

October 19, 2016

Financial Emergency Board  
School District of Jefferson County  
Meeting Record  
October 12, 2016

Chairman Philoron Wright convened the meeting of the Financial Emergency Board for the School District of Jefferson County (board). In addition to Chairman Wright, board members Jim Parry and John Newman were present. A quorum of the board was noted.

A motion was made and seconded to approve the proposed agenda for the meeting. The motion was approved unanimously by the board (Attachment A).

The next item for approval was the September 21, 2016, meeting record. A motion was made and seconded to approve the meeting record as presented. The motion was approved unanimously by the board.

Agenda item no. 3 was a report and discussion about the Heating, Ventilation, and Air Conditioning (HVAC) system maintenance and repair issue at the middle/high school. Superintendent Al Cooksey, School District of Jefferson County (district), was asked to explain actions taken by the district since the September 21, 2016, board meeting about this issue. Superintendent Cooksey explained that the district has the specifications for maintenance and repair of the existing system but no bid request had been issued to date for repair and maintenance of the existing system.

Research by the Florida Department of Education turned up evidence that the HVAC system that was installed when the middle/high school was built in 2003-04, was not the system in the authorized facility plan. When asked for an explanation, the district found no change orders to the facility plans. The district has contacted the builder (the Haskell Company) about why the HVAC system was installed in the 2003-04 construction that was determined to be obsolete in 2000. The district has been talking with persons from the Haskell Company and the York Company, manufacture of the HVAC system. Mr. Hightower stated that upon speaking with the Haskell Company, the chiller parts were found in a warehouse in Pittsburg, and that they had been applied to the HVAC system, effectively cooling down the building. The district staff indicated that they plan to continue to pursue a resolution of the construction issue. Although no formal action was taken by the board, a comment was made that the Haskell Company is a Florida corporation and should make good on the issue.

Chairman Wright asked the board to take up agenda item no. 4, which was the budget information and data requested by the board at the September 7, 2016, meeting, in the September 19, 2016, letter to Superintendent Cooksey (Attachment B). Superintendent Cooksey was asked to comment about the status of the board request. He told the board that the Florida Association of District School Superintendents had arranged for Rick Collins, former finance officer for the School District of Orange County, and Jim Hamilton, former finance officer for the School District of Hillsborough County, to be in the district to develop required procedures for the

management of federal grant funds. The procedures are needed for federal funds to which the district is entitled can be released.

Further, Superintendent Cooksey indicated that work on the budget was underway so that the next district superintendent would have a balanced budget. He indicated that merging the elementary school and middle/high school into one facility could save fixed costs. Renovations would be needed to the middle/high school to accommodate the elementary school students. Declining enrollment continues to be major concern and work needs to continue to improve the performance of students enrolled in Jefferson County schools in order to attract and retain students. If a merger of the schools is to be considered by the district, it will require community involvement and planning.

Although the district had provided selected items to the board, including a proposed amended budget requested by the board at the September 7, 2016, meeting, the superintendent was asked when he expected to have the district school board approve an amended budget. The district school board met on Monday, September 10, 2016, but did not approve an amended budget. Amendments to the budget were not brought forward for school board consideration. The Superintendent stated that an amended budget was to be presented to the school board at a meeting scheduled for Monday, October 17, 2016. Further, he commented that in order to make cuts to the budget, it would be advantageous to the district to have an “outside” group review the budget.

It was noted that the materials provided by the district did not include a capital budget. The 2016 legislature had approved a \$4.8 million special facility project.

Board members commented that they were awaiting receipt of a school board approved amended operating and capital outlay budget and a fiscal recovery plan. The approved budget must include funds for the turn-around plan, external provider (Attachment C). Tammy McGriff, federal program coordinator, was asked to explain the status of the external provider contract. She indicated that a contract and purchase order have been approved; awaiting an approved budget for the contract.

The board expressed concern that their ability to monitor the district expenditures is hampered because they have not received an approved amended budget and a monthly expenditure plan that can be reconciled at the end of each month as stated in the Commissioner’s letter of August 10, 2016 (Attachment D).

The board told the superintendent to go forward with the bid request for the middle/high school HVAC system as stipulated in the September 29, 2016, letter to Superintendent Cooksey from Chair Wright (Attachment E). Funds for the contract must be included in the amended budget.

A motion was made and seconded that the budgetary restrictions in the Commissioner’s August 10, 2016, letter still apply. There was discussion about the application of the restrictions. School board Chair Washington sought clarification of the restrictions. Recommendations to fill positions or other expenditures are contingent on the availability of funds in an approved

operating budget and require the Commissioner's approval. The motion was approved unanimously by the board.

