

# The School Board of Miami-Dade County, Florida

Report to the Chairperson and Members of  
The School Board of Miami-Dade County,  
Florida and the Chairperson and Members of  
the School Board Audit and Budget Advisory  
Committee

December 3, 2013



December 3, 2013

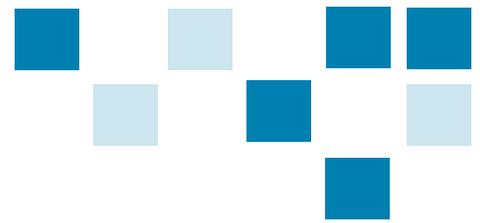
Members of the School Board of Miami-Dade County, Florida  
Members of the School Board Audit and Budget Advisory Committee  
Mr. Alberto M. Carvalho, Superintendent of Schools  
1450 N.E 2nd Avenue  
Miami, Florida 33132

Ladies and Gentlemen:

We are pleased to present this report related to our audit of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of Miami-Dade County, Florida (the School Board or the District), as of and for the year ended June 30, 2013. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for District's financial reporting process.

This report is intended solely for the information and use of the Chairperson and Members of The School Board of Miami-Dade County, Florida, the Chairperson and Members of the School Board Audit and Budget Advisory Committee, and the Superintendent of Schools, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to District.

*McGladrey LLP*



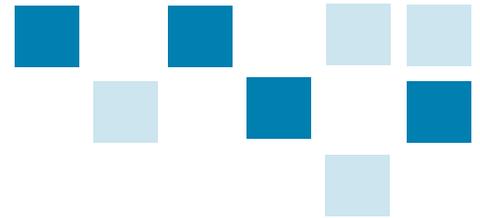
# Contents

<b>Required Communications .....</b>	<b>1</b>
Summary of Significant Accounting Estimates .....	3
Summary of Recorded Audit Adjustments .....	4

**Exhibit A – Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting**

**Exhibit B - Significant Written Communications between Management and Our Firm**

- Representation Letter
- Management Letter



# Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities with regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America is to express an opinion on the School Board's financial statements based on our audit, and is further described to you in our contract dated March 1, 2011.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication (The Audit Plan) regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did adopt Government Accounting Standard Board Statement No. 63 (GASB 63), <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position</i> during the current period.</p> <p><b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b> Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>

<b>Area</b>	<b>Comments</b>
<b>Audit Adjustments</b>	The audit adjustment proposed by us and recorded by management is shown in the attached Summary of Recorded Audit Adjustments.
<b>Uncorrected Misstatements</b>	Uncorrected misstatements are attached with the Representation Letter included in Exhibit B.
<b>Disagreements with Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit
<b>Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting</b>	We have separately communicated a significant deficiency in internal control over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit A.
<b>Certain Written Communications between Management and Our Firm</b>	Copies of significant written communications between our firm and the management of the District, including the representation letter provided to us by management, are attached as Exhibit B.

# The School Board of Miami-Dade County, Florida

## Summary of Significant Accounting Estimates

### Year Ended June 30, 2013

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the School Board's June 30, 2013 basic financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
<b>Accounting for Other Post Employment Benefits</b>	The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board ("GASB") Statement 45.	Management with input from its OPEB actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the OPEB actuarial report.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears reasonable and was consistently applied, and have deemed the resulting estimate to be reasonable.
<b>Accounting for Supplemental Early Retirement Program</b>	The annual contribution for the supplemental early retirement program is calculated based on the annual required contribution of the employer (ARC) which is an actuarially determined amount.	Management with input from its actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the supplemental early retirement program actuarial report.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears reasonable and was consistently applied, and have deemed the resulting estimate to be reasonable.

<p><b>Actuarial Assumptions Used for the Self-Insurance Program (Risk Management)</b></p>	<p>The District is self-insured for general and auto liability, property, workers' compensation, and employees' health and dental. The accrued liability for estimated claims represents an estimate of the eventual loss on claims including claims incurred but not yet reported.</p>	<p>Management with input from its Risk actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the Risk actuarial report.</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied, and have deemed the resulting estimate to be reasonable.</p>
<p><b>Derivative Instruments</b></p>	<p>All derivative instruments are recorded at fair value.</p>	<p>Management obtained an analysis of the derivative instruments fair value from a financial expert. The financial expert's fair values were derived from proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions.</p>	<p>We have audited the underlying data supporting the estimate, reviewed the financial experts' valuation, and have deemed the resulting fair value to be reasonable.</p>
<p><b>Allowance for Doubtful Accounts</b></p>	<p>All receivables (i.e. taxes receivable) are reported at net realizable value.</p>	<p>Receivables are analyzed for their collectability based on the creditors' ability to pay (i.e. financial condition, credit history, and current economic conditions).</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly applied and have deemed the resulting allowance for doubtful accounts estimate to be reasonable.</p>
<p><b>Depreciation of Capital Asset</b></p>	<p>Depreciation on capital assets is provided using the straight-line method. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the assets.</p>	<p>Capital assets are recorded at historical cost or estimated historical cost and depreciated using the straight-line method over the estimated useful lives of the related assets.</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.</p>

