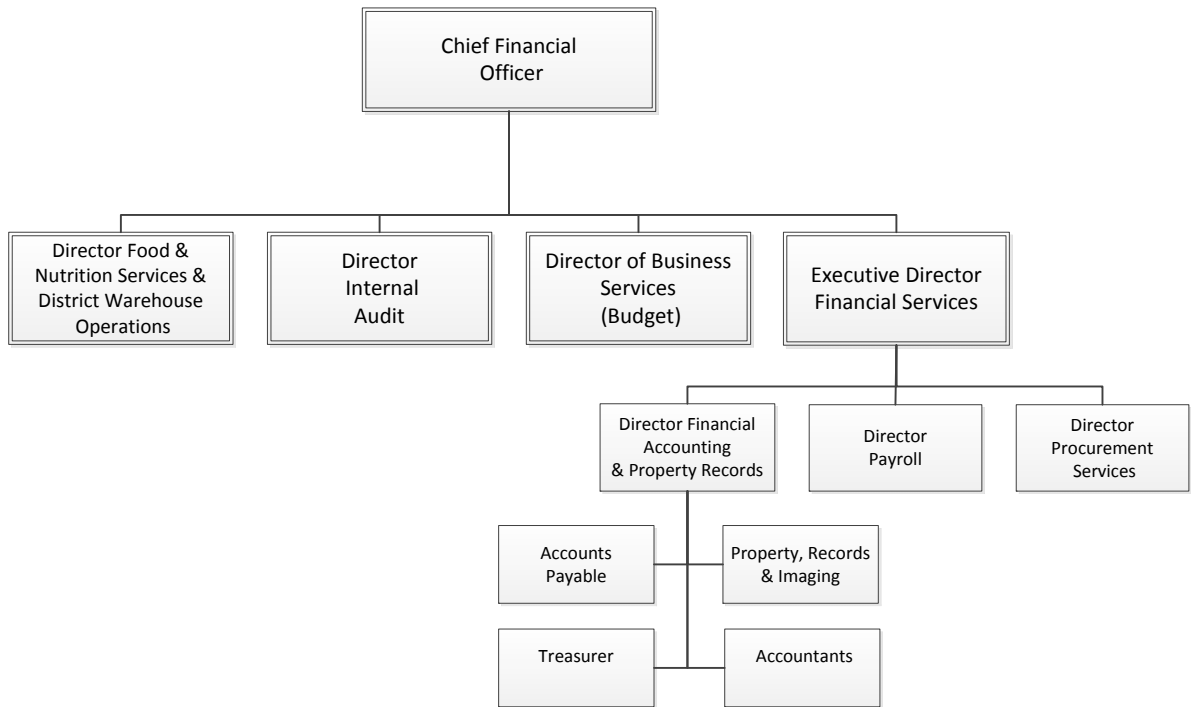## 2.5   *FINANCE, PURCHASING, AND CONTRACT MANAGEMENT STAFFING AND ORGANIZATION*

Overall, Evergreen found the Finance Organization to be functional, with each component unit having clear and distinct areas of responsibility. Although the Financial Organization is not one of the identified program areas under review by Evergreen, the organization will play a vital supporting role in handling the proceeds that could result if the Surtax referendum passes.

The Financial Organization of the District (**Exhibit 2-15**) is headed by the Chief Financial Officer, with the Directors and Executive Directors handling the budget, procurement, payroll, asset and risk management, and internal audit functions. In addition, the Chief Financial Officer oversees Food and Nutrition Services and the Warehouse Operations sections.

Evergreen gives no overall opinion on the staffing levels within each component unit within the Finance organization since a comprehensive examination of all financial transactions and processes within each component unit was not the focus of this audit. Rather, Evergreen focused on the adequacy of expertise within each of the financial functions and the District's capacity to support the program areas under review to meet current and future needs. Evergreen generally found that staff was competent and capable; in areas where additional external expertise is appropriate, the District has entered into contracts to obtain that expertise.

Exhibit 2-15
Financial Organization Chart
Lee County School District

```
                          ┌──────────────────┐
                          │ Chief Financial  │
                          │     Officer      │
                          └────────┬─────────┘
        ┌──────────────────┬───────┴────────┬──────────────────┐
┌───────────────┐ ┌───────────────┐ ┌───────────────┐ ┌───────────────┐
│ Director Food &│ │   Director    │ │Director of    │ │Executive      │
│Nutrition       │ │   Internal    │ │Business       │ │Director       │
│Services &      │ │    Audit      │ │Services       │ │Financial      │
│District        │ │               │ │(Budget)       │ │Services       │
│Warehouse       │ │               │ │               │ │               │
│Operations      │ │               │ │               │ │               │
└───────────────┘ └───────────────┘ └───────────────┘ └───────┬───────┘
                                   ┌──────────────────┬────────┴─────────┐
                          ┌───────────────┐ ┌───────────────┐ ┌───────────────┐
                          │Director        │ │   Director    │ │  Director     │
                          │Financial       │ │   Payroll     │ │ Procurement   │
                          │Accounting      │ │               │ │  Services     │
                          │& Property      │ │               │ │               │
                          │Records         │ │               │ │               │
                          └───────┬───────┘ └───────────────┘ └───────────────┘
                  ┌───────────────┴───────────────┐
          ┌───────────────┐               ┌───────────────┐
          │   Accounts     │               │Property,      │
          │   Payable      │               │Records &      │
          │               │               │Imaging        │
          └───────────────┘               └───────────────┘
          ┌───────────────┐               ┌───────────────┐
          │   Treasurer    │               │  Accountants  │
          └───────────────┘               └───────────────┘
```

Source: Lee County School District, June 2018.

OBSERVATION

The Director of Financial Accounting and Property Records is over the Treasurer, who handles the recording of incoming revenues, investment of funds and movement of funds to appropriate accounts when expenditures are made. Through interviews, Evergreen found the process to be efficient. In addition, the District contracts for the services of both an external Investment Advisor and a Financial Advisor to provide advice and guidance to the District on an ongoing basis.

Should the District determine that debt will be issued to ensure the timely completion of projects envisioned in the Surtax, Evergreen found LCSD's processes are well-documented and the external expertise is available to guide the debt issuance and repayment processes.

OBSERVATION

The Lee County School District recognized the need for a single, centralized procurement function and took action to ensure uniformity and fairness in all phases of the capital procurement processes.

Two years ago there was a separate purchasing function within the Facilities Development and Programming Department. The department followed the same state and local procurement rules and guidelines, but the processes were somewhat different from those used in the central procurement area. Management made the decision to move all purchasing activities, including those relating to construction into the central purchasing function. As a result, all competitive bidding and contracting functions are now overseen by one group.

As the procurement function transitioned into the Procurement Department, numerous vendor outreach initiatives were conducted to obtain input from the business community and in particular the construction vendors, in Lee County. The District engaged the Cape Coral Building Industry and the Lee County Building Industry Association to publish public meeting dates on their website, and communicate to vendors that the District was changing procurement processes for construction services and contractor input was desired. The District advertised in the local newspaper, on the District website, and contacted vendors in the District database to publicize the planned process change, and to invite contractor input. Draft process documents including a draft scoring rubric were posted, publicly vetted, and then feedback was obtained and incorporated in the new process. A second public meeting was similarly advertised and conducted, giving contractors a second public forum to provide input on the selection process for construction related services. The new process was vetted through the Construction Advisory Committee twice, and also presented publicly to the Board at a Board briefing. Many vendor suggestions were incorporated into the new process, and the changes were incorporated into the new contract templates used for engaging construction contractors.

During the research phase of the transition to a central purchasing function, data was gathered and processes reviewed from other school districts, colleges, counties and private entities. Best practices from those entities were used to contribute to the new process standards for evaluating and selecting construction services.

Within the last year, LCSD also entered into a retainer contract for legal services on capital projects. Initially, the attorney developed uniform language or templates for procurement and contracting documents based on best practices in the industry. In addition, the contract attorney is brought in during the negotiation phase for capital projects, and is there to address any alterations to the standard language. In this way, risk is mitigated, negotiations are conducted in the best interest of the District, contract terms are clear and measurable and the process is fair for both parties.

OBSERVATION

Procurement Services staffing levels need to be critically analyzed should the Surtax Referendum pass. As noted throughout this report, LCSD is a member of the Council of Greater City schools and the District regularly compares what they are doing against what the nation is doing. In the area of Cost per Purchase Order, the District ranks in the lower quartile meaning staffing levels are currently very lean. As a result, however, staff said that purchase requests are taking longer to complete and Procurement is attempting to alert the departments of its workload issues in advance of larger procurement requests, and are sending departments a list of the contracts that are up for renewal to avoid last minute requests. It will be critical for the District

to determine the appropriate balance between efficiency and effectiveness in light of the increased volume of requests that may result should the Surtax Referendum pass.

Additionally, under the new centralized purchasing structure, there are a limited number of staff with expertise in construction related procurement and contracting processes. Developing this expertise will require professional development for all staff assigned to this area.

RECOMMENDATION

Recommendation 2-5:

Critically assess Procurement Services staffing needs relating to Surtax projects, and immediately seek out professional development for staff assigned to construction-related procurement and contracting processes.

OBSERVATION

The Accounts Payable Office currently pays invoices weekly, which is time consuming for staff and inefficient. Under this arrangement, some vendors could be paid four or even five times per month if supplies and services are ongoing. However, in Facilities Development and Programming, Construction Managers must submit their requests for payment by the 25th of the month, and are paid once per month—meaning that a weekly payment schedule has no impact on these larger vendors.

Staff indicated that they knew that running Accounts Payable weekly was onerous, but the practice had been in place for many years as the Board and past leadership were concerned about the small vendors that needed more frequent payments for cash flow purposes. While creating an environment that is sensitive to the needs of small businesses, the payment terms from large and small vendors typically allow 20 to 30 days for payments to process.

The primary measures of efficiency and effectiveness in terms of Accounts Payable include:

- maximizing interest earned – paying the bills as near the due date as possible so the District's cash can earn the maximum amount of interest;

- minimizing penalties or interest on bills owed while maximizing any available prompt payment discounts by paying timely;

- maintaining a good credit rating by implementing processes that reduce the likelihood of late payments; and

- minimizing the amount of staff accounting and processing time and resources.

A less frequent payment schedule would allow the District to hold its money in the bank for additional days without impacting credit ratings, penalties or prompt payment discounts. A less

frequent payment schedule should also reduce the cumulative number of payments processed by reducing redundancies associated with weekly payment processing and accounting entries.

Currently, payroll is run bi-monthly on the 15th and last day of the month. When payroll and accounts payable runs occur on the same day or even a day apart, staff said that although different staff are assigned to each function, management and management systems are taxed. Implementing a bi-monthly Accounts Payable schedule on alternating weeks (i.e., 5th and 20th of the month) with Payroll would also serve to even out the work flow.

RECOMMENDATION

Recommendation 2-6:

Implement a bi-monthly Accounts Payable schedule similar to Payroll, but on alternating weeks.

CHAPTER 3:
ALTERNATIVE DELIVERY METHODS

3.0   ALTERNATIVE DELIVERY METHODS

Chapter 3 presents audit findings related to alternative delivery methods used in the program areas under review. As part of the field work, Evergreen examined the programs and services currently being provided through shared service or outsourced/contract arrangements and also assessed what, if any activities or services might be delivered in an alternative method. Further, Evergreen evaluated the manner in which the District assesses alternative delivery methods.

The specific audit evaluation tasks performed are provided below.

1. *Determined whether program administrators have formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization, and determine the reasonableness of their conclusions.*

2. *Determined whether program administrators have assessed any contracted and/or privatized services to verify effectiveness and cost savings achieved and determine the reasonableness of their conclusions.*

3. *Determined whether program administrators have made changes to service delivery methods when their evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services.*

4. *Identified possible opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services, based on a review of similar programs in peer entities (e.g., other counties, school districts, etc.).*

Finding on alternative delivery methods: In its evaluation, Evergreen found that the Lee County School District (LCSD) has taken advantage of a number of shared services, contracted services, and outsourced service arrangements. In reviewing the considerable research and documentation associated with a number of these initiatives, Evergreen found evidence that District leaders are using sound approaches for making initial decisions, are establishing measurable expectations for future evaluation and are then using those measures to evaluate whether the programs are achieving the desired results.   Formalizing this review and evaluation process could provide a more uniform approach for the District.

CHAPTER HIGHLIGHTS

Evergreen found that the Lee County School District has a number of shared services, contracted services, and outsourced service arrangements one of which won the Best Accounting/Finance Initiative award.

The identified shared or outsourced services are efficient, and the District monitors the contracts to ensure that the work is carried out in a quality manner. In some instances the District has found that bringing previously outsourced services in-house can also save money and improve service delivery. Examples of both are provided in this chapter.

Depending on the department or function, the processes used by the District to determine whether it is feasible to use an alternative delivery method are varied. Evergreen found the evaluation processes used sound logic, but recommends a more uniform process for both making the initial determination to use an alternative approach and for evaluating the effectiveness of the decision.

This chapter contains the following two sections:

> 3.1 Current Alternative Delivery Methods
> 3.2 Evaluation Processes

3.1 CURRENT ALTERNATIVE DELIVERY METHODS

3.1.1 Technology

The Technology Department outsources work to vendors where it financially makes sense. **Exhibit 3-1** shows the outsourcing summary for both the 2016-17 and 2017-18 school years. As shown, LCSD contracts with multiple vendors to handle work that is cheaper to outsource than to have staff certified in the specific areas and buy the products needed. Other areas include 3D printers and Makerspace environments in classrooms.

Exhibit 3-1
Technology Outsourcing Summary
2016-17 and 2017-18

Service	Provider	FY17 Expenses	FY18 Expenses
Telecommunications installation and repair services	Multiple	$791,479 Note: Includes Materials	$484,783
Computer hardware repair	UDT	Included in hardware purchase. UDT/Dell provide the onsite warranty and out of warranty repair labor.	Included in hardware purchase. UDT/Dell provide the onsite warranty and out of warranty repair labor.
Computer and A/V Installation Services	CDW-G	$93,638	$71,589

Source: LCSD Department of Technology, June 2018.

OBSERVATION

Technology staff implemented Laserfiche software to improve efficiencies across the District that resulted in being selected as a Best Accounting/Finance Initiative and have been implementing equally impressive types of initiatives.

LCSD recently implemented a robust Laserfiche enterprise management system to improve productivity, processes, and overall results. Staff provided extensive workflow analyses to the Evergreen Team, which shows the way in which they are saving paper to print and store by using electronic means. The imaging process saves time for bookkeeping staff especially when invoices come in to the District. They are routed electronically to ensure proper authorizations prior to payment.

More implementations have been started to reduce paper (e.g., Human Resources Department). Staff can go online and change addresses without submitting paperwork. They have also recently created and implemented an online system to initiate supplemental salary adjustments; and the employee can see the information as it is approved and automatically sent to Payroll staff.

OBSERVATION

By using college students to scrub and rebuild computers, LCSD is both disposing of outdated computers and generating revenues for the General Fund.

According to interviews, for over eight years the District has hired local college students to scrub the memory and rebuild outdated computers. Many organizations pay a service to scrub old computers before disposal. Services will also dispose of computers and pay the organization some amount for recyclable or useable components.

By rebuilding the computers, LCSD is able to sell the computers on GovDeals.com. LCSD has received over $500,000 from the sale of the computers, which is then placed in the General Fund.

OBSERVATION

LCSD has identified an alternative method for processing invoices that has the potential to streamline processing and save time and resources.

At this time, LCSD has entered into an agreement with Edict Systems, Inc. for the purchase of the EDI service. The Electronic Data Interchange (EDI) project is an endeavor to streamline the ordering and invoicing processes with larger volume suppliers.

Currently, the District mails a copy of a Purchase Order to suppliers and places orders for goods or services needed. The Supplier will then process orders via the Purchase Order, deliver said goods/services, and send the District an invoice. This invoice is received by the District (typically via e-mail) and is processed by one of eight accounting clerks. This processing involves manually keying data from each invoice—such as the invoice number, invoice date,

amount etc., into the ERP system (PeopleSoft). Once the information is entered into Peoplesoft, the invoice information goes into an electronic repository (Laserfiche), where the requester of the purchase order items can view the invoice, validate that all ordered items arrived, and then enter an electronic authorization into PeopleSoft to approve payment.

The EDI system will leverage the power of the PeopleSoft ERP system of these larger volume suppliers and allow for Purchase Orders to be sent out electronically to these suppliers and transmit them directly into their ERP system to be processed. It will also to allow for the invoices to be received directly into the ERP system (PeopleSoft) from suppliers. The ERP system will take the information from the invoices and create the required "voucher" in PeopleSoft—alleviating the manual intervention of the accounting clerk to input the data into the "voucher" in PeopleSoft.   The created voucher will then workflow into an electronic repository folder of the requester and allow them to enter the necessary authorization to approve the payment.

The anticipated gain is:

- quicker processing of purchase orders by suppliers;

- faster turnaround time in both approval and payment of invoices;

- more accurate input of data into PeopleSoft from invoices received;

- more accurate invoicing as items with errors or missing PO's will be rejected by the system; and

- increased employee time to work on exceptions or incorrect invoices as opposed to manual input of all invoices.

LCSD currently processes approximately 80,000 to 85,000 invoices per year. The EDI project will target suppliers that are generating approximately 20,000-25,000 (25%) of those annual invoices. This could have tremendous cost savings in the possible reduction of staff needed to perform the processing of invoices as well as the faster turnaround times in payments anticipated by this project. LCSD has negotiated a 1 cent per kilo character price—which they estimate will result in a cost of $3,500 annually as compared to the current cost of storing and retrieving paper documents and the associated staff productivity losses associated with manual entry. Full implementation is pending at the time of this publication.

3.1.2   Facility Construction and Maintenance

The Maintenance Services Department reorganized its resources saving the need and cost for contractual services; streamlined operations, and transitioned many services in house. In addition to splitting its operations from the Facilities Development and Program Services Department (now known as Facility Development and Programming Department), they identified three critical areas to reduce operational costs, prolong equipment life, and do more in house, including:

- Heating, Ventilation and Air Conditioning (HVAC)
- Indoor Air Quality (IAQ)
- Energy Management

OBSERVATION

The Maintenance Department has realized savings in energy, staffing, and contract costs by employing alternative methods for delivering its services.

In 2017-18, Maintenance achieved efficiency savings of $750,000 through restructuring the department and bringing in house all HVAC preventative maintenance, tree trimming, and landscape mulching. In these targeted areas, resources were reallocated, designated preventive maintenance teams were formed, and the HVAC Department was split into two areas: chilled water and DX (direct expansion) systems.

Over an eight-year period, the Energy Management Coordinator implemented an energy conservation system saving more than $38 million in electricity cost. E-conservation is a goal in its Vision 2020 Energy Goal. They achieve savings through preventative maintenance, behavioral modification, and equipment upgrades. The Coordinator created visual tools to remind school staff to save energy. These are done through communications, observations, and training. In 2016-17, energy costs dropped to $1.13 per square foot—down from $1.16 per square foot in the prior year. By 2019-20, LCSD hopes to reduce energy costs per square foot to $1.06.

