



School Board of Brevard County, Florida

Half-Cent Sales Surtax – Round 6

Internal Audit Report Fiscal Year 2018-19

February 21, 2019



TABLE OF CONTENTS

Transmittal Letter	1
Executive Summary	2
Overview	3 - 6
Objectives, Approach and Results	7 - 11
Appendix	
Facilities Need Assessment	12 - 14
State Requirements	15
Independent Citizens Oversight Committee	15

TRANSMITTAL LETTER

February 21, 2019

The Audit Committee of the
 School Board of Brevard County, Florida
 2700 Judge Fran Jamieson Way
 Viera, Florida 32940-6699

Pursuant to the School Board of Brevard County, Florida (“District”) approved audit plan for fiscal year (“FY”) 2018-19, we hereby present our internal audit of the Half-Cent Sales Surtax – Round 6. We will be presenting this report at the next scheduled Audit Committee meeting on March 15, 2019 and to the Independent Citizens Oversight Committee on April 17, 2019. Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations noted in our internal audit.
Overview	This provides an overview of the Half-Cent Sales Surtax function.
Objectives, Approach and Results	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach and the results of our audit procedures.
Appendices	This section includes information on the Facilities Needs Assessment, State Requirements and the Independent Citizens Oversight Committee.

The testing period for this report is December 1, 2017 through June 30, 2018. In the fall of 2018, Facilities presented optional allocation plans for funds collected in excess of the original \$198M projection to the ICOC and the School Board. As of the date of this report the School Board has not approved a plan. We also noted the School Board approved the procurement of a Facilities Assessment and supporting software October 2018. The Facilities Assessment is currently in progress. As applicable, we will incorporate testing to validate the approved allocation of the funds collected in excess of the original \$198M, as well as the impact of the new assessment and software.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the internal audit of the Half-Cent Sales Surtax.

Respectfully Submitted,

RSM US LLP

INTERNAL AUDITORS

EXECUTIVE SUMMARY

Background

On November 4, 2014 the citizens of Brevard County passed a Half-Cent Sales Surtax to address critical school infrastructure needs. The surtax is effective for a period of six (6) years beginning on January 1, 2015, continuing through December 31, 2020, and was originally projected to generate \$198 million to fund capital projects involving three groups: Facility Renewal, Educational Technology, and District School Security. Actual collections have been consistently higher than the original estimate. The District's revised estimate projects 25% more to be collected by the end of the sixth year of the program.

The District has 82 schools and 4,145 classrooms which serve approximately 75,000 students, with an average District facility age of over 40 years. Without adequate capital revenue, only the highest priority capital needs, typically failures, were addressed before the Half-Cent Sales Surtax was passed by the citizens of Brevard County.

The District created a comprehensive Facilities Condition Assessment and Planned Use for revenue generated. Funding is based on the highest priority components in each of the three groups to address the most critical items. Prioritization was further refined by identifying the critical infrastructure systems where failure to renew either jeopardized mission delivery or significantly increased capital costs for future repair. There are seventeen (17) Facility Renewal, three (3) Educational Technology, and two (2) School Security categories funded.

The Independent Citizens Oversight Committee ("ICOC") provides general oversight to the use of funds collected for school facilities. The ICOC was independently developed by volunteer citizens not affiliated with Brevard Public Schools. Members were selected based on their relevant expertise and reputations within Brevard County and they consist of a multitude of different backgrounds which include business, construction, design, education, financial, legal, and technology.

As of June 30, 2018 actual collections since program inception totaled \$151,864,091 and expenditures were \$101,943,268.

Objective, Approach and Results

The primary purpose of this audit of the Half-Cent Sales Surtax function is to test the appropriateness, existence, accuracy and valuation of the financial reporting from District Management to the ICOC, the School Board of Brevard County ("Board"), and the general public. This audit of the Half-Cent Sales Surtax is the sixth in a series of audit reports that will be issued to the Board, Audit Committee, and ICOC. At the request of the Audit Committee, we will perform this audit and provide a written report of the findings twice a year. These audit reports will be issued throughout the life of the sales surtax.