# The School Board of Miami-Dade County, Florida

## Summary of Recorded Audit Adjustments

Year Ended June 30, 2013

<u>DESCRIPTION</u>	<u>Effect Debit (Credit)</u>				
	<u>ASSETS</u>	<u>LIABILITIES</u>	<u>NET POSITION</u>	<u>REVENUE</u>	<u>EXPENSES</u>
To adjust the estimated unpaid health claims liability	\$ -	\$ (4,454,000)		\$ -	\$ 4,454,000
Total effect				<u>\$ -</u>	<u>\$ 4,454,000</u>
Balance sheet effect	<u>\$ -</u>	<u>\$ (4,454,000)</u>	<u>4,454,000</u>		

# **Exhibit A – Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting**



**Report On Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Chairperson and Members of  
The School Board of Miami-Dade County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida (the School Board), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated November 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying *Appendix A – Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*, as item SD 2013-01 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **School Board's Response to Finding**

The School Board's response to the finding identified in our audit is described in the accompanying *Appendix A – Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Miami, Florida  
November 25, 2013

**Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls**

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**SD 2013-01 Capital Assets Management**

Criteria: Entities are required to adopt adequate internal controls to allow for the accurate tracking and recording of capital assets on an ongoing basis.

Condition: The District’s capital assets – specifically construction in progress (CIP) was materially adjusted in the government-wide statements to properly state the year-end CIP balance.

While management had policies and procedures in place to account for CIP, the capital related expenditure accrual process used in the government-wide statements did not function effectively to ensure that all capital related expenditure activities that met the capitalization criteria, were properly accumulated and reported.

Cause: Lack of adequate analysis of CIP accrual transactions in the government-wide statements.

Effect: CIP represents a significant account balance for the District and improper accounting could result in a material financial statement misstatement.

Context: The finding is considered systematic in nature.

Recommendation: We recommend that management adhere to its internal control policies and procedures to help ensure that CIP transactions are properly reconciled and analyzed on a periodic basis, to allow for the proper identification of any exceptions that require correction for accurate financial statement reporting.

Views of responsible officials and planned corrective actions:

During the 2012 – 13 fiscal year, the District evaluated and revised processes and methodologies, as well as enhanced the system used to track and record capital expenditures specifically as it relates to construction. During this process, the District noted that capital assets specifically construction in progress was understated due to a misclassification in the recording of capital expenditure accruals in the government-wide statements. With the implementation of SAP and the availability of a period 13 to record accruals in the system, manual entries are no longer needed, avoiding a re-occurrence of this issue.

# **Exhibit B - Significant Written Communications between Management and Our Firm**



# Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
**Alberto M. Carvalho**

**Miami-Dade County School Board**  
*Perla Tabares Hartman, Chair*  
*Dr. Lawrence S. Feldman, Vice Chair*  
*Dr. Dorothy Bendross-Mindingall*  
*Susie V. Castillo*  
*Carlos L. Curbelo*  
*Dr. Wilbert "Tee" Holloway*  
*Dr. Martin Karp*  
*Dr. Marta Pérez*  
*Raquel A. Regalado*

November 25, 2013

McGladrey, LLP  
801 Brickell Avenue, Suite 1050  
Miami, Florida 33131

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of The School Board of Miami-Dade County, Florida (the School Board) as of and for the year ended June 30, 2013 for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of June 30, 2013 and through the date of this letter as deemed applicable, November 25, 2013 the following representations made to you during your audit:

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit contract dated March 1, 2011, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related-party transactions, including those, component units for which the School Board is accountable, and Interfund transactions, including Interfund accounts and advances receivable and payable, sale and purchase transactions, Interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Net position and fund balance classifications.

- b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - c. Security agreements in effect under the Uniform Commercial Code.
  - d. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - e. The fair value of investments.
  - f. Any liabilities which are subordinated in any way to any other actual or possible liabilities.
  - g. Debt issue provisions.
  - h. All leases and material amounts of rental obligations under long-term leases.
  - i. All significant estimates and material concentrations known to management which are required to be disclosed.
  - j. Authorized but unissued bonds and/or notes.
  - k. Risk financing activities.
  - l. Derivative financial instruments, are reported at fair value and do not meet hedging criteria.
  - m. All inter-local-agreements between municipalities and the School Board.
  - n. The effect on the financial statements of adopted GASB pronouncements and unadopted GASB pronouncements which have been issued, but which we have not yet adopted.
  - o. Deposits and investment securities categories of risk.
  - p. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
- a. The School Board has no significant amounts of idle property or equipment.
  - b. The School Board has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
- a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
  - c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.

- d. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2013 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2013.
- e. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2013.
- f. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- g. For any material loss to be sustained as a result of purchase commitments.