The Maintenance Department realized further savings of $706,641 through its energy management program which included: retrofitting; backflow testing; consolidating multi-chiller projects; gym lighting; electronic system upgrades; clocks and intercom systems; lock replacement for ADA compliance; and competitively bidding painting services.

One innovative approach the Maintenance Department employed was the use of magnetic bearing chillers in facilities. Magnetic bearing chillers are equipped with variable-speed drives that operate at high efficiency, allow compressors to operate without the use of oil for lubrication, reduce energy losses due to friction, and increase the heat transfer efficiency of the chiller. This system eliminates the need for oil maintenance—resulting in operations and maintenance savings.

OBSERVATION

Through its facilities rental and cell tower lease programs, LCSD has generated significant income improving efficiency, decreasing staff workload, increasing marketability, and improving customer service for its rental programs through the use of Facilitron.

The Operations Division is responsible for the District's facility and property rental programs. The District is piloting a web-based facilities rental program developed by Facilitron with 10 facilities while all others follow the existing paper-based system. The web-based program aims

to increase efficiency, decrease staff workload, increase marketability, and improve customer service. From July 1, 2017 through June 30, 2018, the District received $533,559 in facility rental income.

The District rents out its facilities to the following organizations:

- Parent Teacher Organizations
- Boy and Girl Scouts of America
- Private dance companies and academies
- Knights of Columbus
- Home Owner Associations
- Police Departments
- County Parks and Recreation
- Sport camps, academies, and leagues
- Community groups and associations
- Churches
- Charter Schools

LCSD also leases out eight school properties to companies for cell towers. In 2017-18, the District received $211,107 in revenue—a 9 percent increase over 2016-17. Two more schools are in line for future rentals.

OBSERVATION

Through the launching and expansion of its naming rights program, LCSD and its schools are generating revenue while connecting the community and business to its schools.

This is a fairly new concept to Florida schools with the Orange County School District being the benchmark. LCSD created a naming policy and its Communication Director manages the program. A price is established for a gym, courtyard, stadium, corridor, etc. Two major agreements have been reached to date: Dunbar High School and Bonita Springs High School.

LCSD sold a five-year naming rights to Bonita Springs High School's Athletic Complex to the Bonita Bay Group. In 2016-17, $80,654 was received; in 2017-18, $59,700 was received. The naming rights to Dunbar High School's stadium was sold to the Joe North Law Firm for $114,480; in 2017-18, LCSD received $11,448. In the next four years the District will receive $22,896 per year.

Both Bonita Bay Group and Joe North Law may hold onto their naming rights for a five-year period. Once the five-year period is over, they have first right of refusal to purchase the name again. According to the Director of Communications, Public Relations, and Marketing, LCSD is in the process of negotiating two new agreements and there is interest in a third venue. For schools that are new with little to no alumni, it is advantageous way to connect the District to the community. The split of the revenue generated from a naming rights agreement is negotiable

with the buyer, but a 50/50 split is encouraged between the school and the General Fund. In the case of Bonita Springs High School, all the money went to the high school.

3.2   *EVALUATION PROCESSES*

As shown by the list of innovative improvement initiatives being undertaken by the District, efforts are being made to identify areas that can benefit from alternative delivery methods. In reviewing the considerable research and documentation associated with a number of these initiatives, Evergreen found evidence that District leaders are using sound approaches for making initial decisions, are establishing measurable expectations for future evaluation, and are then using those measures to evaluate whether the programs are achieving the desired results.

OBSERVATION

When determining whether to outsource certain tasks, the criteria or rationale Evergreen heard from administrators was generally based on a need to get the job done in a timely manner. In the Maintenance Department, for example, LCSD provided an extensive list of contract services—some of which are related to the District's inability to hire fully certified people for key positions.

When the need is for highly technical services or the need is intermittent and would not occupy the time of a full-time employee, it may be more cost effective to contract for the service. Or, if the demand is ongoing with peaks that would demand an excessively large staff, a contract service that can guarantee coverage during peak periods may be more cost effective.   However, the recent proposal to bring the routine portion of the architectural services in-house by hiring a staff architect is an example of how bringing an outsourced service back in-house can potentially save money and improve efficiency.

While holding the line on the creation of new positions is desirable, growth in the number of students and the number of schools drives the need for new positions and/or new contracts for services to meet the growing needs. Creating a uniform process for justifying the use of contract services—that includes a cost benefit analysis of both hiring in-house staff and the contract option, and the associated indirect costs—can provide a more studied approach for such decisions.

RECOMMENDATION

Recommendation 3-1:

Create a uniform process for justifying both contract services and the creation of new positions which examines the full cost and benefits for both options.

OBSERVATION

In its draft report, the Auditor General included a finding related to aspects of LCSD's contract for indoor air quality services. When finalized, the Auditor General's report, including the school district's response, will be available at *www.flauditor.gov/pages/Reports.aspx.*

CHAPTER 4:
GOALS, OBJECTIVES, AND
PERFORMANCE MEASURES

4.0 GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Chapter 4 presents Evergreen's findings related to goals, objectives, and performance measures. As part of the field work, Evergreen examined major districtwide planning efforts and the manner in which management measures day-to-day performance and budgets, and the system of internal controls that is used to ensure that the program areas under review are meeting their goals and objectives.

The specific audit evaluation tasks are provided below.

1. *Reviewed program goals and objectives to determine whether they are clearly stated, measurable, can be achieved within budget, and are consistent with the county's or school district's strategic plan.*

2. *Assessed the measures, if any, the county or school district uses to evaluate program performance and determine if they are sufficient to assess program progress toward meeting its stated goals and objectives.*

3. *Evaluated internal controls, including policies and procedures, to determine whether they provide reasonable assurance that program goals and objectives will be met.*

Finding on goals, objectives, and performance measures: In its evaluation, Evergreen found that the Lee County School District (LCSD) strategic plan called Vision 2020 has clear, measurable goals and objectives both at the district level as well as the program and department level. Leadership regularly monitors Vision 2020 progress and department heads are held accountable for goal achievement, however the plan contains no direct linkages to the budget. At the department level, Evergreen found planning to be more fragmented. The District complies with state-mandated reporting requirements, but lacks a comprehensive long-range facility master plan that ties together the various planning documents and provides clear direction for the future. Evergreen also found that Technology and Safety and Security have multiple plans and reporting measures, some of which are currently being updated or are in need of updating. Evergreen identified a need for a centralized source for administrative procedures.

CHAPTER HIGHLIGHTS

Evergreen found that the District's Vision 2020 Strategic Plan includes detailed and specific annual targets for improvement and the results are monitored and reported on an ongoing basis; work has recently begun on Envision 2030—the future long-range strategic planning effort. While the laser focus of Vision 2020 is on student improvement and becoming a world class

school district, the areas under review have clear and measurable goals and objectives, and management is held accountable for results.

At the department level, planning is somewhat more fragmented. Facility and Technology-related planning both have multiple components, including State mandated information gathering and reports, growth planning, and project planning. The District, however, lacks a comprehensive long-range facility or technology master plan that comprehensively draws from these components and provides direction for the future.

LCSD has a strong internal control structure, but unlike many other school districts which use an online Board Policy Service to develop and revise policies, the Lee County School District creates and updates its own Board policies. Contracting for a policy service and linking policies to administrative procedures would further enhance the internal control structure.

This chapter contains the following three sections:

      4.1   Districtwide Program Goals and Objectives
      4.2   Department/ Program Level Planning, Performance Measurement, and Monitoring
      4.3   Internal and Budgetary Controls

4.1   *DISTRICTWIDE PROGRAM GOALS AND OBJECTIVES*

The District's Strategic Plan "Vision 2020" was updated and approved by the Board on September 19, 2017.   The original plan was created in 2014—one year prior to when the current Superintendent was appointed by the Board.

OBSERVATION

Unlike several school districts which have a district-wide strategic plan with no division/ department components, in the Lee County School District each cost center unit is required to provide annual progress towards meeting its individual goals and targets related to the District's overall Strategic Plan. As stated in the Plan:

> *Vision 2020 is the School District of Lee County's updated Strategic Plan for fulfilling our vision To Be a World-Class School System. Building on the recommendations of Education Revolution: A Theory for Action, Vision 2020 defines a specific course of action to implement key, research-based recommendations and strategies designed to achieve four overarching District Goals:*
>
> - *Increase Student Achievement*
> - *Increase Family and Community Engagement*
> - *Increase Retention of Effective and Highly Effective Employees*
> - *Become a Model Continuous Improvement Organization.*
>
> *This document details the rationale and targets for each goal, driving the work of schools and departments throughout the District. The work is carried out through department and*

*school improvement plans, as well as through Cabinet-sponsored, cross-departmental projects. School and department personnel develop aligned goals, select key measures to monitor progress, and carry out detailed action plans in order to meet their goals. **Progress is monitored through the CASTLE Project Tracker and school and department dashboards.***

Goal 4, **Become a Model Continuous Improvement Organization**, most closely relates to the program areas under review in this performance audit. Specifically, **Targets 6, 7, and 8** of **Goal 4** state:

- **Target 6:** The percentage of users who agree or strongly agree that they have the data systems and supports to allow them to use data effectively to inform their work will increase a minimum of 5 percentage points annually, or will maintain at or above 95%, as measured by the District Data Survey.

- **Target 7:** By 2020, the rate of State Requirements for Educational Facilities (SREF) deficiencies will be reduced by 74 percent from an average of 30.4 per site to 8 per site, as measured by the Annual Comprehensive Fire Safety, Casualty Safety, and Sanitation Report.

- **Target 8:** The School District of Lee County will provide enough student seats to meet growth, enhance safety, and prevent overcrowding, by ensuring that the average utilization rate in each level and assignment zone is no more than 95 percent of capacity by 2020, as measured by District Enrollment and FISH Facility Inventory reports.

The Vision 2020 Strategic Plan includes annual targets for improvement and the results of the first year's effort for **Targets 6, 7, and 8** are shown in **Exhibit 4-1**.   Each department and division is required to complete a District Improvement Plan which clearly links to Vision 2020. **Exhibit 4-2** shows an example of this linkage for the Planning Department. As can be seen in the updated Strategic Plan, the District is doing a commendable job of monitoring progress of its Strategic Plan.

OBSERVATION

While the creation of Vision 2020 as well as divisions/departments linkage to the Strategic Plan are commendable, Vision 2020 lacks a direct linkage to the District's budget. A review of the budget document found that, while there are elements of the goals and targets throughout the budget, a clear linkage is not provided nor shown in the Strategic Plan.

RECOMMENDATION

Recommendation 4-1:

Ensure that each Strategic Plan goal and target contains clear linkage to the District's annual budget.

Exhibit 4-1
Vision 2020 Strategic Plan
Goal 4: Targets 6, 7, and 8
Targets and Actual Accomplishments

TARGET 6 DATA SYSTEMS AND SUPPORT

Annual Targets	FY16 (Baseline)	FY17	FY18	FY19	FY20
Target	Baseline	93.5%	≥95%	≥95%	≥95%
Actual	88.5%	88.9%	*		

TARGET 7 SREF DEFICIENCIES

Annual Targets	FY16 (Baseline)	FY17	FY18	FY19	FY20
Target	Baseline	28	18	13	8
Actual	30.4	23.4	*		

TARGET 8 SCHOOL UTILIZATION RATES

Level	Zone	FY17	FY18*	FY19	FY20
Elem.	**East Target**	**96%**	**≤100%**	**≤98%**	**≤95%**
	Actual	**95%**			
Elem.	**South Target**	**94%**	**≤95%**	**≤95%**	**≤95%**
	Actual	**93%**			
Elem.	**West Target**	**76%**	**≤95%**	**≤95%**	**≤95%**
	Actual	**74%**			
Middle	**East Target**	**98%**	**≤98%**	**≤97%**	**≤95%**
	Actual	**95%**			
Middle	**South Target**	**94%**	**≤95%**	**≤95%**	**≤95%**
	Actual	**90%**			
Middle	**West Target**	**85%**	**≤95%**	**≤95%**	**≤95%**
	Actual	**90%**			
High	**East Target**	**108%**	**<107%**	**≤105%**	**≤95%**
	Actual	**97%**			
High	**South Target**	**108%**	**<105%**	**≤100%**	**≤95%**
	Actual	**107%**			
High	**West Target**	**96%**	**<95%**	**≤95%**	**≤95%**
	Actual	**94%**			
K-8	**East Target**	**84%**	**≤95%**	**≤95%**	**≤95%**
	Actual	**84%**			
K-8	**South Target**	**88%**	**≤95%**	**≤95%**	**≤95%**
	Actual	**88%**			
Total	**Total Target**	**93%**	**≤98%**	**≤97%**	**≤95%**
	Actual	**92%**			

Source: Vision 2020, Strategic Plan, 2018.

*Note: FY18 actual results will not be available until August 29, 2018.

Exhibit 4-2
Example Linkage to Strategic Plan
Developed by Planning Department

#	GOAL (SMART Goal Format)	Vision 2020 Priority Alignment				DATA			
		1	2	3	4	FY 15	FY 16	FY 17	FY 18 Target
1	By the end of FY20, the average utilization rate throughout the SDLC will be no more than 95%, as measured by District Enrollment and FISH reports.				X			92%	≤98%
2	By the end of FY20, the percentage of students assigned to their first choice school during the open enrollment lottery will be 85%*.		X		X	76%	78%	83%
3	By the end of FY20, the District-wide average number of elementary school choices available to students will be six (6).				X	12	12	12	12

Goal 1: *By FY20, the average District-wide utilization rate will be no more than 95%.*

Baseline	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Target
Available 9/7/17										≤98%

Goal 2: *By FY20, the percentage of students receiving their first choice school during open enrollment will be 85%*.*

Baseline	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Target
81%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	83%	83%	83%

Goal 3: *By FY20, the District-wide average number of elementary school choices available to students will be six (6).*

Baseline	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Target
12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**This is a shared goal with the Student Assignment Department*

Source: Executive Director of Operational Planning, 2018.

OBSERVATION

The Lee County School District recognizes the need for extensive longitudinal planning in moving forth with Envision 2030—at least 18 months prior the end of Vision 2020.

Recognizing the end of the current Strategic Plan in 2020, the Director of Strategic Planning and Community Engagement has begun working with staff in the next major strategic plan revision, entitled "Beyond 2020, Envisioning 2030."

A draft document was shared with the Evergreen Team. The draft describes the continuous improvement effort in the District with its emphasis on student success, family and community engagement, and workforce success. The document states:

> *For the past three years, our District has had a laser focus on Vision 2020, our plan for revolutionizing education. Now it is time to look beyond 2020 and to visualize the graduating class of 2030 – our current kindergarten students.*

4.2   DEPARTMENT/PROGRAM LEVEL PLANNING, PERFORMANCE MEASUREMENT, AND MONITORING

4.2.1   Long-Range Facility Planning

Unequivocally, the Florida Department of Education (FLDOE) drives the facility and construction requirements for all Florida school districts. Those requirements include the Florida Inventory of School Houses, Five-Year Educational Work Plan, State Requirements for Educational Facilities, Florida Building Codes, and Capital Outlay Full-Time Equivalent reports.

The LCSD Facility Development and Programming Department (FDP) uses the FLDOE regulations as its facility master plan. LCSD's FY18 Capital Plan resides on the District's website on the Business Services Budget page. The District's Five-Year Educational Work Plan resides on the LCSD website on the Operations Planning, Growth, and School Capacity page.

The FPD mission is "to plan and construct Lee County School District facilities by utilizing budgeted Capital funds in a timely and cost effective manner." The District produces an annual facilities plan along with how they're going to fund each project in October of each year. The required Five-Year Educational Work Plan is also assessed annually. FDP is involved in strategic planning and produces the Capital Projects Monthly Review.

The FDP Senior Program Manager oversees capital construction projects, facility inventory, renovations, kitchen updates funded by federal government, and land surveys for possible development. He ensures that environmental and water resources permitting and inspections are in compliance with the Army Corp of Engineers and South Florida Water Management District. The Project Manager works with the Lee County Health Department to ensure construction plans are approved, and final building inspections are conducted. The Manager also works with Maintenance on remodels and various building needs and with Safety and Security on security modifications and additions made to schools.

His office is made up of two engineers, an accountant, and a secretary. The Manager coordinates with the Long-Range Planner on student need assessments to pick the best construction sites, engages with a civil engineer for permitting with Army Corps of Engineers on and water management issues—a process that can take up to two years. Every six months, the Senior Program Manager refreshes the estimates in the referendum construction project list.

OBSERVATION

Although the District follows all state report guidelines and requirements, LCSD does not have a long-range facility master plan that links the various documents and presents a comprehensive picture of facility and construction priorities, standards, and budgets—as well as growth and other planning projections and documents.

Although there is a wealth of information on growth projections, current and future facility needs, and schematic drawings, the pieces are not linked nor presented in the form of a

comprehensive facility master plan. In addition, there are no linkages to the District's educational goals and priorities readily apparent in all cases.   Goal B.1 in the Operations Division Facilities Planning and Construction 2018-19 Strategic Goals calls for the development of a comprehensive ten-year Master Facilities Plan with quarterly updates to the Board. The estimated completion date of the plan is summer 2019.

A long-range Master Plan should, at a minimum, address:

- laws, policies and other guidelines (and annual changes) that impact facility planning and goals (i.e., class size, amenities by grade level, safety and security, etc.);

- the strategy required to meet the need for facilities improvements and for the capital investments necessary to support existing and projected educational needs;

- educational goals of the district to satisfy the needs of students, parents, educators, administrative staff, and the community;

- alternatives in allocating facility resources to achieve the District's goals and objectives; and

- realistic plans to help the LCSD provide for its short- and long-range facility needs.

While many of these items are addressed in LCSD planning documents, in some instances, strategies and approaches for addressing specifics are fragmented. For example, the State reports show a utilization rate for each school based on the school's total capacity, including portables. Those reports do not, however, discuss the District's position on the educational suitability of portables, the cost of maintaining portables (energy costs, custodial, etc.), or the capacity of the core infrastructure (cafeterias, rest rooms, auditoriums) and the stress that portables place on that infrastructure. A Long-Range Facility Master Plan would detail the parameters for the acceptable use, highlight the schools at or above those parameters, and lay out plans accordingly.

In many other districts, a Facilities Planning Committee comprised of key staff, community members, and experts in the field are brought in to ensure that priorities reflect community and district goals. Once developed, the Plan should be continually updated on an annual basis, with a new year added to the plan each year.

RECOMMENDATION

Recommendation 4-2:

Implement the departmental goal to develop a comprehensive Long-Range Facility Master Plan.

4.2.2   Technology Planning

The Technology Department has stated Vision 2020 goals and objectives, a 10-year Security Technology Plan, and a General Technology Plan—each providing components of a comprehensive planning effort.

OBSERVATION

LCSD has created a robust 10-year Security Technology Plan that encompasses gap analyses for each area to ensure appropriate actions are taken to address the needs of the District.

The Security Technology Plan is being used to guide the District's strategy that supports the safety of students and staff using technology—such as cameras with artificial intelligence to support alerts in the future. Additionally, the Plan encompasses access controls, surveillance coverage, and digital retention of the surveillance. Other mechanisms are included, but are not captured specifically in this report to protect the needs of the District.