The audit period for this report is December 1, 2017 to June 30, 2018. For each testing period, RSM will perform select inquiry, review, and testing procedures as they relate to the following processes:

- Revenues
- Expenditures
- Procurement

Fieldwork was performed in November 2018, and a draft report was reviewed with management and senior leadership in January 2019. At the conclusion of our audit, we summarized our findings into a written report.

We have assigned ratings of ✓, X, or N/A to each area within our detailed testing scope. We noted no exceptions in our detailed testing.

Summary of Results

(See Objectives, Approach and Results section for expanded results)

Audit Period of December 1, 2017 – June 30, 2018

Revenues	Expenditures	Procurement
✓	✓	✓

We would like to thank all District team members who assisted us throughout this review.

OVERVIEW

On November 4, 2014 the citizens of Brevard County passed a Half-Cent Sales Surtax to address critical school infrastructure needs. The surtax is effective for a period of six (6) years beginning on January 1, 2015, continuing through December 31, 2020, and was originally projected to generate \$198 million to fund capital projects involving Facility Renewal, Educational Technology, and District School Security.

The School Board of Brevard County, and all school districts in Florida, have faced a drastic decline of funding in recent years related to capital expenditures and fixed capital costs associated with the construction, renovation, and renewal of District sites, as well as school security access control and funding for technology needs, including infrastructure, refreshment, acquisition, and implementation of hardware and software. The District has 82 schools and 4,145 classrooms which serve approximately 75,000 students, with an average District facility age of over 40 years. Without adequate capital revenue, only the highest priority capital needs, typically failures, were addressed before the Half-Cent Sales Surtax was passed by the citizens of Brevard County.

This audit of the Half Cent Sales Surtax is the sixth in a series of audit reports that will be issued to the School Board, Audit Committee, and Independent Citizens Oversight Committee (“ICOC”). The internal audit objective is to test the financial data reported by District Management to the ICOC. They will be issued throughout the six-year life of the sales surtax. These projects will also follow District procedures for closeout audits. For all the District’s projects with a total cost of \$1million or more, an outside auditing firm is engaged to perform a construction closeout audit. A closeout audit consists of inspecting the books and records of a construction contractor, typically for the purpose of testing for contractor compliance with the terms of a cost-plus-fee of construction agreement. These procedures include obtaining source documents, check copies, invoices and other appropriate audit evidence directly from the contractor, in an effort to validate that billings to the District were for costs/expenses incurred and paid by the contractor in compliance with the terms of the agreement.

Funding Snapshot

Further below are revenue and expenditure tables to provide an understanding of the funds received and the use of these funds as of September 30, 2018.

Actual collections since program inception totaled \$151,864,091 and expenditures were \$101,943,268 as of June 30, 2018. There is a time lag between receipt of revenue and expenditure of funds for several reasons:

- The Half-Cent Surtax program is on a pay-as-you-go basis. Encumbrances and expenditures cannot outpace revenues.
- Generally, project planning occurs between September and March. Contracting (encumbrances) for the summer projects occurs between February and May. Construction expenditures peak between August and October each year.
- Project development time can be lengthy depending on the scope and complexity of the project. Some projects will be constructed over two summers. For some projects, the scope of work exceeds the time available in one summer.

Fabrication and delivery time for major components such as chillers sometimes impacts the project schedule. The District has stated that the pace of expenditures for FY 2018-19 is expected to be greater in comparison with FY 2017-18, as a greater number of projects were completed, including School Security and Educational Technology projects.

OVERVIEW – CONTINUED

Public Perception

RSM met with Management in January 2019 as a follow-up meeting regarding the District's steps in providing enhanced public awareness and communication in regards to the achievements of the Surtax program in comparison to what was promised. The meeting was held with Facilities and a member of the Government & Community Relations Department. A new program regarding public perception is now being implemented after a December 2018 School Board retreat, in which Management discussed several different approaches. During the December 2018 retreat the Board was updated and a timetable was provided as the School Board approaches the Referendum on the 2020 Ballot through two phases.

Phase one includes the School Board's initiative to sustain public trust and to inform the public. Management is currently creating reports that will break down the work completed by relative project location, and work currently in process versus previously finished. The goal of this reporting is to provide information directly to a specific community on how the funds obtained through the Half-Cent sales tax helped improve the quality of the schools within that community.