Board comments were that the budget priorities must emphasize educational opportunities for students and good teachers in the classrooms. The board wants collaboration and wants to do the right thing for the district.

Board members agreed that the next meeting of the Financial Emergency Board for the School District of Jefferson County would be at 1:30 p.m., Tuesday, November 15, 2016, in room 1706 Turlington Building, Tallahassee, Florida.

Attachment A

October 5, 2016

Financial Emergency Board  
(Board)  
School District of Jefferson County  
(District)  
October 12, 2016  
1706 Turlington Building  
Tallahassee, Florida  
Meeting Agenda

Philoron A. Wright, Chair  
John H. Newman  
James A. Parry

1. Call to Order by Chairman Wright and Adoption of Meeting Agenda
2. Approval of September 21, 2016, Meeting Record (Attachment A)
3. Report and Discussion of Actions Taken by the District to Implement the Board Recommendations for Repair and Maintenance of the HVAC System at Jefferson Middle/High School (Attachment B, Chairman Wright to Superintendent Cooksey Letter, September 29, 2016)
4. Report and Discussion of Information and Data Requested from the District by the Board at the September 7, 2016 Board Meeting (Attachment C, Deputy Commissioner Champion to Superintendent Cooksey Letter, September 19, 2016)
5. Final Comments and Discussion

This meeting is open to the public. The public has a reasonable opportunity to be heard, as set forth in § 286.0114, Florida Statutes.

- a) Public comment must be related to a topic on the agenda;
- b) The period for public comment will be limited to no more than 30 minutes per meeting;
- c) Public comment shall generally be limited to five minutes per person; the time may be shortened or extended depending upon the number of people wishing to speak; and
- d) The public is requested to complete a public comment form, which will be available at all meetings, in order to inform the Board of the desire to be heard, to indicate support, neutrality or opposition for a proposition on the agenda, and whether a representative is designated to speak on behalf of the individual.




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**State Board of Education**

Marva Johnson, *Chair*  
John R. Padget, *Vice Chair*  
*Members*  
Gary Chartrand  
Tom Grady  
Rebecca Fishman Lipsey  
Michael Olenick  
Andy Tuck

**Pam Stewart**  
**Commissioner of Education**

September 19, 2016

Al Cooksey, Superintendent  
Jefferson County School District  
1490 West Washington Street  
Monticello, Florida 32344

Dear Superintendent Cooksey:

This letter provides a summary of the financial emergency board's directives to, and requests for, information from Jefferson County School District based on its September 7, 2016, meeting. Please find attached meeting procedures adopted by the financial emergency board.

**Financial Emergency Board Directives and Information Requests**

The board directed that the measures listed below, as established by Commissioner Stewart's letter of August 10, 2016, remain in place. All information is to be provided by October 7, 2016, in order for it to be available for review at the October 12, 2016, meeting.

- The district should only expend funds in accordance with the advertised tentative budget for 2016-17, except that expenditures budgeted in the capital projects funds should be postponed until a review can be conducted by the financial emergency board.
- Jefferson County School District must not incur any new financial obligations unless the obligation is necessary for the health, safety and welfare of the students or school district employees.
- Jefferson County School District must not hire anyone or make any changes to employee compensation or benefits without the express written approval of the department.
- By August 20, 2016, and for each month thereafter, the district must develop a spending plan that sets out each anticipated expenditure for the coming month. Then, at the end of each month, these projections must be reconciled with actual expenditures.

The board approved a series of motions that direct the district to amend its adopted 2016-17 budget and fiscal recovery plan as follows:

- For the reduction in Florida Education Finance Program revenues resulting from the anticipated decreased student enrollment for 2016-17.
- To include the expenditures for contracts with external operators for the elementary school and the middle/high school, as required by the State Board of Education in the district's turnaround plans.
- To include the restoration of questioned costs totaling \$172,727 to federal programs resulting from audit findings in previous years, and document the district's compliance with federal requirements so that 2016-17 federal awards can be made to the district.