As shown in **Exhibit 4-3,** the Security Technology Plan includes costs by detailed project, and provides for a gap analysis on current versus planned systems. In addition, the Plan enables community security applications as applicable to District facilities when in used as shelters—as in the case of a hurricane or other storm.

Exhibit 4-3
Security Technology Plan Contents
2019-29

Project Cost Summary
    Ten Year Cost Estimates - District Capital Only
    Ten Year Cost Estimates - With Sales Tax Revenue Support
    Capital vs. Sales Tax Plan Differences
Front Entry Control
    Current State
    Desired Future State
    Proposed Solution
    Project Cost
Surveillance Systems
    Current State
    Desired Future State
        Coverage
        Additional Benefits
        Typical Image Detail (Good Lighting)
    Design Methodology
        Identification / Coverage Zones
        Facilities Prioritization & Assumptions
    Implementation Cost Spread (3-5 Years)
    System Improvements
Access Control Systems
    Current State
    Desired Future State
    Project Cost
Emergency Services Radio & Cellular Amplification
    Current State
    Desired Future State
    Project Cost
Hurricane Shelter Sexual Offender Screening Kits
    Current State
    Desired Future State
    Proposed Solution
    Project Cost

Source: LCSD Technology Department, 2018.

OBSERVATION

While the District has created a comprehensive 10-year Security Technology Plan, the Technology Plan to address routine needs not associated directly with security has not been updated since the 2014-2016 Plan when the state of Florida stopped requiring Districts to submit the documents.

Interviewed staff know that the District's Vision 2020 Plan has indirect goals for the technology teams, which they then clarify while working with the different departments and user groups. For instance, the Vision 2020 plan for **Goal 4, Become a Model Continuous Improvement Organization**, states the following for IT:

- leverage technology to provide and support user-friendly, timely data systems;

- leverage technology to support performance management across the District; and

- establish and implement quality standards and equitable levels of technology across the District.

These goals within the Vision 2020 Plan are not directly linked to the Security Technology Plan, nor is it clear at the detailed department-level how staff will ensure that the items targeted in the Vision 2020 Plan are specifically addressed.

The District has begun work on the Envision 2030 Plan, which includes the Information Systems Division.   As shown in **Exhibit 4-4,** the plan currently provides a forecast of the major initiatives and links to industry best practices for implementing such initiatives. The plan, however, does not contain details on how the District will approach each of these initiatives or the resources required to undertake such initiatives, rather, the Division indicated that the more detailed plans for each of these initiatives will be kept within the individual project management plans.
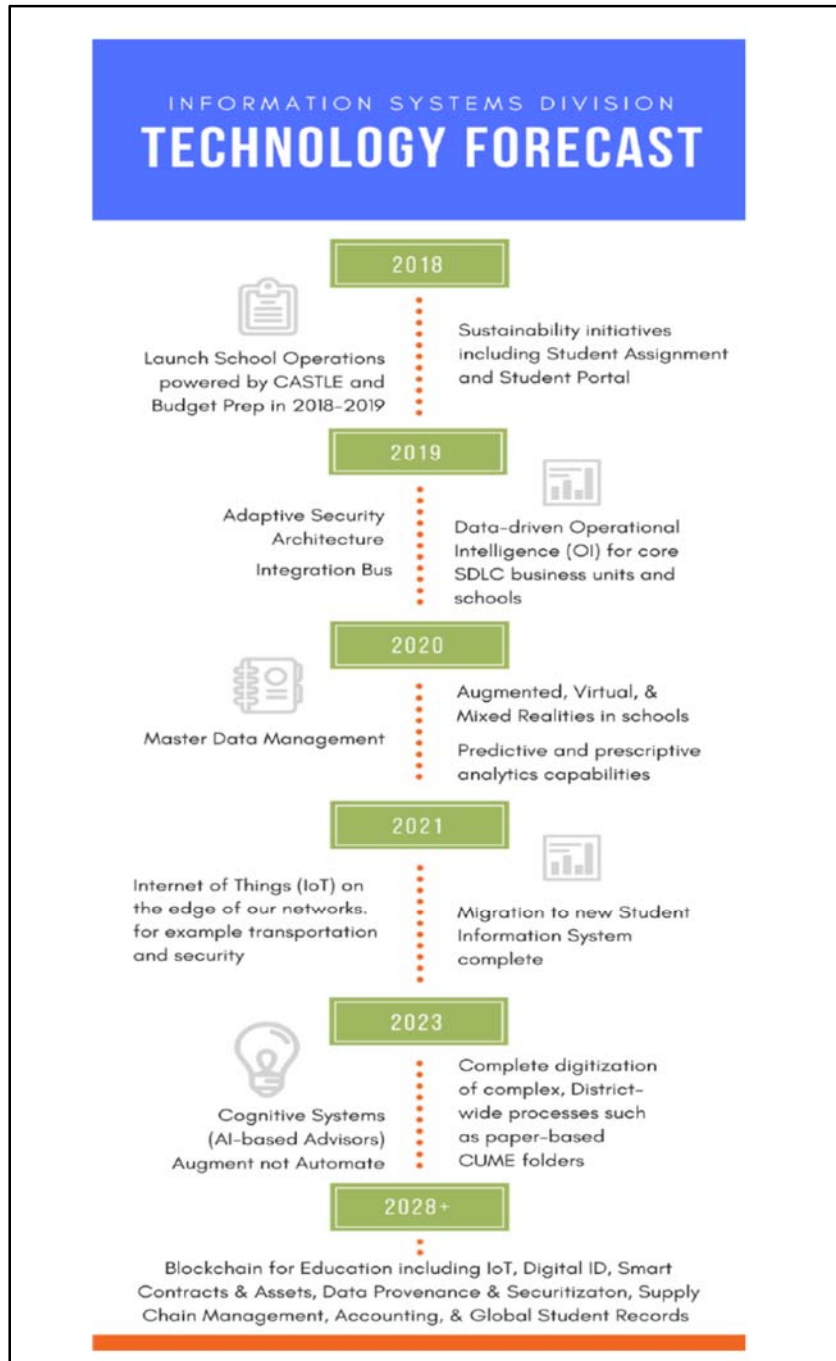
A more traditional Long-Range Technology Plan would show the multiple projects, timelines and resource needs (money, staff and contracted services) in a sequential format that would allow decision-makers to see the possible redundant or overlapping stages within each project as well as efficiencies that might be gained through simultaneous implementation.

RECOMMENDATION

Recommendation 4-3:

Expand the LCSD 2030 Envision Strategy to include detailed timelines and resource needs in a summary format that mirrors the peripheral project plans for each of the envisioned initiatives.

Exhibit 4-4
Envision 2030 Information Systems Division

Source: LCSD Department of Technology, August 2018.

4.2.3 <u>Safety and Security Planning and Recovery</u>

Safety and Security planning and monitoring is the focus of both federal and state legislation—particularly following a number of violent school incidents in Florida and around the nation.

OBSERVATION

The Lee County School District has the following:

- Crisis Communication Process;
- All Hazards Crisis Response Plan;
- Emergency Response Plan;
- Hurricane Plan;
- School Fire Safety rules; and
- Site Procedures for Emergency Egress Drills.

Each of these documents serve as a guide for efficient and timely responses to incidents, crises, catastrophic events, and preparedness.

Evergreen's assessment of these plans, while primarily confidential in nature, found them to be comprehensive and relevant. The true test of many of these plans comes when a true emergency arises. The Hurricane Plan, for example, was tested by Hurricane Irma. The Hurricane Plan provided valuable guidance and direction, and following the response, District leaders indicated that they met to determine lesson learned.

Florida law requires that school boards "establish model emergency management and preparedness procedures." To a certain extent, these plans are shared through the parent portal in the Communications Department. The District's emergency response plans are not shared with the public to protect the schools and its students.

Through recent legislation enacted, the Marjory Stoneman Douglas High School Public Safety Act, Senate Bill 7026, further strengthens the District's responsibility to make students safe.

Those new requirements include:

- providing active shooter training to district staff;

- designating a school safety specialist for each district school;

- completing a security risk assessment for each school;

- establishing a threat assessment team with expertise in mental health counseling, academic instruction, law enforcement, and school administration;

- hiring a school safety officer;

- training to identify signs of youth mental illness; and

- establishing school-based mental health care.

LCSD is working toward these goals; updated plans, training and other mandated activities are in the process of being addressed.

OBSERVATION

The Lee County School District has identified significant opportunities for addressing safety and security needs—assuming the money is made available to implement those plans.

LCSD has taken measures to update its policies and procedures—such as emergency drills, hurricane preparedness, threat assessment teams, and the Florida Safe Schools Assessment Tool. The District also has plans to procure a mobile suspicious activity reporting tool called FortifyFL—which allows students, teachers, and school personnel to report suspicious activity.

The District has identified and planned for many other security features in the referendum. Those include hardened doors with an access control system installed on various doors at each school so that doors can remain locked—allowing teachers and staff to take students out and return without leaving doors unlocked. This is crucial for open campuses with separate buildings. The front entrances are either left unlocked or staff must leave workstations to allow entries. LCSD wants visitors screened via video intercom system (closed circuit television) remotely opened from the front office or using a mobile app.

The District proposes one entry point camera intercom system; two remote video monitors in the front office; mobile app to all administrators/security/SRO staff to screen visitors and open doors remotely; and access control and door hardware. The District wants to install silent alarms on all exterior doors that do not have an access control system to alert staff when doors are left open.

According to the Safety and Security Director, the District is moving forward on the front door audio/visual/remote access systems and will have some schools completed by Fall 2018. Realistically, however, it could take the entire school year to complete all the schools.

The school surveillance systems only provide between 20-60 percent of interior and exterior coverage—depending upon the school. Eight locations are in partial failure due to failed equipment that has not been remediated. Twenty-seven (27) locations have degraded video quality due to age. There is inconsistent video retention time, which does not meet the 30-day video retention legal requirement. There is no surveillance at the stadium and athletic fields at the secondary schools. The cameras are low-resolution with low frame rates. Thirteen (13) sites have two disparate surveillance systems with different technologies, which are not integrated.

Surveillance management is entirely manual leading to the risk of unauthorized access. Its proposed software plan would include security video management and an analytics system. LCSD proposes that surveillance coverage be in school hallways, stairwells, front office areas, common areas, parking lots, exterior perimeters, and at high school athletic facilities. Some the schools are more than 25 years old and constructed of heavy concrete that do not allow radio ways to penetrate its structures. This puts first responders at a communications disadvantage regarding campus incidents. LCSD proposes to equip schools with emergency services radio and cellular coverage.

The District would like to install lockdown view panels—a device that allows a roll-down curtain to cover view panel windows on some of classroom doors. They are red on one side and green on the other. These fall in line with the District's Red/Green card system that a teacher slides under a door to indicate whether they are safe or not. The benefit is that it covers windows into a classroom so a potential shooter cannot see inside.

Finally, ADA improvements would include flashing lights to be used in conjunction with fire alarms in classes with hearing-impaired students. And, fencing and gate access and security kiosks are needed to better secure fence lines, gates, and open areas.

Unifying school physical security systems will increase safety, while decreasing cost, maintenance and training. Investment in access control technologies in buildings—especially schools and district offices—is vital for protecting the students, staff, faculty, and visitors of the District.

Until the Florida Department of Education allocates funds in August 2018—for training, school hardening, hiring SROs, and establishing school-based mental health care—the District must use existing resources and capital to meet legislative requirements and keep students safe in schools.

4.3   *INTERNAL AND BUDGETARY CONTROLS*

Documented policies and procedures provide the platform on which a sound internal control structure is built. LCSD's Board Policy Manual is available on the District's website and appears to be up to date. The complete manual is preceded by a comprehensive Index which serves as a Table of Contents for the entire Manual. The Manual is comprehensive and contains the customary policies regarding the program areas under review. An excerpt from the index showing relevant policies for the program areas under review is listed in **Exhibit 4-5.**

4.3.1   Polices and Procedures

OBSERVATION

Unlike many other school districts which use an online Board Policy Service (such as Neola) to develop and revise policies, the Lee County School District creates and updates its own Board policies. This requires considerable staff and attorney time since many policies are developed in-house as original documents.

While each policy contains necessary statutory authority citations at the end of the policy, a review of numerous Board policies on facilities, finance, technology, and safety and security found no reference to administrative procedures. For example, Policy 2.21 concludes with the statement "the Superintendent or designee is authorized to establish processes and procedures to implement this policy." The District has numerous administrative procedures and checklists related to the policy. However, no notation is provided as to where these documents are found.

Exhibit 4-5
Index Showing Relevant Policies
for Program Areas Under Review

1.07	Strategic Plan
1.15	Legal Counsel
1.19	Community Engagement
2.11	Safety
2.111	Emergency Maintenance Building Procedures
2.13	Safety Training Program
2.20	Acceptable Use Policy Governing Internet and Technology Access
2.201	Acceptable Use Policy Governing Cellular Phones
2.202	Acceptable Use Policy Governing Student Use of Personal Electronic Mobile Devices
2.21	Inspection and Copying of Public Records
6.01	Authorized Travel Expense Reimbursement
6.02	School Budget System
6.03	Internal Funds
6.04	Petty Cash Funds
6.05	Investment of Funds
6.051	Electronic Transfer of Funds
6.06	Audits
6.07	Purchasing and Bidding
6.071	Debarment
6.08	Bid Disputes
6.09	Advertising Contracting and Bidding Construction Projects
6.10	Construction Change Orders
6.11	Risk Management Insurance
6.12	Inventories and Property Records
6.13	Utilization of School Impact Fees
9.01	Site Selection Acquisition and Planning
9.02	Educational Facilities Planning
9.03	Educational Specifications
9.04	Renovations and Modifications to Facilities
9.05	Use of Facilities
9.06	Commemorative Plaque and Building Name
9.07	Inspections
9.08	School Fire Safety
9.09	Energy and Natural Resource Consumption
9.10	School Names
9.11	Naming Rights for School District Facilities

Source: Lee County School District Board Policy Manual, 2018.

In fact, above the policy title for each policy is a statement "Related Entitles: not identified at this time." **Exhibit 4-6** shows the notation which appears on all policies in the program areas under review. This is the place where related administrative procedures, regulations, checklists, and other documents should be noted. However, it is not possible to link from policy to procedure in any area by using a coded system, nor is it possible to link from procedure to policy. No cross referencing has been done to connect policies with their required procedures, or to identify for practitioners the policies which undergird different procedures.

Exhibit 4-6
Excerpt from Policy Manual

POLICY **The School Board of Lee County** **9.08**

Related Entries: (Not identified at this time)

School Fire Safety

Source: Lee County School District website, 2018.

Due to the lack of any centralized source for administrative procedures in the District, many important administrative procedures are contained in isolated memoranda issued by senior administrators. Furthermore, administrators, principals, and other managers have a variety of mechanisms for filing and retrieving important administrative procedures.

Each administrative procedure should be carefully cross-referenced to board policy. An administrative procedure should be:

- based upon Board policy;
- communicated clearly to school administrators and staff; and
- reviewed annually.

RECOMMENDATION

Recommendation 4-4:

Contract with an external policy service (such as Neola) to save valuable staff and legal resources, use templates for drafting policies which exist, and identify linkage to administrative procedures in the policy document.

4.3.2   Budget Preparation and Monitoring

Board Policy 6.02 establishes the basic parameters under which the budget is prepared, approved and amended:

The Superintendent shall annually prepare and recommend to the School Board a balanced District budget:

(1) The Budget shall reflect consideration of the following:

(a) Strategic planning for successful student academic achievement

(b) Student and staff safety

(c) District goals and priorities

(d) Maximize the portion of the budget distributed to schools

(e) Appropriations to encourage cost containment strategies and effective stewardship of all funds at both the school and department levels

(2) Expenditures may only exceed the amount budgeted by function and object provided that the expenditures are authorized, and do not exceed the amount available in the fund. The budget must be subsequently amended by the School Board. Such amendments shall be approved by the Board within 60 days of the end of the month in which the expense occurred.

(3) The Board shall approve amendments to the School District budget whenever the function and object amounts are changed from the original budget approved by the Board. Such amendments shall be approved by the Board within sixty (60) days of the end of the month in which the amounts are changed.

(4) No amendment to the budget shall be approved by the School Board after the due date of the Annual Financial Report for that year.

(5) The Superintendent or designee is authorized to develop and implement appropriate budgetary accounting and record keeping procedures.

In LCSD, the budget process is well-defined—beginning in November of each year and ending in September when the final budget is approved.

The adopted budget calendar for 2017-18 is provided in **Exhibit 4-7**. As shown, much of the planning and final budgeting decisions for both general operations and capital expenditures are dependent on obtaining state and local revenue projections, which may not be known until late in the process.

Exhibit 4-7
Lee County Schools
Budget Calendar
2017-18

2017-2018 FINAL BUDGET CALENDAR

November

Begin budget planning process

December

Input On FY18 FTE Projections from Planning and Program Coordinators
Third calculation of FEFP for FY17
Dec-6   Budget Briefing/School District Growth and Debt

January

Student Assignment Open Enrollment begins
Legislature Convenes
Jan-11   Submit FTE forecast for FY18
Jan-20   Meet with Central Leadership on budget procedures for FY18
Jan-24   FY18 Budget Update
Jan-31   Governor's budget released

February

Begin school FTE projections for FY18
Feb-3   Department budget requests completed and sent to Budget Department

March

Review of Project Priority List For Capital Planning
Chiefs Review of Budget
DRA allocations released to schools

April

Anticipated notification to Staffing and Talent Managment of surplus and involuntary transfers
Apr-4   Budget Workshop/Budget Update
Superintendent/Cheif Review of Requested Budgets

May

Superintendent/Cheif Review of Requested Budgets
May-2   Budget Workshop/Budget Update
May-12   Schools DRA files due back to Budget
May-16   Budget Workshop/Budget Update

June

Notification from property appraiser on preliminary tax roll figures
Final Legislative FEFP allocation released from session
Jun-26   Board Briefing on FY18 Preliminary Budget
Jun-26   Board Approval Of Advertisement For FY18 Tentative Budget

July

Jul-1   FY18 Fiscal Year Begins
Jul-1   Valuation Certified By Property Appraiser
Jul-19   State Certifies Millage
FY18 Second FEFP Calculation
Jul-21   Superintendent submits proposed tentative budget to Board
Jul-21   Advertise Budget In Newspaper

Divisions/departments develop plans and goals in alignment with District goals
Jul-25   First Public Hearing To Adopt Tentative Budget (5:05 P.M.)

August

Aug-10   School Opens
Aug-25   Day 12 of school year--school allocation changes made based on updated enrollment
Aug-25   Memo to Board on Final Budget/final budget book released

September

Sep-5   Public Hearing Adopt Final Budget 5:05 P.M.
Sep-5   Board Briefing on Five Year Facilities Work Plan
Sep-19   Public Hearing on Five Year Facilities Work Plan
Sep-19   Board Approves Five Year Facilities Work Plan

Source: Lee County School District, 2017-18 Budget Book.

School budgeting is, for the most part, formula driven, based on the number of students projected to be attending in the coming year. LCSD consolidates the majority of school allocations into a single funding process. The principal, with input from the school staff and school advisory committee, determines the staffing level that most effectively meets the educational needs of the school's student population. As discussed in the 2017-18 Budget Book, the decentralization of the resources to the school level allows for increased flexibility by the schools in making resource allocation decisions most appropriate for the individual sites. School allocations have been modified; however, to require a minimum number of teachers and custodians, calculated to ensure that the District will meet the class size mandate, as required, and keep well-maintained buildings.