Another initiative includes engagement through the Half-Cent School Board Facebook page, where pictures and updates of community projects are being updated on a regular basis. This process was implemented in September 2018, and has been updated continually with on-going activities. This approach is taking more modern trends of Social Media to provide marketing techniques to target individuals in school and those out of school with completion information, pictures and accomplishments.

Phase two will include a more complex process for communicating information. In this phase, Management intends to provide specific bundles of information through a combination of community meetings and utilizing other electronic forms of communication. Although some information will be targeted to specific audiences, efforts will be taken to present data that reaches the community on a broader scale. This includes providing certain financial information that would typically be seen in Financial Reports, in an easy to read format.

Developments Since June 2018

Subsequent to the in-scope period covered under this audit we noted the following:

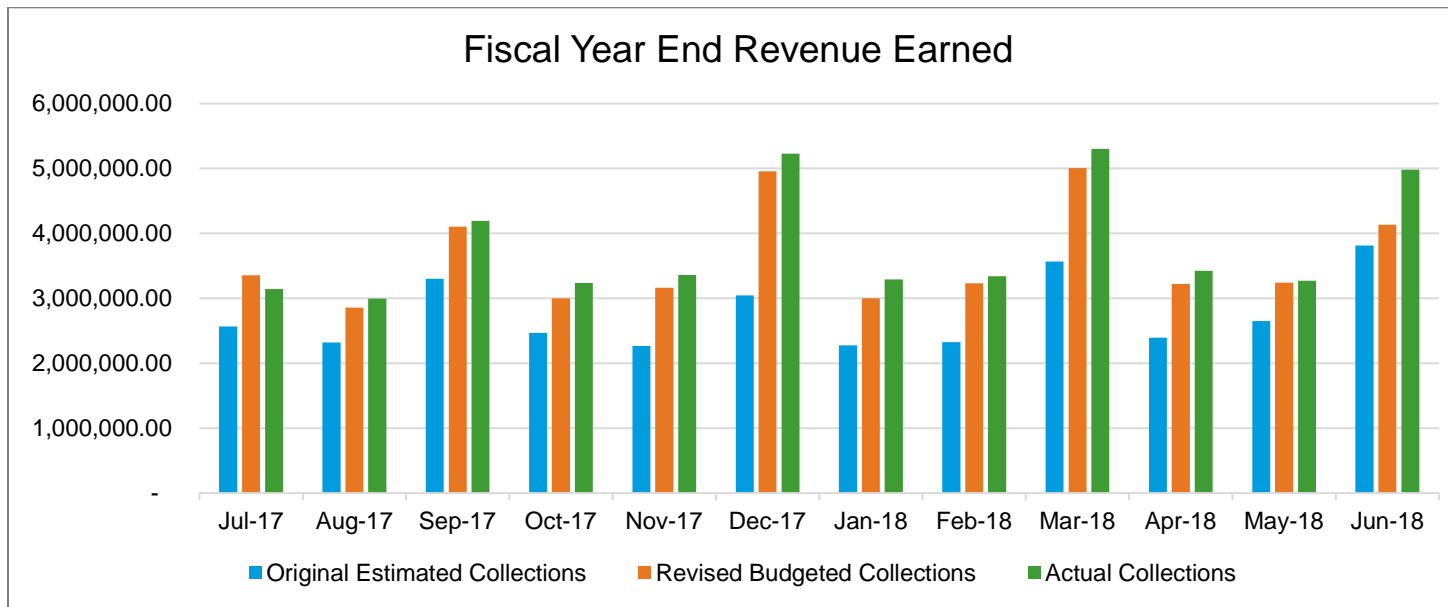
Facilities has estimated that the \$198M will be reached by October 2019 and cover the original set of projects outlined by the District Staff. In the August 2018 ICOC meeting, the Facility Staff brought forward three options to the ICOC for the allocation of revenue collected over the original \$198M projection. The final determination to present to the School Board moving forward was to allocate 50% of the excess revenue to District School Security, 15% to Education Technology and 35% to Facility Renewal. As of the date of this report the District is preparing a plan to bring to the School Board for approval.