Linda Champion  
Deputy Commissioner, Finance and Operations

The board also approved the following three motions:

- Jefferson County School District is to provide a quarterly expenditure report for the first quarter of the 2016-17 fiscal year. In addition, the report is to include budgeted revenues and expenditures for each month remaining in the 2016-17 fiscal year, beginning with October 2016, with a reconciliation to actual expenditures at the end of each month.
- The district is directed to report fund balance in the proper categories (nonspendable, restricted, committed, assigned and unassigned) in all financial reports provided to the board so that the district's financial condition is clear to the financial statement user.
- The district is requested to provide an organizational chart that includes all full- and part-time personnel, as well as all contractual positions, along with position descriptions for all noninstructional personnel. This information should be reconciled to the district's payroll register and submitted as supporting documentation. In addition, the history of instructional staff attrition, a comparison of the alignment of the professional certification of existing instructional staff with the certification requirements of their current positions, and Value-Added Model scores for existing instructional staff were requested.

The FDOE was directed to perform a site visit to verify the number of available student stations and review the possibility of combining schools based on official projected student enrollment.

The district's support of the financial emergency board and its efforts, by following the board's directives and providing the requested information in a timely manner, is appreciated.

Sincerely,



Linda Champion  
Deputy Commissioner  
Finance and Operations

LC/me

Attachment

|   |                 |               |             |
|---|-----------------|---------------|-------------|
| cc: Robert Lloyd, Chief Financial Officer | Philoron Wright | Hershel Lyons | Mark Eggers |
| Shirley Washington                        | James Perry     | Link Jarrett  |             |
| Jefferson County School Board Members     | John Newman     | Judy Bone     |             |



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**State Board of Education**

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Marva Johnson, *Chair*  
John R. Padget, *Vice Chair*  
*Members*  
Gary Chartrand  
Tom Grady  
Rebecca Fishman Lipsey  
Michael Olenick  
Andy Tuck

Pam Stewart  
Commissioner of Education

October 10, 2016

Shirley Washington, School Board Chair  
Al Cooksey, Superintendent  
Jefferson County School District  
1490 West Washington Street  
Monticello, Florida 32344

Dear Chair Washington and Superintendent Cooksey:

During its meeting on September 7, 2016, the Jefferson County Financial Emergency Board adopted a motion directing the Jefferson County School Board (JCSB) to amend its budget and include expenditures for contracts with external operators for the elementary school and the middle/high school, as required by the State Board of Education in the district's turnaround plans. Accordingly, the JCSB is approved to include in its budget the amount of \$133,569.00 for the proposed contract with Success For All Foundation, Inc., for services at the elementary school, and the amount of \$160,883.52 for the proposed contract with Educational Testing Service for services at the Jefferson Middle/High School. Therefore, the JCSB should approve the contracts and amend its budget at the school board meeting on October 10, 2016.

Because these contracts require a significant financial commitment, the district should review the approved budget for reductions in noncritical areas to ensure funds are available to execute these contracts.

Your work to improve educational services provided by JCSB is appreciated.

Sincerely,

Pam Stewart

PS/me

cc: Jefferson County School Board Members  
Robert Lloyd, Chief Financial Officer  
Philoron Wright  
James Parry

John Newman  
Hershel Lyons  
Linda Champion  
Mark Eggers

Link Jarrett  
Judy Bone




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**State Board of Education**

Marva Johnson, *Chair*  
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*Members*  
 Gary Chartrand  
 Tom Grady  
 Rebecca Fishman Lipsey  
 Michael Olenick  
 Andy Tuck

Pam Stewart  
 Commissioner of Education

August 10, 2016

Mr. Al Cooksey, Superintendent  
 Jefferson County Schools  
 1490 West Washington St.  
 Monticello, Florida 32344  
[al.cooksey@jeffersonschooldistrict.org](mailto:al.cooksey@jeffersonschooldistrict.org)

Note: This letter was sent to Superintendent Cooksey and the Jefferson County District School Board members, via Email and U.S. Mail as shown on Exhibit 1.

Dear Superintendent Cooksey and Jefferson County District School Board:

The Department of Education has reviewed the financial recovery plans that you have submitted. For reasons summarized below, I have determined that the district does not have a plan that is reasonably anticipated to avoid a financial emergency, as determined by s. 218.503, F.S., and requires state assistance; therefore, a State Board of Education meeting must be called to appoint a financial emergency board to assist the Jefferson County School District in resolving a financial emergency, pursuant to sections 218.503 and 1011.051, F.S.

Florida law requires that when a school district's projected financial condition ratio falls below 2 percent, the district must notify the Commissioner of Education and must submit a fiscal recovery plan. In May of 2016, the Department received a copy of Jefferson County School District's monthly financial report, by which the Jefferson County School Board is advised of the financial condition of the district; this report projected a financial ratio of negative 0.83 percent. While the district did not notify the Department that its ratio had fallen below the 2 percent threshold as the district is required by law, the Department accepted this monthly financial report as the district's notice that its fund balance had fallen below 2 percent.