Some school allocations are considered non-District Resource Allocations (DRA), that is, outside of the DRA allocation process. These include positions such as principal, secretary to the principal, grant-funded positions, and food service staff. With a few exceptions for specialty schools, non-personnel dollars are distributed by formula based on full-time equivalent (FTE) or weighted FTE for supplies, substitutes, equipment, textbooks, school improvement, and high cost science lab materials.

All schools are allowed to budget funds according to priorities established at the school level within required state standards. To the extent that funds can be made available, schools are allowed to carry over unexpended funds (except for salaries and benefits) from one fiscal year to the next.

Department budgets are handled somewhat differently. Requests for department budgets are sent out typically in January. Departments develop their proposed budgets taking into consideration the District's Vision 2020, their department goals, and the most efficient use of funds. Once all departments proposed budgets are received, the information is compiled and reviewed by the Superintendent's Cabinet for recommendations to the Board.

OBSERVATION

According to the Chief Financial Officer (CFO), the budget preparation and monitoring mindset is evolving. For some time, last year's budget was used as the base, and from that, incremental changes are made. By FY 2020, the District plans to develop three- to five-year forecasts for the General Fund, more like what they are doing for Capital Funds. Starting with this year's budget, LCSD is trying to be more proactive in forecasting future needs—both academically and from a business perspective.

In terms of monitoring, the CFO said "every day is budget day" meaning that budget monitoring is continuous:

- CFO monitors the budget with the Budget Director on a daily basis.

- CFO meets with the Superintendent and Cabinet twice a month to the discuss budget in depth.

- Every other week, CFO and Budget Director meet for a more comprehensive look at all budgets.

- The Budget Director meets weekly with budget analysts; the CFO attends once a month.

- Starting with the new school year, the CFO will be conducting monthly check-ins with division and department heads; additional training will be provided as needed.

OBSERVATION

LCSD actively requires departments to justify budget requests and show how the budget is linked to the Vision 2020 targets.

The department-level budget process is rigorous, and requires the departments to justify each budget request and show how the funds will further the District's overall strategic goals. **Exhibit 4-8** provides an example of the cover page from the Maintenance's FY 2018 Preliminary Approved Budget which summarizes all of the requests and shows the amount approved to move forward to the Board.

As can be seen, not all of the requests were approved in full, and some requests were denied.

A sample of one of the component pages contained in the Maintenance Workbook is found in **Exhibit 4-9**. As shown, in addition to explaining what they are requesting, the department is required to justify the number of work orders processed and pending in prior years and inidicate the Vision 2020 Target to which this request applies.

OBSERVATION

The LCSD Planning, Growth, and School Capacity Department developed an internal projection model to plan for school growth because they wanted student enrollment projections to be more accurate. They executed it before it was required by the Florida Department of Education. They engaged a local demographer who created Integrated Growth Model (used in the Auburn schools). They took their school choice model and zoned system organization, and incorporated birth rate, mobility, demographics (ESC, ESL), and other variables inherent to the District.

Using this model, they achieved a very tight variance, within 100 students. This process helps them allocate resources to student needs. The model directs them where they need to build schools and what type of schools to build. It provides timelines for planning, the RFQ process, prototype construction, or new school design. The LCSD Planning Department got ahead of the state mandate. The Florida Education Facility Planning Association (FEFPA) recommends developing this model and LCSD is already there. The LCSD Long-Range Planner created the consortium with other I-75 school districts because it was important to compare LCSD to like districts in terms of size, demographics, growth, etc. They have now combined with I-4 corridor school districts.

Exhibit 4-8
Maintenance Preliminary Approved Budget
FY 2018

MAINTENANCE	9230					
	Project #	Base Budget Amount	Base Amount Requested	Additional Amount Requested	Total Amount Requested	FY18 Approved Budget
Base (Project 0000)	0000	400,000	400,000	50,004	450,004	450,004
			General Fund Amount Requested	Other Fund Amount Requested	Total Amount Requested	FY18 Approved Budget
PROJECTS	Project #	FY18 Allocation				
Grounds Management	2034	200,000	200,000		200,000	200,000
Pest Control	2036	40,000	40,000		40,000	40,000
Painting All Schools	2086	110,000	100,000		100,000	100,000
All Schools A/C Water Treatment	2156	50,000	114,200		114,200	114,200
Termite Treatment	2186	3,000	104,000		104,000	104,000
Bleachers Repairs	2207	40,000	40,000		40,000	40,000
Kitchen Machine Repairs - Food Svc	2227	520,000		630,000	630,000	630,000
Hardware for Doors	2298	50,000	50,000		50,000	50,000
Lawn Equipment Maintenance	2414	38,600	41,500		41,500	41,500
Clean Exhaust Hoods - Food Svc	2518	40,000		60,000	60,000	60,000
HVAC Filter Replacement	2627	290,000	290,000		290,000	290,000
Conveying System	2628	100,000	200,000		200,000	200,000
Co Parks - Recreation Agreement	6016	385,000	395,082		395,082	395,082
Fire Alarm System Monitoring	6237	12,000	12,804		12,804	12,804
Alarm Fines	6285	1,000	1,000		1,000	1,000
Maintenance at Schools	6807	1,100,000	1,100,000		1,100,000	1,100,000
Building Services - General Fund	6817	275,000	275,000		275,000	275,000
Building Services - Capital Fund	6817	120,000		219,520	219,520	219,520
			General Fund Amount Requested	Other Fund Amount Requested	Total Amount Requested	FY18 Approved Budget
ADDITIONAL REQUESTS	Project #					
Equipment Requests- Vehicles	7146		575,999		-	-
Equipment Requests- Equipment	7146		1,048,883		300,000	300,000
Positions:						
Asst Supervisor, Grounds	DENIED		56,745			-
Carpenter (4)	DENIED		228,197			-
Fire Equip Service Tech	DENIED		57,049			-
Tree Trimmer (3)	DENIED		118,216			-
Project Manager - Maintenance	DENIED		108,547			-
SPLAC Secretary	DENIED		51,513			-
Turf Specialist	DENIED		59,143			-
Data Mgmt. Specailaist	DENIED		69,431			-
Arborist	DENIED		63,809			-
Reclass Director Secty to Office Manage	RECLASSED IN FY17		33,538			-
Department Total		3,774,600	5,834,656	959,524	4,623,110	

Source: Lee County School District, Business Service Department, June 2018.

Exhibit 4-9
Sample Maintenance Project Request
FY 2018

FY18 Department Project request

Complete a line for all funds requested in your department - One project per form.

NOTE: This form is for Non-Grant projects only. You will need to work with the project manager to request funding for that grant.

Department Name Maintenance   **Department #**   9230

Project Title   **Pest Control**   **Project Number(if already in existence)**   2036

Purpose of Project and its benefit to the District: This project will be used for purchasing supplies needed by Maintenance staff and vendor costs to treat all campuses throughout the District. This includes required inspections and treatments to prevent roaches, ants, and other pests. Control of pests on school grounds is required by the health department**.** Effective pest control impacts sanitation levels and assists in providing a clean, safe environment for learning for students and staff.

Please provide results using historical data for this project: In FY15 the Trades Department handled 871 work orders for pest control issues: 810 work orders were completed with 61 remaining open.
In **FY16** the Trades Department handled 929 work orders for pest control issues: 925 work orders were completed with 4 remaining open.

Does this request pertain to a Vision 2020 Goal & Target? If so which one. Please choose from drop down list:

Goal 4: Target 11   ▼

Is this a legal requirement or Board Policy? If so, please give specifics.

Function	Cost Center	Object Code	Amount	Rationale for amount requested	Chief Officer Denied Amt	Budget Committee Approval
8100	00	539000	20,000	Funds needed for vendor services and inspection of pest control and animal removal District Wide	(22,000)	20,000
8100	00	551000	20,000	Funds needed for purchase of supplies needed to treat and/and or prevent roaches, ants, and other pests District Wide.	(10,000)	20,000
			40,000	**TOTAL REQUESTED**		

Budget Department Use Only	
Requested Amount	$ 40,000
Pending	
Approved Amount	$ 40,000

Source: Lee County School District Business Services Division, June 2018.

CHAPTER 5:
REPORTING ACCURACY AND ADEQUACY

5.0 REPORTING ACCURACY AND ADEQUACY

Chapter 5 presents findings related to reporting accuracy and adequacy. During the performance audit, Evergreen examined districtwide information systems as well as any ancillary systems used in each of the functional areas under review to determine if the systems are meeting the business needs of the organization and are capable of delivering timely, accurate and useful information for management and stakeholders. Evergreen also examined the District's website and other tools used to keep the general public informed about ongoing projects and business activities. The Open Records processes were also assessed for responsiveness and accuracy.

The specific audit evaluation tasks are provided below.

1. *Assessed whether the program has financial and non-financial information systems that provide useful, timely, and accurate information to the public.*

2. *Reviewed available documents, including relevant internal and external reports, that evaluate the accuracy or adequacy of public documents, reports, and requests prepared by the county or school district related to the program.*

3. *Determined whether the public has access to program performance and cost information that is readily available and easy to locate.*

4. *Reviewed processes the program has in place to ensure the accuracy and completeness of any program performance and cost information provided to the public.*

5. *Determined whether the program has procedures in place that ensure that reasonable and timely actions are taken to correct any erroneous and/or incomplete program information included in public documents, reports, and other materials prepared by the county or school district and that these procedures provide for adequate public notice of such corrections.*

Finding on reporting accuracy and adequacy: In its evaluation, Evergreen found that the information systems used by the Lee County School District (LCSD) are producing accurate and comprehensive public documents, reports and requests. A significant amount of financial, procurement and performance information is available to the public on the District's website; however, additional and more current facility and safety information is needed. The process for responding to requests for information that is not readily available on the website is well-defined and District responses are handled in a timely and appropriate manner.

CHAPTER HIGHLIGHTS

Evergreen found that, for the most part, the LCSD information systems are strong and integrated to reduce redundancy and duplicative data entry. Staff can run routine reports and, in most cases, there is assistance available to them if they are unable to obtain the information they need through a standard report. Throughout the review, Evergreen requested and was provided accurate and comprehensive reports and raw data in a timely manner.

While areas of the current website are improving, LCSD recognizes that there are areas within the website that contain outdated information and, in some instances, the data are difficult to locate.

Evergreen found the Open Records process for the District is timely and internal controls appear to be in place to validate data before they are released to the requestor.

This chapter contains the following three sections:

5.1	Information Systems
5.2	Website
5.3	Open Records

5.1   INFORMATION SYSTEMS

LCSD has a robust information technology program both for academics as well as administrative functions. **Vision 2020, Goal 4: Become a Model Continuous Improvement Organization** contains the following excerpts related to technology, and specifically administrative technology [emphasis added]:

> *Better results come through improved processes. The Goal 4 targets are focused on providing our school and department personnel with the knowledge and tools to build better processes, and on the efficiencies that will be the outcome of these improvements. The strategies below will be utilized to help the District become a model continuous improvement organization.*
>
> - *Implement a systemic and systematic improvement model throughout the District.*
> - *Provide all employees with the tools and skills to deliver excellent customer service.*
> - *Encourage a culture of innovation at all levels of the system.*
> - *Develop clear, reasonable, and contextual measures of success for all personnel.*
> - *Leverage technology to provide and support user-friendly, timely data systems.*
> - *Build capacity of all stakeholders to effectively use data in decision-making.*
> - *Leverage technology to support performance management across the District...*

Oracle PeopleSoft is the primary software used for all financial activities, including:

- Purchasing/Accounting Modules
- Human Resource Modules

- Asset Management
- Maintenance Management
- Query Manager

The modules within PeopleSoft are integrated, reducing redundant entries that can increase the likelihood of errors. Controls are embedded in the system. For example, PeopleSoft has rules imbedded that prevent the users from purchasing items that are restricted by grant or other funding source. The District has indicated that these internal systems will be used for purposes of the Surtax revenues and expenditures—with specific rules being entered into the system to ensure that all purchases are made in compliance with legal constraints.

Departments and schools have immediate access to detailed budget reports by department and capital project, and can produce printed reports as needed. During the audit, Evergreen was provided a number of very detailed reports relating to the program areas under review from a variety of systems.

Technology is also used extensively at the departmental levels within the District. LCSD provided the following list of the major systems used at the departmental level:

- Backflow Solutions Inc. (BSI) Online

  BSI Online is a full-service cross-connection control/backflow program firm, providing comprehensive, flexible backflow solutions to municipalities across North America. With the web-based backflow tracking program it helps increase backflow testing compliance, while saving time, energy, and money

- Building Automation Systems

  – WebCTRL (Automated Logic)
  – Alerton N4
  – Invensys R2
  – Distech
  – Micro Control Systems
  – Reliable Controls

- Dude Solutions (School Dude apps) – Utility Direct Tracking
- Sunny Portal for Photovoltaic (Solar) Panels at Schools
- Fleet Locate
- Laserfiche

  – Accounting
  – Building Modifications

- Elevator Portal
- Boiler Portal

As can be seen, a number of these are control systems that monitor operations and allow the various departments the ability to detect and remediate problems or issues in a timely manner. As appropriate, the uses of technology in the program areas under review are discussed in greater detail in the relevant sections of this report.

OBSERVATION

The Procurement Department within the Business Services Division has identified a function that requires additional levels of internal control and has implemented an internal process to ensure that Board approvals are rigorously followed.

In addition to the embedded rules in PeopleSoft, Business Services staff use manual spreadsheets to track compliance for approximately 200 Board-approved continuing contracts. State Rule 6A-012 requires the School Board has to approve any purchases over $50,000. For certain—commodities and services, the Board approves continuing contracts, and the approval states that the contract amount on these contracts cannot exceed a specified dollar amount. At the time of approval, a requisition is not entered into PeopleSoft as the goods or services will be used for specific projects or by multiple departments. Instead, a Purchase Order will be issued at the time services are used by the department on a project-by-project basis and that purchase order will be tied to that project or department. To ensure that the cumulative total for the specific vendor does not exceed the not-to-exceed amount found in the Board approval, the Procurement Department staff manually tracks each purchase order that involves one of these continuing contract vendors to make sure that the sum total of purchase orders for that vendor and for that service does not exceed that limit in total for that commodity or service.

PeopleSoft can produce reports by vendor and commodity, which could be used as a periodic monitoring mechanism for this purpose. PeopleSoft, however, does not have embedded mechanisms to globally track bids across functions. Attempts with the vendor to build an automated way to better track and control these continuing contracts have been unsuccessful to date.

Staff in the Procurement Department found that periodic monitoring is not enough. By maintaining these spreadsheets as the purchase orders are processed, they have greater assurance on a daily basis that none of the continuing contract provisions are violated. This internal control function, though manual in nature, allows the Procurement Department to alert user departments when a continuing contract vendor is nearing the threshold.

OBSERVATION

In its draft report the Auditor General included findings related to the controls and risk assessments LCSD has established for its Information Technology programs. When finalized, the Auditor General's report, including the school district's response, will be available at *www.flauditor.gov/pages/Reports.aspx.*

5.2 WEBSITE

LCSD has a robust website that contains a significant amount of data relating to the District's academic programs and schools as well as its operational activities. Evergreen focused its attention on the program areas directly related to this review—including the amount and quality of the information provided and the accessibility of that information by the general public. Areas of review included Finance, Procurement, Maintenance and Facilities, and Safety and Security.

OBSERVATION

The Business Services Division is making a great deal of financial and procurement information available to the public in a user friendly manner. In the last year, Business Services has been increasing the amount and quality of the data presented for public consumption.

In particular, financial reports, audits and budget documents are readily available for multiple years. Key financial information found on the Business Services pages include the following:

- Audited Financial Statements (CAFRs) - FY 2010 to FY 2017
- Financial Audit Results - FY 2010 to FY 2017
- Superintendent's Annual Financial Report - FY 2010 to FY 2017
- Report of Financial Data to the Commissioner of Education - FY 2010 to FY 2017
- Quarterly Investment Reports – June 30, 2014 to March 31, 2018
- Budget Books - FY 2004 to FY 2018
- Budget Summaries – FY 2003 to FY 2018
- Capital Plans – FY 2015 to FY 2018
- State Expenditure per FTE (All districts in state) – FY 2015 to FY 2017
- Quarterly Lottery Reports – Q1 FY 2008 to Q3 FY 2018

As shown in **Exhibit 5-1,** the Procurement Services Department has an extensive website that guides vendors and individuals seeking to do business with LCSD.

The site contains links to Board Policy and the Procurement Services Code of Ethics as well as pages containing instructions and forms for becoming an LCSD vendor, public notices, active solicitations, awarded bids, and much more. Staff contact information is also provided should individuals have questions.

The new page for Construction Solicitations was created when the Construction Procurement function was centralized under Procurement Services. To ensure that the competitive procurement processes are fully understood, **Exhibit 5-2** shows the page where information can be found regarding the RFQ selection processes for various types of construction-related services.

Exhibit 5-1
Procurement Services Webpage

Source: http://www.leeschools.net/procurement.

Exhibit 5-2
RFQ Selection Processes Webpage

Source: http://www.leeschools.net/selection-process.

OBSERVATION

Not all sections of the LCSD website contain the level of information the public may need as the District moves forward with the projects envisioned in the Surtax Referendum. For example, the Project Updates Section under Facility Development and Programming Services contains a single update on the Bonita Springs High School dated October 20, 2017. The only Facility Planning document found on the website is the 2017 Facility Work Plan—mandated by the State—which is internally dated September 28, 2016. Documents that could provide the public additional information about the facility-related challenges impacting the District include the Castaldi reports that were prepared and submitted to the Florida Department of Education—recommending the demolition of the Franklin Park and Cypress Lake Middle Schools—which include pictures and descriptions of the current facility conditions.

Similarly, the Safety and Security webpage focuses on hurricane response and crossing guards, which are critical functions, but does not provide any information regarding new state requirements that will require attention in the coming months.

While some of the relevant information relating to the Surtax Referendum can be found on the Change for Change page set up to provide facts regarding the referendum, the operational aspects of the departments and programs that will manage these projects is not presented in such a way as to instill confidence.

LCSD managers indicated that they were aware of needed improvements on the District's website, and plans were underway to upgrade and revamp the site; however, they stated that implementation of core structural changes that would improve the functionality of the website may not be possible for more than a year. In the interim, identifying the pieces of information that the public is looking for in these areas, and providing it, should be possible prior to that upgrade.

RECOMMENDATION

Recommendation 5-1:

Provide the public more relevant and timely web-based information regarding the operations, planning efforts, project status, and other aspects of the Facility, Maintenance and Safety and Security services and activities.

OBSERVATION

The facilities section of the LCSD webpage is very sparse and does not provide links to the various construction projects or significant renovations (with the exception of Bonita Springs High School) nor to other links within the District—such as school planning, capacity, the Capital Projects Monthly Review, and the like. There is no mention of the Referendum project list outlining detail behind the projected $301 million needed for new school construction. And, there are no links to FLDOE requirements and school renovation and construction projects, in the works, planned or projected.