Additionally, the Facilities assessment and facility asset management software procurement was approved by the School Board in October 2018. This assessment and software will help create a new District-wide facility assessment to determine the short and long term capital needs on an on-going basis. This new system will integrate various functions of the Half-Cent program to allow the District Staff to better manage the process and determine new needs within the School District. Facilities will be conducting a pilot assessment project during spring break at Endeavour Elementary for training.

The District has reported a total of \$169,729,556 of Cumulative Revenue collected, and \$113,507,849.31 of expenditures, as of January 2019.

OVERVIEW - CONTINUED

The District, upon recommendation from the Department of Revenue, modeled their estimate of incoming surtax revenues off of a neighboring local government. The District has noted that the original estimated collections were conservative in relation to actual collections. After monitoring the sales tax collection trends for more than a year, the District created a revised budgeted estimate in September 2016 to allow the District to more accurately anticipate revenues. The original estimated collections, District revised budgeted estimate, and actual collections are illustrated below.

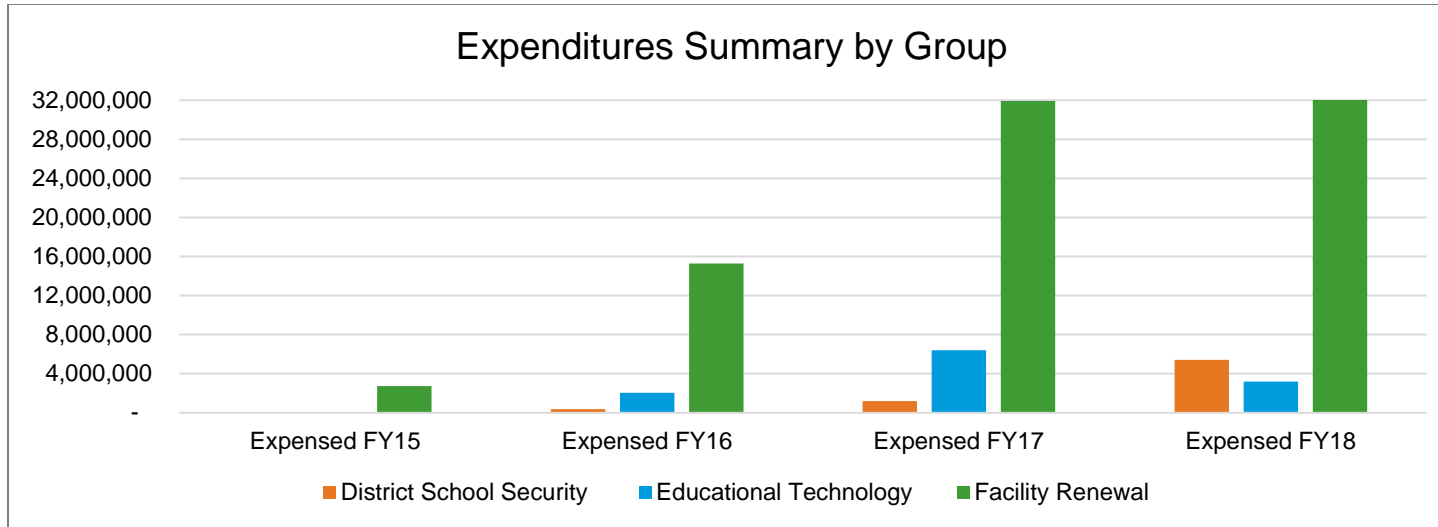


Fiscal Year	Original Estimated Collections	Revised Budget Collections	Actual Collections
FY 2014-15*	16,136,363	16,136,362	19,510,990
FY 2015-16	33,000,195	33,216,502	41,670,592
FY 2016-17	33,000,195	43,269,086	44,914,836
FY 2017-18	33,000,195	43,269,086	45,767,673
Total	115,136,948	135,891,036	151,864,091

* FY 2014-15 figures represent January 2015 through June 2015.

OVERVIEW - CONTINUED

The following chart represents the expenses incurred by group for Surtax Program years 1 through 4 through June 2018.



Fiscal Year	District School Security	Educational Technology	Facility Renewal
FY 2014-15	22,374	2,638	2,734,970
FY 2015-16	376,462	2,054,017	15,273,990
FY 2016-17	1,212,583	6,403,021	31,914,163
FY 2017-18*	5,434,911	3,200,725	33,313,414
Total	\$7,046,330	\$11,660,401	\$83,236,537

* Year 4 figures represent Expensed and Encumbered funds as of June 2018.