In accordance with s. 218.503(3) and s. 1011.051(2), F.S., on July 1, 2016, the Department contacted the district to determine what actions have been taken to prevent or avoid a financial emergency and requested that the district provide a plan to outline these actions. When no plan was received, the State Board of Education ordered the district to submit a financial recovery plan at its regularly scheduled meeting of July 20, 2016. On July 27, 2016, the Department received a plan and on August 5, 2016, the Department received a second plan from the Jefferson County School District.

Despite having sent my staff to the district to review the information submitted, neither of the plans propose actions that can be reasonably anticipated to avoid a financial emergency in the school district. Specifically, as of the date of this letter, the following deficiencies in the plan have been identified:

- While the district has proposed to cut staff positions in the amount of \$172,945, these cuts were all to instructional positions, and no reductions in district administrative positions were proposed.
- The district failed to fund costs of \$296,928 associated with improving its low-performing schools, which Jefferson officially presented to the State Board of Education on July 20, 2016.

- The district improperly included energy savings of \$68,972 from a new HVAC (projected to cost \$2,300,000) that has not yet been purchased or installed.
- The district included budgeted savings of \$22,577 related to fuel efficiencies based on buses not yet purchased and eliminated bus routes with no documentation.
- The district included \$28,540 of budgeted savings with no explanation or supporting documentation.
- The district failed to reconcile discrepancies regarding audit findings related to federal grants.

Including just the first five bulleted items noted above, the district's projected financial condition ratio would be negative 3.33 percent, which in itself is a conservative projection of the district's financial condition ratio. This means that there would be a negative balance in the district's available general funds.

As a result, I have no choice under the law but to declare that the Jefferson County School District is in a state of financial emergency. Under section 218.503, F.S., a financial emergency exists when specified conditions occur, or are likely to occur unless steps are taken, due to a lack of funds. These include conditions such as the failure to pay wages or retirement benefits, the failure to transfer taxes, or employee/employer contributions for social security or pensions, the failure to pay uncontested claims or to repay loans. It is clear from the district's projected ratio and fund balance described above that if steps are not taken, the district will not have the financial resources necessary to meet one or more of these obligations. Further, based on the information the district has provided, the district does not have a plan that is reasonably anticipated to avoid or prevent one or more of these conditions. Please be advised that it is the district's obligation to notify the Joint Legislative Auditing Committee when these conditions have or will occur. Pursuant to 218.503(2), I have notified the Committee of the district's condition as of the date of this letter.

Therefore, an emergency State Board of Education meeting will be held to appoint a financial emergency board for the Jefferson County School District. The Department will provide you with notice of the State Board meeting as soon as the date and time are determined. As provided in section 218.503, this financial emergency board will establish detailed procedures and guidance in order to return Jefferson to solid financial footing. Under this process, to implement the measures set forth in sections 218.50-218.504, F.S., Jefferson is now subject to the following measures, effective immediately:

1. Jefferson's budget must be approved by the Commissioner of Education as provided in section 218.503(3)(a), F.S.
2. Jefferson is prohibited from issuing bonds, notes, certificates of indebtedness, or any other form of debt as provided in section 218.503(3)(c), F.S.
3. Jefferson must permit any "inspections and reviews of records, information, reports, and assets of the . . . district school board" as needed and local officials must cooperate in such inspections and reviews as provided in section 218.503(3)(d), F.S.
4. The Department will consult with all necessary officials "regarding any steps necessary to bring the books of account, accounting systems, financial procedures, and reports into compliance with state requirements" as provided in section 218.503(3)(e), F.S.
5. As is necessary, the Department will seek to provide technical assistance to Jefferson as provided in section 218.503(3)(f), F.S.

6. Once appointed by the State Board of Education, the financial emergency board will oversee the activities of the district school board. The financial emergency board shall exercise the powers specifically provided in section 218.503(3)(g), F.S. The financial emergency board will assist Jefferson to implement an approved plan with fidelity.
7. Jefferson County School District, in consultation with the Department and the financial emergency board, must develop a financial recovery plan pursuant to section 218.503(3)(h), F.S.

These measures will be in effect until such time as they are no longer required as provided in section 218.504, F.S.