Evergreen auditors researched the webpages for facilities departments in four peer districts: Polk County Public Schools, Brevard County Schools, Seminole County School District, and Volusia County Schools and found the following:

- **Polk County Public Schools –** The Facility and Operations Department has detailed mission statement and a link to "The Polk Promise 1/2 Cent Sales Tax Initiative," which provides detail about its District projects with the 1/2-cent sale tax: *http://www.polkpromise.net/learn-more.html.* These include, but are not limited to, school remodeling, fencing, ADA improvements, technology upgrades, etc., and associated schools.

- **Brevard County Schools –** The Facilities Services Department in webpage explains who and what it is and provides links to its reports, projects, and standards: BAS Controls Design Specs 2017; Facilities Design Standards 2007; School Concurrency; and, School Initiated Projects at: *http://www.edline.net/pages/Brevard_County_Schools/Departments/ Departments__A-J/Facility_Services.*

- **Seminole County School District** - The Facility Planning and Project Management webpage provides links to its facility documents, major capital outlay, and sales tax projects. It highlights the role of its department in: contract oversight and coordination; reviewing and permitting; construction administration and inspection; and the development and tracking of its capital budget. *(https://www.scps.k12.fl.us/district/departments/facilities-planning/)*

- **Volusia County Schools -** The Facilities Services Department in webpage outlines the responsibility for building inspections, facility design and construction, planning, and maintenance. It has links to its capital budget and its 2014 approved half-cent sales tax projects *(http://myvolusiaschools.org/facilities/Pages/default.aspx.)*

Peer district websites have very good information about what they do (i.e., reporting, planning, and management)—plus succinct narrative with links to documents and reports. The LCSD facilities website does not include thorough information about the facility planning and construction processes. The Planning, Growth, and School Capacity Department link does provide a mission, department responsibilities, and current projects. There are links to school projections and facilities work plan, which are required of Florida school districts. Either these data reside elsewhere in the website, in internal documents, or other district departments.

Along with required state documents and plans, LCSD has an array construction and facility documentation, including:

- Referendum in the Last 10 Years in Comparison School Districts;
- Investing in the Future, Strategic Plan;
- FY18 Department Improvement Plan for FDP;
- Capital Building and Funding Process for Fiscal 2018 for Planned Improvements;
- School Construction Process Improvement;
- Construction Phased Approach flow;
- Capital Projects Monthly Review;
- Diagram of the Construction Manager At Risk Flow; and
- Construction Cost Maximums to School Districts Capital Projects.

A facilities webpage linking to state reports, current project, and planned projects, Castaldi Reports, and referendum projects for **"Meet the Needs of an Increasing Student Population"** would go a long way in communicating LCSD priorities.

RECOMMENDATION

Recommendation 5-2:

Enhance the Facility Development and Programming Department's website to include relevant and timely information for all construction-related projects.

5.3   *OPEN RECORDS*

School Board Policy 2.21, Inspection and Copying of Public Records, clearly identifies the steps to be taken by the Lee County School District when public records are requested.

This policy is consistent with Sections 1001.42 and 1001.43, Florida Statutes, as well as Chapter 119, Florida Statutes.

The relevant sections of Policy 2.2.1 include the following:

- *All public records shall be available for inspection and copying under the supervision of the custodian (or designee) of the public records at reasonable times during the normal business hours.*

- *Records that are presently provided by law to be confidential or prohibited from being inspected by the public are exempt from production.*

- *A request to inspect or copy a public record may be made verbally or in writing.*

- *Requests for public records shall be fulfilled in a limited reasonable amount of time.*

- *The maximum cost of duplication prescribed by law shall be charged and collected before the work is completed.*

- *In addition to the actual cost of duplication, a special service charge shall be imposed for the cost of the extensive use of information technology resources or of clerical or administrative personnel.*

- *A request for information is a request in which the requested information does not already exist in public record form. A specific request for information may or may not have a record that can fulfill the request and if a record exists it will be provided as permitted by law.*

- *All district records will be maintained in accordance with the GS1-SL and GS7 records retention schedules established by the Florida Department of State.*

- *The Superintendent or designee is authorized to establish processes and procedures to implement this policy.*

OBSERVATION

An assessment of opens records and responsiveness found that the process operates efficiently and effectively, and the Public Information Office is responsive to open records requests.

A review of selected requests for public records in program areas under review for the 2016-17 and 2017-18 school years found the following:

- the responsible department is the Office of Communications, Public Relations and Marketing;

- the requests are clearly logged in with an identification number;

- data include the date, requesting organization/individual, information requested and time it took to complete the request;

- requested information is provided in a timely manner; and

- a spreadsheet of associated costs is also available.

An excerpt from the 2017-18 requests list is shown in **Exhibit 5-3.** The Director of Communications shared that 487 requests were made in 2016-17 and about 550 in the 2017-18 school year.

Interviews with both the board and staff attorneys found that legal input is required on about 10 to 20 percent of public information requests.

Exhibit 5-3
Excerpt from the Requests List for Public Records
2017-18 School Year

PRR #	Date	Requester/ Source	Organization	Info Requested	Time
18-098	8/23/2017	Yvonne Larson	Community Member	a copy of the contract between LCSD and Gulfpoint Construction for construction of BSHS	under 15 minutes
18-101	8/23/2017	Pam McCabe	News Press newspaper	a copy of the updated list of contractors/companies being used on the BSHS project; I believe there should be a full list for the final amendment, number 5, even though work has not begun on the projects; a copy of the name of the construction consultant hired by the district	under 15 minutes
18-106	8/24/2017	Pam McCabe	News Press newspaper	a copy of the original contract for Bonita Springs High School including any amendments related to maximum guaranteed costs	under 15 minutes
18-319	2/4/2018	Alberto Rodriguez	unknown	a copy of the reported inventory of all of maintenance's items for each of the following years: 2015, 2016, 2017, 2018	30 hours
18-320	2/7/2018	Alberto Rodriguez	unknown	• a copy of all insurance claims generated from Maintenance Dept and Success Academy for 2017 • a copy of all incident reports generated from Maintenance for the years 2015, 2016 & 2017	unknown, needed clarification, requester did not respond

Source: Lee County School District Requests List for Public Records 2017-18.

The District requires up front payment of the estimated charge for all requests which require over 15 minutes of staff time. Because of this charge, several items on the request list were either not fulfilled, because no payment was received, or modified to request materials which are less expensive to prepare.   It is important to note that the District will not provide data in timely manner unless payment is first received.

The Office of Communications has a very detailed process for responding to public records requests. This is shown in **Exhibit 5-4.**

Exhibit 5-4
Procedures for Open Records Requests

Part A: Process Description		
Description Documentation Method:	Step-by-step procedure (see table below)	

Step	PUBLIC RECORDS	Responsibility
1.	Requests go directly to: a) the Communications Department, or b) to schools/departments.	

2.	If the request is made directly to a school/department:
	a) a senior administrator decides if the request should be referred to Communications. Some delineating factors are time element (less than 1 hour to fulfill); nature of information requested (i.e. precise information vs. estimates, sensitive vs. general). When in doubt, call the Communications Department. Please note the law states the District has a reasonable time to fulfill a public information request.
	b) if the request will be fulfilled by the school/department, the school/department will notify:
	    1) other appropriate stakeholders of the request before the request is fulfilled
	    2) Communications of information provided to the requester. Notification can be either E-mail or phone.
		Schools & Departments

3.	NOTE: The remainder of the steps are for requests made of the Communications Department directly by the requester or referred to the Communications Department by a school/department.	
4.	Create standard list of questions for use by the Communications Department to help define the request.	Department Owner Of The Data
5.	Effectively define the request, including use of the questions developed by departments for Communications Department use.	Communications
6.	Determine who maintains or owns the information requested. When sending email, direct it to one recipient and copy others.	Communications
7.	Contact individual schools/departments who own the information to determine the best course of action for collecting the information.	Communications
8.	If the data owner determines the request can be satisfied directly by Communications using a standard report: a) data owner will communicate to Communications if report should be reviewed by data owner prior to release b) a standard report request form is completed by Communications and submitted to the IS Setup Group c) the IS Setup Group schedules the report in accordance with the selection criteria specified, and distributes the generated report to Communications.	Communications, & Information Systems
9.	If the request involves E-mail retrieval: a) an E-mail retrieval request form is completed by Communications and submitted to the ITS Department b) ITS determines the work effort and notifies Communications of the estimated number of hours to complete the request, and the hourly rate of the employee (exclusive of benefits) who will be assigned to the request c) Communications conveys the projected cost to the public information requester, and inquires if information is still desired d) If requester agrees to the charge, Communications collects projected cost prior to the fulfillment of the request e) Communications notifies ITS whether or not to move forward with the request f) If the communication is to move forward, ITS fulfills the request and provides the requested information to Communications g) Communications will notify employee(s) that copies of their emails have been requested and will allow them an opportunity for review to determine which are work-related messages h) Communications will perform final review to ensure appropriate emails are released.	Communications; Information Technology Support

Exhibit 5-4 (Continued)
Procedures for Open Records Requests

10.	If the request can be satisfied with paper copies: a) a paper copies request form is completed and submitted to the appropriate department(s) b) the appropriate department(s) determine the work effort and notify Communications of the estimated number of hours to complete the request, and the hourly rate of the employee (exclusive of benefits) who will be assigned to the request c) Communications conveys the projected cost to the public information requester, and inquires if information is still desired d) If requester agrees to the charge, Communications collects projected cost prior to the fulfillment of the request e) Communications notifies appropriate department(s) whether or not to move forward with the request f) if the communication is to move forward, the appropriate department(s) fulfill the request and provide the requested information to Communications.	Communications; Department Owner(S) Of The Data
11.	NOTE: The remainder of the steps pertain to requests that data owners have determined cannot be handled by any of the steps outlined above.	
12.	If the data owner determines the request cannot be handled by any of the steps outlined above, the data owner will either: a) submit a data request form for a standard report with the appropriate selection parameters to the IS Setup Group, or b) submit a PRISM (Programming Request and ISsues Management) work request to IS at http://9143-web01/prism/webforms/locator.aspx.	Department/Owner Of The Data
13.	If the request involves a PRISM request: a) IS determines the work effort and notifies Communications of the estimated number of hours to complete the request, and the hourly rate of the employee (exclusive of benefits) who will be assigned to the request b) Communications conveys the projected cost to the public information requester, and inquires if information is still desired	Information Systems;Communications; Department/Owner Of The Data
	c) If requestor agrees to the charge, Communications collects projected cost prior to fulfillment of the request d) Communications notifies IS whether or not to move forward with the request. Department owner of the data is copied on the communication e) IS completes necessary programming and testing to satisfy the PRISM request, and provides department owner of the data with a prototype for review and approval f) Department owner reviews data provided by IS and communicates any corrections/modifications g) IS makes any corrections/modifications as outlined by the department owner of the data, and provides updated/final data report/file to the department owner h) the department owner of the data reviews the final data report/file provided by IS and submits the final product to Communications ensuring items are cleared for distribution i) Communications logs the request with the report name and description to be used as reference for future requests.	

Source: Office of Communications, June 2018.

CHAPTER 6:
PROGRAM COMPLIANCE

6.0   PROGRAM COMPLIANCE

Chapter 6 presents findings related to program compliance. As part of the audit, Evergreen assessed the District's compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen further assessed the adequacy of processes and internal controls used to ensure compliance with and remediate instances of non-compliance with federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures applicable to the program areas under review.

The specific audit evaluation tasks are provided below.

1.   *Determined whether the program has a process to assess its compliance with applicable (i.e., relating to the program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.*

2.   *Reviewed program internal controls to determine whether they are reasonable to ensure compliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures.*

3.   *Determine whether program administrators have taken reasonable and timely actions to address any noncompliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures identified by internal or external evaluations, audits, or other means.*

4.   *Determine whether program administrators have taken reasonable and timely actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.*

Finding on program compliance: In its performance audit, Evergreen found that the Lee County School District (LCSD) is in compliance with Florida Statute Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds. Evergreen identified the groups and individuals responsible for ensuring compliance with a wide variety of laws rules, regulations, policies, and the like. In general, the internal control processes were found to be rigorous, with external experts and contract construction managers assuming some of the risk and responsibilities for compliance. Evergreen also found opportunities for strengthening management practices in specific areas.

CHAPTER HIGHLIGHTS

Evergreen assessed the District's planned use of the Surtax and found that LCSD was in compliance with applicable state laws, rules and regulations. Further as modifications to the plan were made, Evergreen reassessed the amended uses and found those uses to be in compliance.

Evergreen and LCSD program administrators identified the key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures that would need to be complied when addressing the projects outlined in the Regulation. Once identified, Evergreen assessed the current organization and found that the District has internal control mechanisms and plans for contract provisions to ensure compliance and has remedies in place should a contractor be found to be non-compliant.

Because the District's referendum includes the use of an Advisory Committee to oversee projects undertaken with Surtax proceeds, Evergreen assessed how the District is currently using the Advisory Committee structure and found that the current Board-appointed committees have played a vital role in increasing transparency and continually improving processes.

This chapter contains the following three sections:

   6.1   Surtax Assessment
   6.2   Project Level Compliance
   6.3   Role of Advisory Committees

6.1   SURTAX ASSESSMENT

Florida law authorizes local governments to impose several types of local option taxes. In some cases, the Florida Department of Revenue administers the tax for the local government and in other cases the local government administers the tax. When the Department administers the tax, its responsibilities include collecting the tax and distributing the funds to local governments to spend on locally authorized projects. Title XIV, 212.055: Discretionary sales surtaxes; legislative intent; authorization and use of proceeds outlines the intended uses and restrictions on the uses of the proceeds from the School Capital Outlay surtax:

> *It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.*

(6) SCHOOL CAPITAL OUTLAY SURTAX.—

(a) The school board in each county may levy, pursuant to resolution conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum, a discretionary sales surtax at a rate that may not exceed 0.5 percent.

(b) The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax. The statement shall conform to the requirements of s. 101.161 and shall be placed on the ballot by the governing body of the county. The following question shall be placed on the ballot:

FOR THE	CENTS TAX
AGAINST THE	CENTS TAX

(c) The resolution providing for the imposition of the surtax shall set forth a plan for use of the surtax proceeds for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, and any land acquisition, land improvement, design, and engineering costs related thereto. Additionally, the plan shall include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district. Surtax revenues may be used for the purpose of servicing bond indebtedness to finance projects authorized by this subsection, and any interest accrued thereto may be held in trust to finance such projects. Neither the proceeds of the surtax nor any interest accrued thereto shall be used for operational expenses.

(d) Surtax revenues collected by the Department of Revenue pursuant to this subsection shall be distributed to the school board imposing the surtax in accordance with law.

On February 5, 2018, the Board passed a surtax resolution (**Exhibit 6-1**) calling for the Surtax Referendum.   After the School Board voted to place the referendum on the ballot, the Board of County Commissioners voted unanimously in favor of placing the referendum on the General Election (November 6, 2018) ballot.

Exhibit 6-2 provides a more detailed list of the proposed projects and estimated dollar amounts included in the Surtax Referendum, and are arranged according to the Vision 2020 Goal under which the specific projects fall.

Exhibit 6-3 examines the statutory requirements and provides an explanation of how the District has answered the requirements.

Exhibit 6-1
Lee County School District
Resolution for Surtax Referendum

RESOLUTION
RESOLUTION ORDERING AND PROVIDING FOR THE HOLDING OF A REFERENDUM ELECTION TO DETERMINE IF THE ELECTORS IN THE SCHOOL

DISTRICT OF LEE COUNTY, FLORIDA, APPROVE THE LEVY BY THE SCHOOL BOARD OF LEE COUNTY, FLORIDA OF A ONE-HALF CENT PER DOLLAR SALES SURTAX IN ORDER TO FINANCE EDUCATIONAL IMPROVEMENTS AND FACILITIES AND EQUIPMENT, INCLUDING TECHNOLOGY, AND TO SERVICE BOND INDEBTEDNESS THEREFOR, IF ANY; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE SCHOOL BOARD OF LEE COUNTY, FLORIDA, ACTING AS THE GOVERNING BODY OF THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA, as follows:

SECTION 1. AUTHORITY FOR RESOLUTION. This resolution is adopted pursuant to Section 212.055(6), Florida Statutes, and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

(A) Section 212.055(6), Florida Statutes, authorizes school boards, such as the School Board of Lee County, Florida (the "Board"), to levy a discretionary sales surtax not to exceed one-half cent per dollar on all taxable transactions. Such levy is subject to approval by a majority vote of the electors in the county in which the school board is located.

(B) The Board hereby determines that it is in the best interest of the School District of Lee County, Florida (the "District") and its students to levy the sales surtax authorized by and in accordance with Sections 212.055(6), and 212.054 Florida Statutes, in an amount equal to one-half cent per dollar (the "Sales Surtax").

(C) The Board has heretofore determined to acquire land, construct, reconstruct and improve school facilities, including costs of retrofitting and providing for technology implementation, acquire equipment including safety and security and technology hardware and software, and to service bond indebtedness therefor, if any and all as further described in paragraph (E) below and on Exhibit A (collectively, the "Plan"). Acquisition, construction and financing of the Project is necessary in order for the District to be able to accommodate the growth in its student enrollment and to meet school facility and technology needs.

(D) The levy of the Sales Surtax is necessary in order for the Board to be able to fund the Project. The Sales Surtax shall be used to acquire, construct, reconstruct and equip the Project or to make lease payments under the lease purchase agreements pursuant to Sections 1001.42 (11)(b)5. and 1013.15(2), Florida Statutes, or pay bond indebtedness issued to finance the Project, all of which is permitted by Section 212.055(6), Florida Statutes. The Sales Surtax shall be levied for a period of ten (10) years, beginning January 1, 2019, unless repealed or reduced prior to that time by resolution of the School Board, which repeal or reduction may be effectuated without referendum, so long as there are no bonds or other obligations of the School Board outstanding that are payable from the proceeds of such levy. Any termination, repeal, or reduction of the surtax shall be effective as of December 31 of the year in which the resolution of the School Board is approved.

(E) The Project consists of fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of five (5) years or more, and any land acquisition, land improvement, design and engineering costs associated therewith. In addition, the Project also has a component for costs of installing safety and security equipment, and retrofitting and providing for technology implementation, including hardware and software, for various sites within the District. The Project also

Exhibit 6-1 (Continued)
Lee County School District
Resolution for Surtax Referendum

includes the making of lease payments under the lease purchase agreements pursuant to Sections 1001.42 (11)(b)5. and 1013.15(2), Florida Statutes and/or servicing of bond indebtedness to finance expenditures authorized by Section 212.055(6), Florida Statutes. Neither the proceeds of the surtax nor any interest acquired thereto shall be used for operational expenses.