11. There are no:

- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the GASB Standards.
- d. Guarantees, whether written or oral, under which the Government is contingently liable.
- e. Special and extraordinary items.
- f. Impairment of capital assets.
- g. Material environmental clean-up obligations.
- h. Pollution remediation obligations as required under GASB Statement No. 49.
- i. Arbitrage rebate liabilities.
- j. Line of credit or similar arrangements.
- k. Agreements to repurchase assets previously sold.
- l. Debt issues repurchase options or agreements, or sinking fund debt repurchases ordinance requirements.

12. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statement.

13. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No.10 and No. 62 beyond those accounted for in the School Board's risk retention liability estimates.

14. The School Board has satisfactory title to all owned assets.

15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16. Net positions net investment in capital assets; restricted; and unrestricted and fund balances are properly classified and, when applicable, approved.
17. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
18. Revenues are appropriately classified in the statements of activities within program revenues and general revenues.
19. We agree with the findings of specialists in evaluating the following estimated liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
  - The School Board's risk retention for general and automobile, workers compensation and health insurance.
  - The computation of our arbitrage liability.
  - The computation of our Other Post Employment Benefits Liability.
20. Except for the uncorrected misstatement listed in Appendix A, we have no knowledge of any other uncorrected misstatements in the financial statements. Management believes that the effects of the uncorrected misstatements aggregated by you and summarized in Appendix A are immaterial, both individually and in the aggregate to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

*Information Provided*

21. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
23. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

24. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting the School Board's financial statements received in communications from employees, former employees, analysts, regulators, grantors or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
27. Other than matters included within the self-insurance risk financial estimates, we are not aware of any other pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
29. Except for what was noted during the audit, we are aware of no other significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the School Board's ability to record, process, summarize, and report financial data.
30. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
31. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
32. Management has determined that a one-year availability period is appropriate for revenue recognition for all governmental fund revenues except property taxes which uses 60 days.
33. Management does not believe that users of the School Board's financial statement would be misled by the net \$55.6 million correction of an error in the current year that is being recorded through the Government-Wide statement of activities. The correction of the error by way of recording the assets on the books, would not have caused, or cured, a debt covenant violation in either period. Furthermore, the error is not deemed to be material, and represents 1% of the total governmental activities capital assets balance as of FYE 2013.
34. The School Board has complied with the provisions of Section 218.415, Florida Statutes regarding the investment of public funds.
35. The School Board is not in a state of emergency based upon the conditions described in Section 218.503(1), Florida Statutes.
36. Management has assessed the financial condition of the School Board and noted no deteriorating financial condition.
37. We have evaluated the requirements of GASB 61 and have determined that the Charter Schools do not meet the "fiscal dependency" criteria for inclusion as a component unit in the School Board's financial statements.

*Compliance Considerations*

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

38. We are responsible for:
  - Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the School Board.
  - Establishing and maintaining effective internal control over financial reporting.
39. We have identified and disclosed to you:
  - All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
40. There were no violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
41. We are not aware of any violations of provisions of contracts or grant agreements that are relevant to the audit.
42. We have a process to track the status of audit findings and recommendations.
43. In connection with their performance of the Federal and State single audit, the Auditor General of the State of Florida has not communicated any compliance matters which would be material to the School Board's financial statement.

*Supplementary Information*

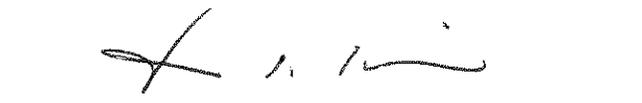
44. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
45. With respect to the supplementary information required (RSI) by the Governmental Accounting Standards Board to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.

- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
46. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.



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Mr. Alberto M. Carvalho  
*Superintendent of Schools*



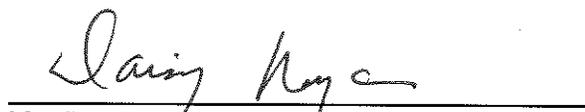
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Dr. Richard H. Hinds  
*Associate Superintendent/Chief Financial Officer,  
Financial Services*



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Ms. Connie Pou, C.P.A.  
*Controller*



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Ms. Daisy Naya, C.P.A.  
*Assistant Controller*

AMC/RHH/CP/DN:bjz  
L502

Attachment

**Appendix A**

**Government-Wide**

DESCRIPTION	Effect Debit (Credit)				
	ASSETS	LIABILITIES	NET ASSETS	REVENUE	EXPENSES
Current year's passed adjustments:					
To record capital asset purchases improperly expensed	\$ 1,449,380	\$ -		\$ -	\$ (1,449,380)
To capitalize capital assets - CIP amounts improperly expensed in prior years (2005 - 2010)	-	-	(55,558,704)	-	55,558,704
To correct understatement of interest expense and overstatement of deferred loss on refunding		(6,283,016)			6,283,016
<b>Total</b>	<b>\$ 1,449,380</b>	<b>\$ (6,283,016)</b>	<b>\$ (55,558,704)</b>	<b>\$ -</b>	<b>\$ 60,392,340</b>
Current year effect on net assets			60,392,340		
Cumulative passed adjustments			<b>\$ 4,833,636</b>		