Until such time as the oversight board meets and issues detailed directives, the following temporary measures are hereby instituted:

- The District should only expend funds in accordance with the advertised tentative budget for 2016-17, except that expenditures budgeted in the capital projects funds should be postponed until a review can be conducted by the financial emergency board.
- Jefferson must not incur any new financial obligations unless the obligation is necessary for the health, safety and welfare of the students or school district employees.
- Jefferson must not hire anyone or make any changes to employee compensation or benefits without the express written approval of the Department.
- By August 20, 2016, and for each month thereafter, Jefferson must develop a spending plan that sets out each anticipated expenditure for the coming month. Then, at the end of each month, these projections must be reconciled with actual expenditures.

Please note that the statutory requirement that the Department must approve Jefferson's budget in no way eliminates the responsibilities of the School District to satisfy all of its legal obligations and deadlines, including the requirements to hold public budget hearings for the purpose of adopting millage rates and the tentative budget and final budget for the 2016-17 fiscal year, as established in section 200.065, F.S., and the requirements for its school improvement plan under section 1008.33, F.S.

In closing, please be advised that the purpose of a financial emergency is to assist the district in providing essential services without interruption and in meeting their financial obligations. I look forward to assisting the district with the goals of achieving financial stability and providing a high quality education for all its students.

Sincerely,



Pam Stewart  
Commissioner of Education

PS/mm

Enclosure: Exhibit 1

Copies provided to: Joint Legislative Auditing Committee



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**State Board of Education**

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Marva Johnson, *Chair*  
John R. Padget, *Vice Chair*  
*Members*  
Gary Chartrand  
Tom Grady  
Rebecca Fishman Lipsey  
Michael Olenick  
Andy Tuck

Pam Stewart  
Commissioner of Education

September 29, 2016

Al Cooksey, Superintendent  
Jefferson County School District  
1490 West Washington Street  
Monticello, Florida 32344

Dear Superintendent Cooksey:

This letter provides a summary of the financial emergency board's adopted motions from its September 21, 2016, meeting regarding the Heating, Ventilation, and Air Conditioning (HVAC) system at the Jefferson Middle/High School (JMHS).

The financial emergency board adopted a motion accepting recommendations 1.a., 1.c., and 2, 3, 4, and 5 on page 3 of the attached report on the HVAC system at JMHS, which was forwarded to you with Ms. Linda Champion's letter of September 19, 2016. Please note that recommendation 1.b. was not adopted by the financial emergency board. Following is a summary of the motions adopted by the financial emergency board:

- Approval to proceed with the \$2.3 million contract related to replacement of the HVAC system at JMHS was not granted at this time.
- The district should immediately solicit competitive bids for the replacement of the failed compressor and repair of the electrical distribution service, including system controls and personnel training.
- The district should provide an explanation for installing a lower capacity HVAC system than that specified in the final phase III building plans approved in 2001 by Florida Department of Education's Office of Educational Facilities. The district should provide information related to the redirection of any cost savings resulting from the installation of the lower capacity system.
- Due to the need to address the HVAC system at JMHS on an expedited basis, the financial emergency board will forward any capital outlay expenditure requests directly to the commissioner for approval; however, all other capital outlay expenditures are subject to approval by both the financial emergency board and, ultimately, the commissioner.
- The HVAC control devices, which are subject to vandalism, should be relocated prior to the 2018-19 school year to ensure proper operation of the HVAC equipment.

The board noted that operating budget expenditures, including the hiring of district staff to fill critical positions, remain subject to approval by the commissioner. In addition, the board emphasized the need for the district to provide the commissioner and the financial emergency board an operating budget and a

Superintendent Cooksey  
September 29, 2016  
Page Two

capital outlay budget, each with an acceptable fund balance level, that address the district's needs. The submission of these budgets, to be approved by the financial emergency board, will allow the district to act more timely in the administration of critical school district operations.

Please forward competitive bids for the replacement of the failed compressor and repair of the electrical distribution service, including system controls and personnel training to the commissioner for approval as soon as possible, so that the HVAC system at JMHS can be restored to an acceptable operating status.

Again, the district's efforts in moving forward on these issues and providing requested information is appreciated.

Sincerely,

  
Philonor Wright, Chair  
Financial Emergency Board

LC/me

Attachment

cc: Robert Lloyd, Chief Financial Officer  
Shirley Washington  
Jefferson County School Board Members  
James Parry  
John Newman  
Hershel Lyons  
Linda Champion  
Mark Eggers  
Link Jarrett  
Tom Inserra  
Judy Bone