SECTION 3. DESCRIPTION OF PROJECT AND ADOPTION OF PLAN FOR USE OF SURTAX REVENUES. The Board hereby adopts a plan for the use of Sales Surtax revenues, which plan provides for the use of such revenues to pay any portion of the costs of the Project as described above and in Exhibit A attached hereto and as further described in the findings provided in Section 2 hereof (the "Plan"). In accordance with the Plan for the use of surtax revenues herein adopted, at the subsequent option of the Board, surtax revenues may be used for the purpose of (i) paying any portion of the costs of the Project, (ii) servicing bond indebtedness the proceeds of which are used to finance any portion of the costs of the Project, and (iii) the making of lease payments pursuant to lease purchase agreements hereafter entered into for the acquisition of any portion of the Project. The specific projects to be funded with the proceeds of the surtax may be modified from time to time as the Board determines to be in the best interest of the citizens of Lee County

SECTION 4. PROJECT OVERSIGHT BY AN INDEPENDENT COMMITTEE. There is hereby authorized the establishment of an independent oversight committee of volunteers (the "Committee") for the purpose of overseeing and approving the implementation of the Plan commencing upon approval of the surtax and extending through the date of completion of the projects to be funded under the Plan. The membership of the committee shall be established by Board policy. The Committee oversees the use of sales tax revenues in accordance with Exhibit A and provides periodic reports of such use to the Board, as established by Board policy. The role of the Committee in overseeing the implementation of the Plan shall constitute an integral part of the Plan and shall not be subject to repeal prior to completion of the Plan.

SECTION 5. LEVY OF SALES SURTAX. Subject to approval of the electors of the District, the Board hereby levies the Sales Surtax in an amount equal to one-half cent per dollar. The Sales Surtax shall take effect on January 1, 2019, and shall remain in effect for a period of ten (10) years. If the Sales Surtax shall be approved by referendum, the Board shall comply with all provisions of Section 212.055(6), Florida Statutes.

SECTION 6. ELECTION ORDERED. A referendum election is hereby ordered to be held in the District at the general election on November 6, 2018 to determine whether or not the Board may levy the Sales Surtax. The Board hereby requests the Lee County Board of County Commissioners to direct the Supervisor of Elections of Lee County to place on the ballot the statement(s) contained in the "Notice of Election" attached hereto as Exhibit B, and to conduct said election pursuant to the provisions of the election laws of the State of Florida on the date designated in this resolution.

SECTION 7. NOTICE OF ELECTION. Not less than {30} days' notice of said election shall be given by publication in a newspaper of general circulation throughout the District. Such publication shall be made at least twice, once in the fifth week and once in the third week prior to the week of November 6, 2018, which notice shall be substantially in the form attached hereto as Exhibit B together with such additional information as the Supervisor of Elections of Lee County shall require. Any costs associated with the publication of the Notice of Election shall be paid by the Board.

SECTION 8. PLACES OF VOTING, INSPECTORS AND CLERKS. The polls will be open at the voting places on the date of such referendum election from 7:00 a.m. until 7:00 p.m. All qualified electors residing within the District shall be entitled and permitted to vote at such referendum election on the proposition provided herein. The places of voting and the inspectors and clerks of the referendum election shall be those designated by the Supervisor of Elections of Lee County in accordance with law.

SECTION 9. OFFICIAL BALLOT. The ballots to be used in the referendum election shall be in full compliance with the laws of the State of Florida, and shall be in substantially the following form:

Exhibit 6-1 (Continued)
Lee County School District
Resolution for Surtax Referendum

OFFICIAL BALLOT
School District of Lee County, Florida
Referendum Election - November 6, 2018

LEVY OF ONE-HALF CENT PER DOLLAR SALES SURTAX FOR
EDUCATIONAL IMPROVEMENTS, EQUIPMENT AND TECHNOLOGY

Shall a half-cent per dollar sales surtax be levied by The School Board to fund the construction of new schools, reconstruction and renovation of existing schools, acquisition of equipment, including safety and security equipment and technology for a 10-year period beginning January 1,2019, with oversight by an independent citizens' committee? Proceeds of the surtax will be used to fund the acquisition, construction, renovation, equipping and financing of public school facilities and technology.

Instructions to Voters: _____For the one half-cent surtax
                                                 _____   Against the one-half cent surtax

SECTION 10. ABSENTEE VOTING. Absentee electors participating in said referendum shall be entitled to cast their ballots in accordance with the provisions of the laws of the State of Florida with respect to absentee voting. The form of ballots to be used in such referendum election for absentee voters shall be the same as used at the polling places for such election.

SECTION 11. PRINTING OF BALLOTS. The Supervisor of Elections of Lee County is authorized and directed to have printed a sufficient number of the aforesaid ballots for use of absentee electors entitled to cast such ballots in such referendum election and shall also have printed sample ballots and deliver them to the inspectors and clerks on or before the date and time for the opening of the polls for such referendum election for the voting places; and, further, is authorized and directed to make appropriate arrangements for the conduct of the election at the polling places specified.

SECTION 12. ELECTION PROCEDURE. The Supervisor of Elections shall hold, administer and conduct the referendum election in the manner prescribed by law for holding elections in the District. Returns shall show the number of qualified electors who voted at such referendum election on the proposition and the number of votes cast respectively for and against approval of the proposition. The returns shall be canvassed in accordance with law. Provision will be made for early voting as required by Section 101.657, Florida Statutes.

SECTION 13. REFERENDUM RESULTS. If a majority of the ballots cast at such election shall be "FOR THE ONE-HALF CENT SURTAX', the levy of such surtax shall be approved and said surtax shall be levied as provided by law.

SECTION 14. SEVERABILITY. In the event that any word, phrase, clause, sentence or paragraph hereof shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other word, clause, phrase, sentence or paragraph hereof. SECTION 15. REPEALING CLAUSE. All resolutions in conflict or inconsistent herewith are repealed insofar as there is conflict or inconsistency.

SECTION 16. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption. However, the surtax authorized hereunder shall only be effective upon approval by a majority vote of the qualified electors of Lee County.

ADOPTED at a Special Meeting this 5th day of February, 2018.

SCHOOL BOARD OF LEE COUNTY, FLORIDA

Source: Lee County School District, June 2018.

Exhibit 6-2
Lee County School District
Surtax Referendum Project List

The School Board of Lee County
Referendum Project List

	Amount
Continue to Keep our Students Safe	$ 57,400,000
Lockdown View Panels	
Access Control	
Surveillance w/Integrated Technology	
Single Point Entry (Physical & Technology)	
Hardened Doors	
ADA/Safety Improvements	
Meet the Needs of an Increasing Student Population	$ 286,000,000
Elementary School – East Zone	
Middle School – East Zone	
High School – East Zone (MMM)	
Elementary School – South Zone	
Middle School – South Zone	
Career and Technical School	
Franklin Park Elementary Rebuild	
Cypress Lake Middle Rebuild	
Maintain High Quality Educational Facilities	$ 364,920,000
Air Conditioning (HVAC)	
Auditorium Seating	
Building Improvements	
Covered Structures	
Electrical & Lighting Replacements/Upgrades	
Fire Alarm/Sprinkler System Improvements and Upgrades	
Floor Coverings	
Furniture Replacement	
PE and Playground Improvements	
Roof Replancements	
Site Improvements (Drainage, Landscape, etc.)	
Windows	
Prepare Students for the Future through Technology	$ 46,510,000
Increased Elementary Computer Density	
Modernized Interactive A/V Systems	
Total Sales Tax Funded Projects	$754,830,000

Potential categories of improvements and projects are subject to modification as needs and priorities change.
Amounts shown are estimates based on currently available information and subject to change.
Short-term financing may be used to expedite projects.

Board Approved 6/26/2018

Source: Lee County School District, June 2018.

Exhibit 6-3
Statutory School Capital Outlay Requirements

Statutory Requirement	District Response
The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax	Ballot language appears to comply with requirements and was approved for inclusion on the November Ballot by the Lee County Commissioners.
The statement shall conform to the requirements of s. 101.161 and shall be placed on the ballot by the governing body of the county.	*BALLOT LANGUAGE:* *Shall a half-cent per dollar sales surtax be levied by The School Board to fund the construction of new schools, reconstruction and renovation of existing schools, acquisition of equipment, including safety and security equipment and technology for a 10 year period beginning January 1,2019, with oversight by an independent citizens' committee? Proceeds of the surtax will be used to fund the acquisition, construction, renovation, equipping and financing of public school facilities and technology.* *Instructions to Voters:* *_____ For the one half-cent surtax* *_____ Against the one-half cent surtax*
The resolution providing for the imposition of the surtax shall set forth a plan for use of the surtax proceeds for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, and any land acquisition, land improvement, design, and engineering costs related thereto.	Ballot language includes only acceptable uses of the surtax: *Proceeds of the surtax will be used to fund the acquisition, construction, renovation, equipping and financing of public school facilities and technology.* *...* **Exhibit 6-2,** above provides a complete list of the planned projects.
Additionally, the plan shall include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district	Technology is directly and indirectly mentioned in the project list. New technologies are envisioned as part of the Safety and Security upgrades, and as educational improvements. According to detailed documentation, the cost for retrofitting and implementation are included where appropriate.
Surtax revenues may be used for the purpose of servicing bond indebtedness to finance projects authorized by this subsection, and any interest accrued thereto may be held in trust to finance such projects	The district has not expressly stated whether debt will be used to finance the stated projects, however, due to the condition of the two schools requiring replacement and the immediate security needs, issuing debt for some of the construction projects would be considered an acceptable use of surtax proceeds.
Neither the proceeds of the surtax nor any interest accrued thereto shall be used for operational expenses.	No operating expenditures are included in the envisioned projects.

Source: Compiled by Evergreen, June 2018.

For reference purposes, **Exhibit 6-4** provides information regarding LCSD and peer district referenda held in the last 10 years. As can be seen, LCSD is the only district among its peers to not have prepared a referendum in the past 10 years.

Exhibit 6-4
Referenda in Last 10 Years
in Comparison School Districts

District	Referendum (Yes/No)	# of Referenda	Issues	Years	Amount
Lee County School District	**November 2018**	**PENDING**	**Construction of new schools, reconstruction and renovation of existing schools, and acquisition of equipment, including safety and security equipment and technology**	**2019-29**	**Estimated $789.8 million total**
Brevard Public Schools	Yes (Half-cent Sales Tax)	1	Construction, Renovation, district site renewal, technology infrastructure upgrades.	2015-20	Estimated $197.5 million total
Osceola School District	Yes (Half-cent Sales Tax)	1	A/C, Carpet, Fans, Parking lots, Sinks, Locker rooms, etc.	2017-36	Estimated $25 million dollars annually
Pasco County School District	Yes (Penny for Pasco)	1	Technology infrastructure upgrades. Remodel schools, parking improvements, new cafeteria, roof replacements.	2015-24	Estimated $271 million total
Polk County School District	Yes (Half-cent Sales Tax) May be renewed in 2018	1 (2 if renewed)	Construction, reconstruction, and improvement of School facilities and campuses, land acquisitions and improvement, design and engineering costs.	2004-18	Actual: $505,213, 604 through March 2018
Seminole County School District	Yes (Millage Referendum)	1	Preserve academic, vocational, arts, and athletic programs; retain teachers; repair and maintain school buildings.	2013-17	1 million annually for 4 years
Volusia County Schools	Yes (Half-cent Sales Tax)	1	Security, Technology, Science room remodel, new and replace schools, Athletics.	2014-31	Estimated $480 million total

Source: Phone calls to Comparison Districts, June 2018.

OBSERVATION

As part of its referendum, LCSD requested $286 million in new school construction costs, including a razing and rebuilding of two schools: Franklin Park Elementary School and Cypress Lake Middle School. The Florida Department of Education requires that school districts undergo a Castaldi Study to determine the feasibility of doing a school rebuild or modernizing its existing structures. In the case of Cypress Lake Middle School, the Castaldi Report recommended demolition of eight of its 11 buildings and renovations to the remaining three. For Franklin Park

Elementary School, the Castaldi Report recommends demolition of 12 of its 15 buildings and modernization of the remaining three.

There are six additional new school construction projects in the District's referendum project list, including the proposed elementary and middle school campus on the Three Oaks Parkway property.

Additionally, the District has identified extensive maintenance, technology, and safety and security needs in all of its schools. Those include, but are not limited to:

- **Safety and Security**

    – Hardening doors
    – Lockdown panels
    – Red Locks
    – Surveillance cameras
    – Single point of entry
    – Fire alarms
    – Access control
    – ADA improvements

- **Maintenance**

    – HVAC systems
    – Paving
    – Covered structures
    – Ceiling tiles
    – Intercom system
    – Drainage improvements
    – Window
    – Remodels

The Evergreen Team visited eight sites in Lee County accompanied by the Executive Director of Operations and the Senior Program Manager for Construction, Facility Development, and Programming. Those sites included:

- Cypress Lake High School
- Cypress Lake Middle School
- Bonita Springs High School
- Three Oaks Parkway Property
- Franklin Park Elementary School
- Dunbar High School
- Fort Myers High School
- Fort Myers Middle Academy

Dunbar High School and Bonita Springs High School have the latest security technology and devices excluding artificial intelligence. Bonita Springs is a new campus opening in the 2018-19 school year. Dunbar had major renovations and additions recently. Both are structurally in good shape.

Unlike those schools, Cypress Lake High School is susceptible to a number of security weaknesses. The high school has five multiple entrances to its campus; no hardening doors; no single point of entry; no buzzer or badge system; very few cameras with only one in the parking lot; limited stairwell and restroom visibility; and an unsecure special education classroom hall. It shares a campus with Cypress Lake Middle School. The main entry from the middle school is not secure and, without badge system, anyone can enter the high school.

Fort Myers High School has four major entries without a single point of entry; doors remain unlocked to the main building; and the surveillance system is a mix of digital and analog. The most disconcerting security issue is that there are many open gates and too much public access from a park and trail that runs between the football stadium/campus grounds and the baseball fields. The public walks their dogs and jogs from the park trail onto the campus. The high school has lots of community and alumni support, but with that comes a public that believes it has free reign of the campus.

As mentioned, LCSD conducted a Castaldi Report on Cypress Lake Middle School and has plans to raze and rebuild it should the Surtax pass. The school has numerous maintenance problems including: frequent chiller breakdowns with no parts replacements, a crippled HVAC system, Asbestos ceilings, and flooding in the walkways when it rains. Evergreen auditors visited one room where nearly 30 students would be taught and it was clearly room enough for half that many students. The cafeteria has capacity for 300 students and lunches are done in three shifts. The school only has one adult male and one adult female restroom, each with two stalls.

In addition, the campus still had Hurricane Irma damage, evidence of high humidity in classrooms, bad leaking roofs, and overhangs. The campus has several add-on structures and lots of fencing. Among many things, the Castaldi Study found several significant areas of concern—including structural, mechanical, electrical, plumbing, and fire hazards.

In a visit to Franklin Park Elementary School, also a Castaldi school, Evergreen auditors noted:

- a compromised electrical and main breaker;
- multiple air handlers on the roofs of the buildings;
- a HVAC system so loud that teachers must use microphones in the classroom;
- severe drainage problems and flooding in the walkways;
- no safe place for the students to go to during electrical outages;
- broken pipes that cause classroom flooding; and
- Asbestos ceiling tiles.

On one occasion, the electrical system went out and for three days, the school remained opened without electricity until a new main breaker system was shipped and installed at the school. The gymnasium door and exterior walls are coming a part. Evergreen auditors noted a rusted out

structure that is no longer attached to the concrete surface and a patchwork of supports along the gymnasium walls. The Castaldi Report identified a fairly sound surveillance and security system in place including a centrally-monitored security system, and strategically-placed interior and exterior surveillance cameras.

At Fort Myers Middle Academy, Evergreen auditors noted several safety and maintenance needs. The school does not have a single point of entry or buzzer systems, and no red locks on classroom doors. The lighting in the walkways and parking lot is very poor, making it very unsafe in the evening hours. There are few cameras in the campus, and only one near the back of the campus on the way to the parking lot. The fencing around the school does not deter vandalism. People jump the fences in the back of the school and, on one occasion, squatters were found using the gymnasium bathrooms and camping out. From a maintenance standpoint the school has crumbling insulation in cafeteria and gymnasium. When it rains heavily, the walkways and classrooms flood. The flooding causes the steel columns incased in brick facades to rust and crumble. The roof is 23-years old with several bad exhaust fans that can no longer be replaced. The HVAC, plumbing, and electrical systems are stretched to their usefulness. The common area outside the gymnasium is uneven due to repeated drainage issues. In some cases the concrete is two inches or more unleveled causing a safety issue should someone trip and fall. The interior landscaping between buildings cannot hold up due to the poor drainage from storms.

Despite the conditions noted above, Evergreen auditors observed clean, fresh, and well-kept classrooms, grounds, and common areas. Evergreen's observation of the facilities confirms many of the needs and concerns expressed by LCSD administrators.

OBSERVATION

Main restroom doors do not exist for boys and girls restrooms at some middle and high schools. For example, auditors observed this at Dunbar High School and Cypress Lake Middle School. However, **Chapter 5 State Requirements for Educational Facilities Section 5, November 2014,** (16) Mechanical, (b) Plumbing, states:

> 7. *Group toilet rooms, where provided, shall meet the following requirements:*
>
>   *a. Entrances to group toilet rooms shall be provided with a partition or other shielding device to block occupants from view.*
>
>   *b. In group toilet rooms, a partition shall be placed between each water closet. Water closet stalls shall be provided with doors. The partitions and doors shall be maintained in a safe, secure and operational condition at all times.*

RECOMMENDATION

Recommendation 6-1:

When removing group toilet room doors in middle and high schools ensure that the District is compliant with State requirements for educational facilities.

OBSERVATION

While debt service is an acceptable use of the Surtax proceeds, District leaders have not specifically addressed the topic of debt service in the referendum documentation.   Should the Surtax pass, LCSD will receive the proceeds as taxes are collected. Therefore, to accumulate sufficient money to pay for the rebuilding of the schools in greatest need could take several years. In discussions with school administrators, some said the community believed that safety and security upgrades were an even higher priority.

Some senior managers assumed that the community knew that, in order to do all of the projects quickly, the District would need to leverage the Surtax by issuing debt, but have not strategically looked at debt options and have not injected debt service into the planning efforts to date.

RECOMMENDATION

Recommendation 6-2:

Manage public expectations by clearly outlining debt strategies that will be necessary in order to address the capital project priorities in a timely and efficient manner.

6.2   *PROJECT LEVEL COMPLIANCE*

Evergreen asked LCSD administrators and legal staff for the key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures that would need to be complied when addressing the projects outlined in the referendum. Rather than listing each identified regulation or policy, **Exhibit 6-5** provides the general compliance categories with information regarding the individual(s) or group(s) responsible for oversight and any tools or documentation used to aid in the monitoring process.

OBSERVATION

The extensive use of checklists with one or more signoffs is evidence of the District's effort to ensure compliance with key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures.

During interviews, responsible staff members were asked how they monitored compliance with key federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures. In the majority of cases, staff provided copies of checklists and internal operating procedures that were used by them or the user divisions they served. In many cases, these checklists contained the legal citations and specific instructions regarding the steps that must be taken to comply.