OBJECTIVES, APPROACH AND RESULTS

Objective

The primary purpose of the audit of the Half-Cent Sales Surtax function is to test the appropriateness, existence, accuracy and valuation of the financial reporting from District Management to the ICOC, the School Board, and the general public. At the request of the Audit Committee, we will perform this audit and provide a written report of the findings twice a year.

Objectives of this engagement include the following:

- To audit the accuracy, existence, appropriateness and valuation for a sample of the revenues and expenditures of the Half-Cent Sales Surtax from December 1, 2017 to June 30, 2018 as reported to the ICOC;
- To gain an understanding of and test the labor allocation review processes performed by the District when recording expenses to a Half-Cent Surtax project;
- To vouch the expenses listed on the pay applications to supporting documentation;
- To gain an understanding of, and to review the results of, the District's process to effect equitable distribution of contracts among qualified firms in accordance with Florida Statute 287.055(4)(b);
- To attend the bi-monthly meeting agendas of the ICOC and to observe that the ICOC is functioning as outlined in the ICOC Charter; and
- To make any recommendations or process improvement suggestions noted during our procedures.

Approach

Our audit approach consisted of the following phases:

Understanding and Documentation of the Process

We held an entrance conference with those members of District senior management who were involved in the execution and have an understanding of the Half-Cent Sales Surtax function to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. We reviewed the ICOC committee meeting minutes held on October 17, 2018 in order to obtain a greater understanding of their involvement with the Half-Cent Sales Surtax. We had a meeting with District personnel who are involved with the day to day Half-Cent Sales Surtax process and discussed our audit plan and provided the initial request list.

Testing and Reporting

This audit of the Half Cent Sales Surtax is the sixth in a series of audit reports that will be issued to the School Board, Audit Committee, and ICOC. These audit reports will be issued throughout the life of the sales surtax. For each testing period, RSM will perform select inquiry, review, and testing procedures as they relate to the following processes:

- Revenues
- Expenditures
- Procurement

OBJECTIVES, APPROACH AND RESULTS - CONTINUED

Approach - Continued

Our testing is performed as construction projects are in progress so as to provide the District with real-time audit results that can be addressed by management quickly, if applicable. There are inherent limitations when performing auditing procedures on construction projects midway through completion, as many times the project contingencies and any overruns are calculated and applied at the end of a project and therefore will not be applicable until near completion. We will continue to monitor and assess risk related to the Half-Cent Sales Surtax program, and will continue to discuss our internal audit objectives and scope with District leadership, the Audit Committee and School Board as appropriate.

We discussed results of our audit with appropriate members of management and conducted an exit conference with the Superintendent, Assistant Superintendent of Facilities, Director of Planning and Project Management, Chief Operating Officer and Chief Financial Officer. We will report to the Audit Committee at the March 15, 2019 meeting, and to the Independent Citizen's Oversight Committee in their April 17, 2019 meeting.

Results

We concluded our procedures and have summarized the results herein. There were no exceptions noted in our detailed testing of Revenue, Expenditures, or Procurement.

OBJECTIVES, APPROACH AND RESULTS - CONTINUED

Revenue

The District reported \$28,842,157 in revenue to the ICOC for the fiscal period of December 2017 through June 2018. We tested a sample of the collections as reported in the ICOC meeting agenda packet. Our procedures included the following:

- 1) Verify that the collections received were allocated among the 4 groups (School Security, Educational Technology, Facility Renewal, and Contingency) in accordance with School Board Policy 6350.02.
- 2) Recalculate the collections report and related supporting documentation for mathematical accuracy.
- 3) Trace items on the ICOC agenda packet report to the general ledger and to the bank statements.
- 4) Confirm the revenues were recognized and reported to the ICOC in the proper period.