Exhibit 6-5
Key Compliance Categories
For Program Areas Under Review

Type of Legal Compliance	Individual(s) or Group(s) Responsible for Monitoring	Tool or Medium Used to Ensure Compliance?
Legislative Changes Impacting School Governance or Operations	Board Attorney and School Leadership	Board Policies
Building and Construction Codes, Inspection Requirements, Occupancy Permits, Army Corp of Engineers and Water Related Issues, etc.	Operations Division; Facility Engineers with Project Management Responsibility; Internal Auditor (Final Review)	• Construction Manager at Risk Contracts • Checklists and Operational Procedures • Permit Applications
Florida Department of Education: • Florida Inventory of School Houses; • State Requirements for Educational Facilities, Florida Building Codes; • Capital Outlay Full-Time Equivalent; • Five-Year Educational Work Plan; Federal American with Disabilities Act	Operations Division: Planning, Growth, and School Capacity Department; Facility Development and Programming Construction Services Department; Safety and Security; and, Maintenance Department	• At-Risk Contracts • Permits • Inspections
Marjory Stoneman Douglas High School Public Safety Act, Ch. 2018-3, Senate Bill 7026 Inter-local agreements for SROs	Board Attorney, Safety & Security Director; Safety & Security Coordinator; Security Zone Managers, School Resource Officers	• Florida Safe Schools Assessment Tool • Mobile suspicious activity reporting tool FortifyFL • Youth Mental Health Awareness & Assistance Training • Active Shooter Situation Training • Threat Assessment Training • Security Risk Assessment • Internal procedures
Dept. of Education Facility Size, Use and Other Requirements	Architects, Planners, Operations Planning and Facilities Department	• Annual Planning Reports to DOE • Castaldi Report
Budget Adoption Processes and Timelines	CFO, Superintendent, School Board	• Board Policy • Budget Development Processes • Board Workshops and Agendas
Purchasing and Competitive Procurement Requirements (State, local, federal, and grant specific)	Procurement Department with Oversight by Superintendent, CFO and School Board	• Board Policy • PeopleSoft System • Threshold Signoff for Purchases; • Checklists in internal operating procedures for handling specific situations
Investments, Debt Issuance and the like	CFO, Financial Advisors, Board Attorney, Investment Advisors, etc.	• Board Policies; Internal operating procedures

Source: Compiled by Evergreen Solutions from materials gathered as part of the review process, June 2018.

In the Procurement area alone, the following checklists were provided:

- Procurement Piggy-back Checklist
- Procurement Single Source Checklist
- Procurement Renewal Checklist
- RFP Management Checklist
- Procurement Bid Management Checklist
- Request for Qualifications Checklist
- Bid Opening Checklist
- Negotiation Process Checklist
- Advertising Construction Solicitations Checklist
- Checklist for payment applications
- Change Order Checklist

The Facility Development and Programming Services area provided the following checklists:

- Evaluation of Past (Vendor) Performance Checklist
- Pre-Construction Checklist
- Checklist for Requisitions for Construction Managers Projects > $200,000
- Check List for Final Project Close Out
- Construction Contract Paperwork Checklist for External Auditor

In addition to the checklists, additional internal procedures were provided—many with additional references to statutory or other requirements. While procedures and checklists do not always ensure compliance, the documentation retained by the District with final sign off by one or more parties is substantial evidence that every effort is being made to ensure compliance.

OBSERVATION

While no specific vendor information was shared, Procurement staff outlined the process used to address vendor non-compliance issues. The process included personal contacts, notification letters, and ultimately contract termination letters, all handled under the guidance and direction of their legal counsel. Procurement also indicated that there are instances when the District will no longer do business with a vendor due to a poor evaluation by the user division or contract manager. While the general process for dealing with vendor non-compliance, no formal procedures were provided to outline the steps in the process.

In addition, Procurement staff said they are not always apprised of a problem, particularly at the school level, when a vendor is not providing the goods or services outlined in their contract or within the terms of the purchase agreement. When staff attempt to handle such a problem situation without sound expert or legal advice, the problem can be exacerbated. More education may be needed to ensure that all staff are aware of the procedures for addressing vendor non-compliance issues and are notifying the Procurement Department immediately when a problem is identified.

RECOMMENDATION

Recommendation 6-3:

Formalize the procedures for documenting and handling vendor non-compliance and use the documented procedures to train key staff—emphasizing the need for school staff and contract managers to keep the Procurement Department informed regarding vendor non-compliance.

OBSERVATION

In its draft report, the Auditor General included findings related to LCSD's use of impact fee proceeds and ad valorem revenue. When finalized, the Auditor General's report, including the school district's response, will be available at *www.flauditor.gov/pages/Reports.aspx.*

6.3   *ROLE OF ADVISORY COMMITTEES*

LCSD uses community-based advisory committees for a number of purposes. Generally these advisory committees are comprised of community members appointed by the School Board and are charged with overseeing some aspect of the District's operations.

OBSERVATION

LCSD has made effective use of external advisory committees comprised of community experts in the field; outcomes from these committees are helping to drive the District's continual improvement efforts.

The two committees most engaged with capital projects are the Construction Advisory Committee and the Finance Advisory Committee. Each are described below.

Construction Advisory Committee (CAC): The purpose of the Construction Advisory Committee is to provide input, advice, and support to the five-year Capital Plan. This Committee also reviews proposed new construction and renovation projects and reviews plans for compliance with safety-to-life issues.

- The Committee is comprised of 15 members of the community—each with construction related subject matter expertise. Board members appoint committee members.

- The District Staff Liaison to the Committee is Marc Mora, Executive Director of Operations.

A sampling of functions performed by the CAC in the past two years include:

- Reviewed the new Construction Services Solicitation Process in advance of its initial and final releases, and provided input. Recommended builders associates with whom the

District should contact and partner to advertise public meetings on the new solicitation process.

- Reviewed the two-phased construction project process, including presentation of the new pre-construction process followed by the execution of the construction process. The committee provided advice on calculating cost based on inflation, and other topics.

- Reviewed the first RFQ for Architectural Services, managed using the new solicitation process.

- Led the management process for the site selection for the new high school, MMM. Visited the 2 sites being considered. Engaged members of other advisory committees – (District Advisory Council and Equity and Diversity Advisory Council) to participate on the site selection committee. Scored and tabulated the evaluation of the two sites, and recommended to the Board to select the Gateway. The Board accepted the recommendation.

- Provided feedback at each meeting (approximately monthly) on the progress of major capital construction programs.

- Reviewed and discussed the Sales Tax Initiative, with recommendations on how to proceed with public education on this topic.

- Provided review and feedback of District's prototype elementary and middle school designs; recommended the adapted reuse of the prototypes with modifications to address projected instructional/program needs.

Finance Advisory Committee (FAC): The purpose of the Finance Advisory Committee is to provide input, advice and support in the preparation of the operating and capital budget for the School District.

- The Committee is comprised of 15 members of the community, each with finance-related subject matter expertise. Board members appoint committee members.

- The District Staff Liaison to the Committee is Kelly Letcher, Director of Business Services, Budget.

A sampling of functions performed by the FAC in the past two years include:

- Recommended to the School Board to conduct an Efficiency Study/Operational Audit, by an external auditor, to determine if/where there are areas for efficiency and operational improvements. The Board acted upon the request and engaged Gibson Consulting for this service.

- Reviewed the new Capital Planning and Construction Processes.

- Reviewed the draft budget timeline and budget process.

- Supported building and field naming rights as a revenue generation stream.

- Reviewed and discussed the Sales Tax Initiative to generate revenue, decrease debt, and fund capital projects.

OBSERVATION

LCSD is commended for initiating plans to create an Independent Oversight Committee with access to all records necessary to ensure that Surtax money is spent as promised. This action is based on a commitment to transparency and a model of successful advisory committees currently in practice in the Lee County School District.

Prominent on the home page of the District's website is reference to the upcoming half-cent tax referendum called "Small Change for Big Change". This information on the website describes why a half-cent sales tax is the best approach over impact fees, obligation bonds, property tax increases or additional cuts in spending.

In response to the question, "How will I know if the District is doing what it says it will do with the money?", and to foster transparency in the process, the School Board will appoint county residents to serve on an Independent Oversight Committee with complete access to all records necessary to ensure that the money is being spent as promised.

The experiences of past advisory committees provides evidence that the District has a model for such committees that has been successful.

APPENDICES

APPENDIX A:
SCHOOL BUILDING INFORMATION

APPENDIX A

SCHOOL BUILDING INFORMATION
LEE COUNTY SCHOOL DISTRICT

Elementary Schools	Year Built	Square Feet Including Portables	Number of Portables in Use*	Square Feet of Portables	Capacity	Enrollment (YR?)	Under/Over Capacity	% Under/Over Capacity
Allen Park ES	1957	129,052			1,028	970	58	5.6%
Alva School (K-8)	1886	144,444			1,089	1,014	75	6.9%
Bayshore ES	1966	91,368			693	630	63	9.1%
Bonita Springs ES	1916	50,352	1		396	517	(121)	-30.6%
Caloosa ES	2000	133,604			1,085	938	147	13.5%
Cape Coral ES	1963	112,871			898	736	162	18.0%
Colonial ES	1978	114,983	1		922	787	135	14.6%
Diplomat ES	1991	119,533			1,086	938	148	13.6%
Edgewood Renaissance	1924	113,208			741	565	176	23.8%
Edison Park ES	1926	72,843			455	355	100	22.0%
Franklin Park ES	1954	89,228			579	474	105	18.1%
Ft Myers Beach ES	1938	30,634			220	121	99	45.0%
G. Weaver Hipps ES	2009	106,693	3		758	798	(40)	-5.3%
Gateway ES	1991	114,113			736	736	0	0.0%
Gulf Elementary	1982	158,586			1,275	1,044	231	18.1%
Hancock Creek ES	1992	145,802			1,044	871	173	16.6%
Harns Marsh Elementary	2005	124,793	1		912	1,021	(109)	-12.0%
Hector Caferata Jr. Elementary	2006	74,927			883	677	206	23.3%
Heights ES	1963	158,152			1,306	1,199	107	8.2%
J. Colin English ES	1929	98,193			601	461	140	23.3%
James Stephens Int'l Academy	1958	175,579			1,095	358	737	67.3%
Lehigh ES	1958	146,199	1		1,056	1,195	(139)	-13.2%
Littleton ES	1991	120,545	1		738	530	208	28.2%
Manatee ES	2008	128,557			1,042	900	142	13.6%
Michigan Montessori (K-8) [1]	1964	-			-	-	0	0.0%
Mirror Lakes ES (1998)	1998	143,470	3		1,071	1,203	(132)	-12.3%
North Ft Myers Academy (K-8)	1973	200,855			1,409	1,117	292	20.7%
Orange River ES	1957	100,799	3		817	854	(37)	-4.5%

Elementary Schools	Year Built	Square Feet Including Portables	Number of Portables in Use*	Square Feet of Portables	Capacity	Enrollment (YR?)	Under/Over Capacity	% Under/Over Capacity
Orangewood ES	1954	91,612	1		614	579	35	5.7%
Patriot ES	2008	125,887			1,046	721	325	31.1%
Pelican ES	1978	151,740			1,388	938	450	32.4%
Pine Island ES	1955	54,153			391	235	156	39.9%
Pinewoods ES	1992	145,752	1		1,060	1,114	(54)	-5.1%
Ray V. Pottorf Elementary	2005	124,900			864	704	160	18.5%
Rayma Page Elementary	2004	119,637			846	845	1	0.1%
River Hall Elementary^	2006	124,525	3		1,046	1,017	29	2.8%
San Carlos Park ES	1978	120,665			1,026	999	27	2.6%
Skyline ES	1987	145,961			1,412	957	455	32.2%
Spring Creek ES	1981	95,575	4		735	757	(22)	-3.0%
Sunshine ES	1986	129,061			1,108	1,201	(93)	-8.4%
Tanglewood Riverside ES	1970	108,195			786	781	5	0.6%
The Sanibel School (K-8)	1962	80,981			423	314	109	25.8%
Three Oaks ES	1987	93,886	8		731	933	(202)	-27.6%
Tice ES	1927	106,028			616	614	2	0.3%
Tortuga Preserve ES	2012	129,936			1,056	1,014	42	4.0%
Trafalgar ES	2004	92,377			998	795	203	20.3%
Treeline ES	2008	129,597			1,029	1,088	(59)	-5.7%
Tropic Isles ES	1959	117,098			1,051	975	76	7.2%
Veterans Park Academy K-8	2004	247,972			1,945	1,608	337	17.3%
Villas ES	1961	115,515			881	867	14	1.6%
		5,850,436	**31**		**44987**	**40065**	**4922**	**10.9%**

Middle Schools	Year Built	Square Feet Including Portables	Number of Portables in Use*	Square Feet of Portables	Capacity	Enrollment (YR?)	Under/Over Capacity	% Under/Over Capacity
Alva MS [2]	1927	-			-	-		
Bonita Springs MS	1976	129,498			990	903	87	8.8%
Caloosa MS	2000	166,253			1,159	883	276	23.8%
Challenger MS	2008	161,808			1,366	1,046	320	23.4%
Cypress Lake MS	1961	137,523			941	829	112	11.9%
Diplomat MS	1999	171,107			1,094	823	271	24.8%
Ft Myers Middle Academy	1951	128,511			952	520	432	45.4%

Middle Schools	Year Built	Square Feet Including Portables	Number of Portables in Use*	Square Feet of Portables	Capacity	Enrollment (YR?)	Under/Over Capacity	% Under/Over Capacity
Gulf Middle	1981	131,834			1,024	787	237	23.1%
Harnes Marsh MS^	2012	164,662	6		1,325	1,145	180	13.6%
Lee MS [1]	1958	-			-	-		
Lehigh Acres MS^	1982	130,421	12		1,177	1,223	(46)	-3.9%
Lexington Middle School	2005	172,672			1,146	1,084	62	5.4%
Mariner MS	2004	151,198			1,294	890	404	31.2%
Oak Hammock MS^	2009	160,246	12		1,360	1,324	36	2.6%
Paul Laurence Dunbar MS	1962	157,828			1,124	943	181	16.1%
Three Oaks MS	1991	152,119	1		1,096	991	105	9.6%
Trafalgar MS	1989	145,346			1,092	906	186	17.0%
Varsity Lakes MS^	2004	160,998	10		1,209	1,146	63	5.2%
		1,473,758.00	**41**		**18,349**	**15,443**	**2,906**	**15.8%**
High Schools	Year Built	Square Feet Including Portables	Number of Portables in Use*	Square Feet of Portables	Capacity	Enrollment (YR?)	Under/Over Capacity	% Under/Over Capacity
Cape Coral Sr HS	1978	272,847			1843	1566	277	15.0%
Cypress Lake Sr HS	1967	269,378			1700	1564	136	8.0%
Dunbar HS	2000	255,430			1912	1773	139	7.3%
East HS	2006	312,333			2057	1996	61	3.0%
Estero Sr HS	1985	272,710	15		1704	1773	(69)	-4.0%
Ft Myers Sr HS	1921	264,335			1963	1889	74	3.8%
Ida S. Baker HS	2005	309,507			1991	1764	227	11.4%
Island Coast HS	2008	268,866			2059	1536	523	25.4%
Lehigh Sr HS^	1994	289,278	16		1824	1954	(130)	-7.1%
Mariner Sr HS	1986	258,181			1725	1486	239	13.9%
North Ft Myers Sr HS	1960	258,399			1804	1695	109	6.0%
Riverdale High 6-12	1972	250,303	12		2040	2058	(18)	-0.9%
South HS	2006	309,096			2127	1904	223	10.5%
		1,675,688	**43**		**24749**	**22958**	**1791**	**7.2%**

Specialty Schools	Year Built	Square Feet Including Portables	Number of Portables in Use*	Square Feet of Portables	Capacity	Enrollment (YR?)	Under/Over Capacity	% Under/Over Capacity
ALC West	2008	22,566			265	61	204	77.0%
Buckingham Exceptional Ctr	1984	32,552	2		100	87	13	13.0%
Cape Coral Technical College [3]	1991	64,798	1		324	-	324	100.0%
Ft. Myers Technical College [4]	1966	184,255			654	-	654	100.0%
Lee County Public Service Academy [4]	1964	106,068			270	-	270	100.0%
New Directions School	1993	145,027	2		636	320	316	49.7%
Royal Palm Exceptional	1994	60,347			230	168	62	27.0%
		615,613	**5**		**2,479**	**636**	**1843**	**74.3%**

1 Michigan Montessori (K-8) was moved to Lee Middle and renamed James Stephens Int'l Academy beginning 2010. The school was changed from K-8 school to Elementary school beginning 2017.

2 Alva Middle was combined with Alva Elementary and renamed Alva School K-8 beginning 2015.

3 North Vo-Tech was renamed Cape Coral Institute of Technology during 2014 and renamed Cape Coral Technical College during 2015.

4 Lee County Public Service Academy was housed at Ft. Myers Institute of Technology prior to 2011, then moved to the old Michigan Montessori facility in 2011.

^Includes new portables for school year 2018-19.

Source: District Facilities Office. School Building Information as of June 30, 2017.

Ancillary Facilities	Year Built	Square Feet
Dunbar Community	1910	21,153
Food Service Warehouse	1960	20,000
Gwynne Building	1911	20,395
Maintenance	1972	62,762
New Administrative Complex	1986	310,001
R&R Building	1975	9,984
Supply	1960	18,417
Transportation Central	1960	28,909
Transportation East	2004	9,361
Transportation Leonard	2009	24,699
Transportation West	1995	28,685
Transportation 6 Mile Cypress	2004	39,729
		572,942

Source: District Facilities Office. School Building Information as of June 30, 2017.

APPENDIX B:
GENERAL FUND EXPENDITURES

APPENDIX B

GENERAL FUND EXPENDITURES
LEE COUNTY SCHOOL DISTRICT

FY 2016 through FY 2018 YTD

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 5000 INSTRUCTION								
SALARIES	$281,525,704	$253,442,810	$294,628,115	$262,023,593	$297,211,978	$273,976,673	5.6%	8.1%
EMPLOYEE BENEFITS	$76,069,446	$72,216,833	$79,198,199	$74,792,356	$86,613,941	$81,431,740	13.9%	12.8%
PURCHASED SERVICES	$90,289,753	$92,294,784	$93,487,609	$92,794,323	$98,853,378	$98,936,222	9.5%	7.2%
ENERGY SERVICES	$57,985	$22,730	$48,146	$26,349	$71,520	$26,357	23.3%	16.0%
MATERIALS AND SUPPLIES	$15,857,634	$9,836,607	$28,708,497	$7,538,275	$31,245,543	$10,507,986	97.0%	6.8%
CAPITAL OUTLAY	$12,480,044	$981,372	$4,597,966	$1,296,353	$3,632,957	$1,423,718	-70.9%	45.1%
OTHER EXPENSES	$7,728,391	$9,850,183	$7,906,986	$9,958,586	$8,175,514	$10,886,709	5.8%	10.5%
TOTAL FOR FUNCTION 5000	**$484,008,957**	**$438,645,318**	**$508,575,517**	**$448,429,834**	**$525,804,832**	**$477,189,403**	**8.6%**	**8.8%**
FUNC 6100 PUPIL PERSONNEL SERVICES								
SALARIES	$18,058,424	$17,828,679	$18,710,008	$18,328,323	$18,785,020	$19,381,698	4.0%	8.7%
EMPLOYEE BENEFITS	$5,193,659	$5,035,767	$5,346,000	$5,223,451	$5,771,660	$5,661,799	11.1%	12.4%
PURCHASED SERVICES	$310,864	$364,578	$307,656	$329,837	$334,032	$326,817	7.5%	-10.4%
MATERIALS AND SUPPLIES	$731,497	$700,105	$369,384	$306,874	$295,408	$202,811	-59.6%	-71.0%
CAPITAL OUTLAY	$42,390	$28,815	$13,700	$10,607	$12,947	$5,840	-69.5%	-79.7%
OTHER EXPENSES	$546,152	$758,125	$1,273,782	$1,352,044	$1,290,171	$1,369,775	136.2%	80.7%
TOTAL FOR FUNCTION 6100	**$24,882,986**	**$24,716,068**	**$26,020,530**	**$25,551,135**	**$26,489,238**	**$26,948,740**	**6.5%**	**9.0%**
FUNC 6200 INST MEDIA SERVICES								
SALARIES	$2,466,731	$2,533,692	$2,361,313	$2,441,439	$2,142,414	$2,156,603	-13.1%	-14.9%
EMPLOYEE BENEFITS	$882,374	$859,966	$865,585	$809,757	$859,363	$806,650	-2.6%	-6.2%
PURCHASED SERVICES	$295,386	$254,134	$282,809	$303,847	$280,689	$228,893	-5.0%	-9.9%
MATERIALS AND SUPPLIES	$146,056	$139,920	$174,752	$110,933	$209,594	$44,889	43.5%	-67.9%
CAPITAL OUTLAY	$434,631	$237,296	$474,897	$217,934	$430,236	$160,377	-1.0%	-32.4%
OTHER EXPENSES	$18,518	$14,579	$18,778	$15,659	$18,680	$16,706	0.9%	14.6%
TOTAL FOR FUNCTION 6200	**$4,243,696**	**$4,039,587**	**$4,178,135**	**$3,899,570**	**$3,940,975**	**$3,414,118**	**-7.1%**	**-15.5%**

General Fund Expenditures (Continued)
FY 2016 through FY 2018 YTD

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 6300 INSTR AND CURR DEVELOPMENT SE								
SALARIES	$6,819,893	$6,697,043	$6,997,177	$6,759,368	$7,426,349	$7,308,219	8.9%	9.1%
EMPLOYEE BENEFITS	$1,716,136	$1,566,158	$1,737,605	$1,611,871	$1,949,466	$1,791,493	13.6%	14.4%
PURCHASED SERVICES	$142,528	$297,229	$449,587	$274,626	$169,757	$143,599	19.1%	-51.7%
ENERGY SERVICES	$1,000	$150	$900	$321	$800	$165	-20.0%	9.7%
MATERIALS AND SUPPLIES	$55,508	$2,919	$52,399	$10,257	$44,271	$5,296	-20.2%	81.4%
CAPITAL OUTLAY	$143	$1,238	$203	$7,772	$1,113	$309	675.8%	-75.0%
OTHER EXPENSES	$7,380	$30,836	$9,782	$32,810	$14,737	$38,414	99.7%	24.6%
TOTAL FOR FUNCTION 6300	**$8,742,588**	**$8,595,573**	**$9,247,654**	**$8,697,024**	**$9,606,492**	**$9,287,495**	**9.9%**	**8.0%**
FUNC 6400 INSTRUCTIONAL STAFF TRAINING								
SALARIES	$3,167,125	$2,791,003	$3,445,792	$3,020,537	$4,350,683	$3,745,027	37.4%	34.2%
EMPLOYEE BENEFITS	$861,507	$720,419	$893,683	$806,770	$1,191,819	$957,080	38.3%	32.9%
PURCHASED SERVICES	$830,327	$539,273	$1,232,871	$439,641	$944,573	$351,322	13.8%	-34.9%
ENERGY SERVICES	$125	$0	$125	$0	$125	$0	0.0%	0.0%
MATERIALS AND SUPPLIES	$532,762	$108,049	$403,814	$64,970	$317,536	$29,442	-40.4%	-72.8%
CAPITAL OUTLAY	$2,306	$350	$2,305	$0	$1,755	$928	-23.9%	164.9%
OTHER EXPENSES	$130,604	$224,552	$152,129	$157,929	$200,963	$126,466	53.9%	-43.7%
TOTAL FOR FUNCTION 6400	**$5,524,757**	**$4,383,647**	**$6,130,719**	**$4,489,848**	**$7,007,453**	**$5,210,266**	**26.8%**	**18.9%**
FUNC 6500 INSTRUCTION RELATED TECHNOLOGY								
SALARIES	$4,992,850	$5,101,595	$5,735,347	$5,523,483	$5,544,908	$5,599,412	11.1%	9.8%
EMPLOYEE BENEFITS	$1,390,477	$1,403,656	$1,491,970	$1,511,049	$1,599,565	$1,583,123	15.0%	12.8%
PURCHASED SERVICES	$833,612	$690,933	$738,248	$601,659	$781,913	$562,201	-6.2%	-18.6%
ENERGY SERVICES	$10,076	$12,251	$8,000	$13,541	$8,000	$15,283	-20.6%	24.7%
MATERIALS AND SUPPLIES	$78	$0			$0	$889	n/a	n/a
CAPITAL OUTLAY	$101	$439	$108	$0	$85,108	$14,734	n/a	n/a
OTHER EXPENSES	$576	$2,128	$0	$31,028	$0	$270	n/a	-87.3%
TOTAL FOR FUNCTION 6500	**$7,227,769**	**$7,211,002**	**$7,973,673**	**$7,680,760**	**$8,019,495**	**$7,775,913**	**11.0%**	**7.8%**

General Fund Expenditures (Continued)
FY 2016 through FY 2018 YTD

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 7100 SCHOOL BOARD								
SALARIES	$594,593	$588,656	$696,596	$667,688	$822,977	$693,266	38.4%	17.8%
EMPLOYEE BENEFITS	$229,694	$219,067	$310,206	$251,403	$340,113	$310,567	48.1%	41.8%
PURCHASED SERVICES	$95,517	$82,665	$94,012	$93,620	$598,045	$181,071	526.1%	119.0%
MATERIALS AND SUPPLIES	$10,248	$7,635	$11,469	$7,654	$12,469	$8,842	21.7%	15.8%
OTHER EXPENSES	$36,722	$54,231	$14,660	$15,805	$36,426	$34,024	-0.8%	-37.3%
TOTAL FOR FUNCTION 7100	**$966,774**	**$952,254**	**$1,126,943**	**$1,036,170**	**$1,810,030**	**$1,227,770**	**87.2%**	**28.9%**
FUNC 7200 GENERAL ADMINISTRATION								
SALARIES	$1,969,919	$1,750,036	$1,851,436	$1,992,198	$2,195,169	$2,146,262	11.4%	22.6%
EMPLOYEE BENEFITS	$434,458	$403,105	$415,367	$455,205	$546,620	$510,044	25.8%	26.5%
PURCHASED SERVICES	$400,783	$321,160	$435,087	$363,058	$476,111	$302,090	18.8%	-5.9%
ENERGY SERVICES	$400	$179	$300	$494	$0	$94	-100.0%	-47.5%
MATERIALS AND SUPPLIES	$28,513	$25,850	$32,062	$27,110	$34,213	$31,303	20.0%	21.1%
CAPITAL OUTLAY	$0		$0	$0	$0	$3,395	n/a	n/a
OTHER EXPENSES	$427,132	$439,747	$422,241	$431,481	$493,335	$302,722	15.5%	-31.2%
TOTAL FOR FUNCTION 7200	**$3,261,204**	**$2,940,076**	**$3,156,493**	**$3,269,546**	**$3,745,449**	**$3,295,909**	**14.8%**	**12.1%**
FUNC 7300 SCHOOL ADMINISTRATION								
SALARIES	$35,309,627	$34,108,255	$37,541,859	$36,312,426	$37,226,340	$36,894,871	5.4%	8.2%
EMPLOYEE BENEFITS	$9,210,573	$8,871,730	$9,639,303	$9,448,375	$10,249,188	$9,992,033	11.3%	12.6%
PURCHASED SERVICES	$0	$1,230,618	$1,286,097	$1,272,501	$1,439,359	$1,264,758	n/a	2.8%
ENERGY SERVICES	$1,383,509	$36	$514	$0	$814	$99	-99.9%	179.1%
MATERIALS AND SUPPLIES	$1,469,736	$423,120	$1,798,437	$404,115	$1,293,105	$400,213	-12.0%	-5.4%
CAPITAL OUTLAY	$90,163	$156,123	$136,778	$139,825	$139,857	$73,049	55.1%	-53.2%
OTHER EXPENSES	$32,983	$61,325	$56,497	$54,330	$51,208	$80,545	55.3%	31.3%
TOTAL FOR FUNCTION 7300	**$47,496,591**	**$44,851,206**	**$50,459,485**	**$47,631,571**	**$50,399,871**	**$48,705,568**	**6.1%**	**8.6%**

General Fund Expenditures (Continued)
FY 2016 through FY 2018 YTD

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 7400 FACILITIES ACQUISITION AND CONS								
SALARIES					$0	$45,880	n/a	n/a
EMPLOYEE BENEFITS					$0	$1,055	n/a	n/a
PURCHASED SERVICES	$5,455,672	$2,330,863	$4,032,530	$5,185,204	$4,095,804	$2,640,866	-24.9%	13.3%
ENERGY SERVICES						$17,374	n/a	n/a
MATERIALS AND SUPPLIES	$5,352	$10,240	$30,373	$21,575	$164,457	$403,095	2973.1%	3836.6%
CAPITAL OUTLAY	$4,148,411	$5,087,267	$6,123,686	$4,731,436	$4,288,087	$10,417,104	3.4%	104.8%
TOTAL FOR FUNCTION 7400	**$9,609,435**	**$7,428,370**	**$10,186,588**	**$9,938,215**	**$8,548,348**	**$13,525,374**	**-11.0%**	**82.1%**
FUNC 7500 FISCAL SERVICES								
SALARIES	$2,813,426	$2,831,066	$2,899,734	$2,863,704	$2,779,617	$2,807,100	-1.2%	-0.8%
EMPLOYEE BENEFITS	$740,228	$710,864	$753,601	$739,797	$773,466	$735,818	4.5%	3.5%
PURCHASED SERVICES	$372,214	$220,615	$402,278	$311,345	$410,695	$143,536	10.3%	-34.9%
ENERGY SERVICES	$0	$109	$0	$141	$0	$222	n/a	103.5%
MATERIALS AND SUPPLIES	$16,281	$14,038	$16,920	$14,986	$15,150	$13,595	-6.9%	-3.2%
CAPITAL OUTLAY	$19,194	$19,191	$360	$324	$7,634	$7,835	-60.2%	-59.2%
OTHER EXPENSES	$23,650	$6,384	$22,600	$20,879	$46,350	$8,820	96.0%	38.2%
TOTAL FOR FUNCTION 7500	**$3,984,993**	**$3,802,267**	**$4,095,493**	**$3,951,176**	**$4,032,912**	**$3,716,927**	**1.2%**	**-2.2%**
FUNC 7700 CENTRAL SERVICES								
SALARIES	$5,090,340	$4,809,485	$6,141,131	$5,490,740	$6,319,545	$6,154,153	24.1%	28.0%
EMPLOYEE BENEFITS	$1,734,915	$1,295,792	$1,924,698	$1,490,521	$2,050,243	$1,627,656	18.2%	25.6%
PURCHASED SERVICES	$2,187,530	$2,046,708	$3,232,668	$2,459,416	$3,390,371	$2,795,194	55.0%	36.6%
ENERGY SERVICES	$59,460	$26,993	$72,760	$27,430	$62,596	$30,039	5.3%	11.3%
MATERIALS AND SUPPLIES	$101,515	$124,745	$112,816	$189,099	$261,546	$159,272	157.6%	27.7%
CAPITAL OUTLAY	$106,448	$125,181	$176,157	$251,609	$62,208	$16,511	-41.6%	-86.8%
OTHER EXPENSES	$86,347	$60,413	$99,497	$89,911	$98,689	$67,449	14.3%	11.6%
TOTAL FOR FUNCTION 7700	**$9,366,554**	**$8,489,316**	**$11,759,727**	**$9,998,725**	**$12,245,199**	**$10,850,275**	**30.7%**	**27.8%**

General Fund Expenditures (Continued)
FY 2016 through FY 2018 YTD

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 7800 PUPIL TRANSPORTATION SERVICES								
SALARIES	$28,515,457	$26,724,675	$30,187,327	$28,733,894	$29,254,902	$28,417,619	2.6%	6.3%
EMPLOYEE BENEFITS	$9,874,832	$8,812,157	$10,213,876	$9,536,932	$10,385,223	$9,628,077	5.2%	9.3%
PURCHASED SERVICES	$4,272,561	$3,724,927	$4,308,123	$3,712,396	$4,166,974	$3,168,915	-2.5%	-14.9%
ENERGY SERVICES	$11,763,614	$4,625,329	$8,090,488	$5,291,923	$6,040,200	$6,333,429	-48.7%	36.9%
MATERIALS AND SUPPLIES	$4,250,326	$3,348,679	$2,745,649	$3,382,239	$3,248,898	$2,413,873	-23.6%	-27.9%
CAPITAL OUTLAY	$276,173	$66,369	$343,834	$299,477	$340,946	$89,414	23.5%	34.7%
OTHER EXPENSES	$1,952,000	$2,965,886	$1,962,000	$3,274,587	$1,964,389	$2,945,266	0.6%	-0.7%
TOTAL FOR FUNCTION 7800	**$60,904,963**	**$50,268,022**	**$57,851,297**	**$54,231,448**	**$55,401,532**	**$52,996,594**	**-9.0%**	**5.4%**
FUNC 7900 OPERATION OF PLANT								
SALARIES	$17,178,522	$16,252,834	$18,169,718	$17,647,868	$18,504,020	$17,529,083	7.7%	7.9%
EMPLOYEE BENEFITS	$6,697,477	$6,359,841	$6,888,285	$6,772,368	$7,382,694	$6,955,126	10.2%	9.4%
PURCHASED SERVICES	$26,632,535	$23,416,922	$26,356,994	$24,845,100	$27,203,894	$32,466,638	2.1%	38.6%
ENERGY SERVICES	$22,273,570	$16,343,666	$23,454,709	$15,776,728	$19,257,395	$15,517,020	-13.5%	-5.1%
MATERIALS AND SUPPLIES	$1,258,874	$1,234,551	$1,338,140	$1,298,949	$1,426,737	$1,407,403	13.3%	14.0%
CAPITAL OUTLAY	$77,167	$119,489	$149,837	$152,873	$123,424	$1,878,528	59.9%	1472.1%
OTHER EXPENSES	$710,607	$339,443	$732,261	$436,607	$746,497	$327,080	5.1%	-3.6%
TOTAL FOR FUNCTION 7900	**$74,828,751**	**$64,066,746**	**$77,089,944**	**$66,930,494**	**$74,644,661**	**$76,080,878**	**-0.2%**	**18.8%**
FUNC 8100 MAINTENANCE OF PLANT								
SALARIES	$10,161,666	$9,631,565	$10,665,956	$10,172,456	$10,485,832	$10,334,329	3.2%	7.3%
EMPLOYEE BENEFITS	$3,008,444	$2,879,187	$3,085,711	$3,022,070	$3,222,423	$3,101,621	7.1%	7.7%
PURCHASED SERVICES	$1,226,311	$1,264,220	$1,349,795	$1,353,165	$1,548,927	$1,494,975	26.3%	18.3%
ENERGY SERVICES	$370,800	$244,217	$370,825	$244,356	$350,900	$308,407	-5.4%	26.3%
MATERIALS AND SUPPLIES	$1,327,296	$1,278,000	$1,461,516	$1,223,676	$1,424,360	$1,156,303	7.3%	-9.5%
CAPITAL OUTLAY	$349,433	$751,006	$513,916	$182,134	$421,720	$373,901	20.7%	-50.2%
OTHER EXPENSES	$46,700	$27,120	$39,700	$31,561	$37,350	$26,841	-20.0%	-1.0%
TOTAL FOR FUNCTION 8100	**$16,490,650**	**$16,075,315**	**$17,487,420**	**$16,229,420**	**$17,491,512**	**$16,796,377**	**6.1%**	**4.5%**

General Fund Expenditures (Continued)
FY 2016 through FY 2018 YTD

	Adopted Budget FY2016	Actual FY2016	Adopted Budget FY2017	Actual FY2017	Adopted Budget FY2018	Preliminary Actual FY2018 (unaudited)	% Change Budget	% Change to Preliminary Actual
FUNC 8200 ADMINISTRATIVE TECHNOLOGY SER								
SALARIES	$3,321,414	$3,213,137	$3,505,096	$3,463,700	$3,881,216	$3,775,472	16.9%	17.5%
EMPLOYEE BENEFITS	$794,193	$761,393	$825,920	$816,746	$940,515	$909,200	18.4%	19.4%
PURCHASED SERVICES	$1,799,656	$1,433,749	$1,830,701	$1,295,417	$2,541,345	$1,743,098	41.2%	21.6%
MATERIALS AND SUPPLIES	$23,096	$18,195	$22,875	$34,753	$22,961	$22,473	-0.6%	23.5%
CAPITAL OUTLAY	$385,252	$271,980	$64,396	$28,586	$469,299	$261,231	21.8%	-4.0%
OTHER EXPENSES	$78,208	$66,042	$96,170	$79,255	$72,200	$64,817	-7.7%	-1.9%
TOTAL FOR FUNCTION 8200	**$6,401,819**	**$5,764,496**	**$6,345,158**	**$5,718,458**	**$7,927,536**	**$6,776,291**	**23.8%**	**17.6%**
FUNC 9100 COMMUNITY SERVICES								
SALARIES	$3,637,632	$3,337,548	$4,278,631	$3,731,005	$4,121,597	$4,418,234	13.3%	32.4%
EMPLOYEE BENEFITS	$641,378	$495,835	$648,465	$578,338	$710,252	$695,270	10.7%	40.2%
PURCHASED SERVICES	$271,048	$160,847	$238,151	$284,973	$217,744	$194,449	-19.7%	20.9%
MATERIALS AND SUPPLIES	$265,122	$275,058	$318,581	$387,716	$282,264	$435,229	6.5%	58.2%
CAPITAL OUTLAY	$5,596,421	$156,514	$5,467,073	$82,332	$6,529,484	$81,752	16.7%	-47.8%
OTHER EXPENSES	$616,366	$283,699	$595,319	$391,090	$513,148	$315,647	-16.7%	11.3%
TOTAL FOR FUNCTION 9100	**$11,027,967**	**$4,709,502**	**$11,546,220**	**$5,455,454**	**$12,374,489**	**$6,140,581**	**12.2%**	**30.4%**
FUNC 9800 BALANCES AND RESERVES								
BALANCES AND RESERVES	$51,000,000	$0	$44,056,789	$0	$46,056,789	$0	-9.7%	n/a
TOTAL FOR FUNCTION 9800	$51,000,000	$0	$44,056,789	$0	$46,056,789	$0	-9.7%	n/a
Grand Total Operating	**$829,970,455**	**$696,938,766**	**$857,287,785**	**$723,138,848**	**$875,546,812**	**$769,938,478**	**5.5%**	**10.5%**

Source: Lee County School District, Business Services Department, July2018.