Revenue	Period Audited		
	June 30, 2017	November 30, 2017	June 30, 2018
1. Verify appropriate allocation	✓	✓	✓
2. Mathematical accuracy / valuation	✓	✓	✓
3. Confirm existence and occurrence	✓	✓	✓
4. Confirm proper period recognition	✓	✓	✓

Based on the high priority of school security projects and the need for additional funds to complete the projects, the School Board approved a transfer (loan) from Facilities Renewal to District School Security on June 13, 2017 per Policy 6180.03. The intent of the loan was to accelerate availability of total anticipated School Security revenues prior to year 6, to allow for the expedited construction of security projects. The transfer is to be repaid from School Security to Facilities Renewal over the remainder of the surtax program, as School Security funds are allocated from overall surtax revenues. The graphic below provides a summary timeline of the transfer activities.

District School Security Activity (Surtax Year)	2015	2016	2017	2018	2019	2020
Revised Budget			8,355,323 ¹			
Collections		2,758,125 ²			5,597,198 ³	
Loan from Facilities			5,589,214 ⁴			
Payback to Facilities					-5,589,214 ⁵	

1. The original budget for Security was \$5,747,000 based on the initial collections estimate of \$198 million. Following the approval from the School Board, the Security budget was increased to \$8,355,323 (\$5,747,000 original budget plus \$2,608,323 additional funds approved, see item 3).
2. As of June 2018, the total Security collections were \$4,263,400.
3. The School Board approved transfers from Facilities to Security for two amounts totaling \$5,597,198. The first amount of \$2,988,875 was for the remaining funds to be collected of the original budget (\$5,747,000 original budget less \$2,758,125 collections as of May 31, 2017). The second amount of \$2,608,323 was approved for a GMP proposal for the remaining Security work.
4. Transfers from Facilities to Security totaling \$5,589,217 were completed between June 2017 and November 2017. This amount is \$7,984 less than the approved amount, as the transfers were based on budgeted needs. We noted the transfer summary in the December 13, 2017 ICOC report varies from the loan total by \$88,797; this variance is related to an accounting adjustment.
5. Security will repay the borrowed funds of \$5,589,217 on a monthly basis over the remainder of the collections period. As of June 30, 2018, Security has repaid \$1,416,277.73.

OBJECTIVES, APPROACH AND RESULTS - CONTINUED

Expenditures

The District reported \$21,379,443 in expenditures to the ICOC for the period of December 2017 through June 2018. We tested a sample of 50% of the expenditures as reported in the ICOC meeting agenda packet. Our procedures included the following:

- 1) Recalculate the expenditure supporting documentation for mathematical accuracy.
- 2) Confirm that the expenditure existed and occurred by vouching the expenditure to supporting documentation.
- 3) Confirm that the expenditures were recognized and reported to the ICOC in the proper period.
- 4) Review the nature of the expenditure and determine if the expenditure is reported appropriately and allowable per the Florida Statutes and project scope requirements.
- 5) Recalculate allocation of internal labor in accordance with District procedure.

Expenditures	Period Audited		
	June 30, 2017	November 30, 2017	June 30, 2018
1. Mathematical accuracy / valuation	✓	✓	✓
2. Confirm existence and occurrence	✓	✓	✓
3. Confirm proper period recognition	✓	✓	✓
4. Confirm appropriateness and allowability	✓	✓	✓
5. Recalculate internal labor allocation	✓	✓	✓

OBJECTIVES, APPROACH AND RESULTS - CONTINUED

Procurement

We obtained a listing of all surtax projects and their various stages and methods of procurement. Of the currently active contracts utilized on surtax projects, we selected a sample of the solicitations for testing compliance with applicable Florida Statutes.

Our testing procedures were based upon the requirements of Florida Statute 287 and Florida Statute 255, and include the following as applicable:

- 1) Verify that competitive solicitations were requested from 3 or more sources for contracts over the threshold required by Statute.
- 2) Verify the RFP announcement contains a statement describing the commodities or services sought, relative importance of price and other evaluation criteria, and a statement on if the agency is contemplating renewal. Verify that the RFP/RFQ was published in a manner as required by the Statutes, which is determined by type of solicitation.
- 3) Verify "short list" of firms contains at least 3 contractors
- 4) Verify vendor packages were received by the published due date.
- 5) Verify documentation of proper negotiations as per Statute.
- 6) Recalculate scoresheets for mathematical accuracy.
- 7) Verify final executed contract is maintained on file.

In accordance with Florida Statute, School Board Policy and District procedures, work is distributed to vendors in several ways. The District tracks the awards for 10 categories, or pools, of continuing contactors which have been prequalified through a formal Request for Qualification ("RFQ") process. Among the categories of continuing contactors are Construction Manager firms, Design-Build Service firms, Architectural/Engineering firms and various trade contractors. Awarded work is monitored for equitable distribution at the District-wide level and does not segregate between Half-Cent Surtax funded awards and non-Surtax awards. As of our fieldwork for the current round of testing, the District had recently issued new Request for Proposals ("RFP") for Design Build Services, and Request for Quotations ("RFQ") for Design Build and Architectural Services for continuing contracts. We will continue, on an ongoing basis, to monitor the District's award of work under continuing contracts for equitable distribution.

Procurement	Period Audited		
	June 30, 2017	November 30, 2017	June 30, 2018
1. Proper competitive solicitation	✓	✓	✓
2. Verify proper advertisement	✓	✓	✓
3. Verify short list	✓	✓	✓
4. Verify vendor packages are received / stamped by due date	✓	✓	✓
5. Verify negotiations	✓	✓	✓
6. Scoresheets	✓	✓	✓
7. Executed contract	✓	✓	✓

Contracts Awarded December 1, 2017 – June 30, 2018	Awarded	Tested
Construction Management	2	2
Design Build Services for Facility Renewal	0	0
Design Services for Facility Renewal	0	0
CCNA Continuing Contract for Design Build Services (8 vendors)	0	0
CCNA Continuing Contract for Architectural Services (6 vendors)	0	0

APPENDIX

Facilities Need Assessment

In accordance with the requirements set forth in the Florida Statutes noted above, the District began planning for the 2014 Half-Cent Sales Surtax referendum. They made a commitment to the community to create a comprehensive Facilities Condition Assessment and Planned Use for revenue generated. Two teams of Facilities Services employees, in collaboration with various school representatives, performed an assessment of the District's facilities from March 2014 through May 2014. Systems were rated on a condition code scale of 1-5, with a Condition Code 1 indicating an extremely worn and damaged status with replacement in two years and a Condition Code 5 indicating a new or like-new status with replacement in eight to ten years. Generalized construction costs were estimated using historical data and input from the District's design and construction vendors.

The Facility Assessment focused on critical systems and building/site components on each school campus. The three groups of this assessment were Facility Renewal, School Security, and Educational Technology. Within these groups are 33 Facility Renewal, 2 School Security, and 3 Educational Technology categories. The categories *not* included in the Facility Assessment were as follows: additional classroom space, new facility requirements for academic programs, furniture and equipment renewal, food service equipment renewal, new playground, new middle school gym air conditioning, new physical education pavilions, equity projects, and landscaping.

The following is the original projected amounts needed and funded based on the District's facility assessment completed prior to the passing of the Half-Cent Sales Surtax. The District, upon recommendation from the Department of Revenue, modeled their estimate of incoming surtax revenues off of a neighboring local government. As a result of the estimated proceeds during its six-year life span, \$197,485,384, or 26%, of the below identified needs will be addressed.

Group	Needed	Funded
Facility Renewal	\$721,750,379	\$156,969,949
Educational Technology	\$27,193,246	\$25,364,827
School Security	\$8,505,377	\$5,746,542
Contingency*		\$9,404,066
Total	\$757,449,002	\$197,485,384

*The contingency was established to fund unexpected failures or where unfunded Condition Code 1 or 2 elements become critical safety factors or negatively impact the education mission

APPENDIX – CONTINUED

Facilities Need Assessment - CONTINUED

As a result, in the District's 2014 Facilities Needs Assessment, only partial funding was allocated for each category below, as shown by **Funded** and **Not Funded**. This funding is based on the highest priority components in each of the three groups to address the most critical items. Prioritization was further refined by identifying the critical infrastructure systems where failure to renew either jeopardized mission delivery or significantly increased capital costs for future repair. There are seventeen (17) Facility Renewal, three (3) Educational Technology, and (2) two School Security categories funded.

Facility Renewal

Cost estimates were developed with regional engineering and construction firms to identify the expenditures required to bring the facility systems and building components back to a condition code rating of 5.

Funded	Not Funded
Safety and Building Code Deficiency Corrections	Site Improvements Renewal
ADA Code Deficiency Correction	Site Facilities Renewal
Fire Alarm System Renewal	Restroom Fixtures Renewal
Central Mechanical Plant Renewal	Plumbing Systems General
Cooling and Heating Control System Renewal	Interior Door Assembly Renewal
Air Conditioning and Air Distribution Equipment Renewal	Restroom Finishes and Accessories Renewal
Roofing System Renewal	Building Cabinetry Renewal
Exterior Building Wall Finish System Renewal	Interior Specialties Renewal
Exterior Door/Window/Louver System Renewal	Interior Wall Finishes Renewal
Building Water and Sanitary Piping System Renewal	Interior Ceiling Renewal
Water Heating System Renewal	Flooring System Renewal
Electrical Supply System Renewal	Interior Signage Renewal
Electrical Distribution System Renewal	Interior Stair System Renewal
Electrical Components Renewal	Indoor/Outdoor Pool Renewal
Interior and Exterior Lighting Equipment Renewal	Building Foundation System Renewal
Air Supply and Exhaust System Renewal	Building Structural System Renewal
Site Utility Systems Renewal	

APPENDIX – CONTINUED

Facilities Need Assessment - CONTINUED

Educational Technology

The Educational Technology staff identified needs for completing the technology building cabling system for all campuses, classroom technology infrastructure, and technology equipment renewal.

Funded	Not Funded
Technology Building Cabling Technology Equipment Renewal Classroom Technology Infrastructure	21 st Century Classroom Equipment Renewal

District School Security

The facility services staff used a fencing survey to identify the existing fencing at each campus and developed a preliminary layout to limit access to a single point of entry located at each school building's administration office. Additionally, evaluations were completed with District Security and Educational Technology to identify methods of access control and the use of security cameras at each campus.

Funded	Not Funded
Fencing Access Control	Cameras

APPENDIX – CONTINUED

State Requirements

Section 212.055(6)(c) of the Florida Statutes states that a “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.”

Independent Citizens Oversight Committee

In previous years, the District included the Half-Cent Sales Surtax on the ballot to address the decline in capital revenue but did not receive the required number of votes to pass. To increase transparency, an addition to the November 4, 2014 ballot was the creation of the Independent Citizens Oversight Committee (ICOC).

The ICOC process started October 2014 where applications were submitted through the United Way of Brevard. An independent ICOC Selection Committee, which included representatives from the four Brevard County Chambers of Commerce, a representative from the Capital Outlay Committee, and three parents met on December 11, 2014 to review ICOC applications and make a recommendation to the School Board. The School Board appointed ten (10) Brevard resident volunteers as members of the ICOC on February 10, 2015. The ICOC members were selected based on their relevant expertise and reputations within Brevard County and they consist of a multitude of different backgrounds which include business, construction, design, education, financial, legal, and technology.

The ICOC began meeting bi-monthly on February 25, 2015 to provide oversight to the use of funds collected from the sales surtax. Annual reporting of the projects utilizing these funds are required to be presented to the School Board and School Board Audit Committee and are available for public review.

The ICOC Charter was independently developed by volunteer citizens not affiliated with Brevard Public Schools and the ICOC is not terminated until all funds collected during the six-year period of the Half Cent Sales Surtax have been expended as approved by the School Board at their October 14, 2014 meeting. The Charter’s Purpose states that:

“ICOC shall provide general oversight of the expenditures made through funds generated by the one- half cent surtax on sales for school facilities approved by the citizens of Brevard County on November 4, 2014. The key focus of ICOC is to assure that School Board’s capital expenditures for mission critical Facility Renewal, Educational Technology and School Security items are made in accordance with the School Board’s published site-based priority list, sequenced by highest severity of need and category ranking priority to best maintain a safe and appropriate educational environment. Additionally, ICOC will evaluate the appropriateness of capital expenditures that are substituted for previously published items due to newly recognized needs deemed to be at a higher severity of need and category ranking priority than the previously published item or items replaced.”



RSM US LLP
7351 Office Park Place
Melbourne, Florida 32940-8229
(321) 751-6200
www.rsmus.com

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party.

For more information, visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

© 2019 RSM US LLP. All Rights Reserved.