

AUDITOR GENERAL
WILLIAM O. MONROE, CPA



HOLMES COUNTY DISTRICT SCHOOL BOARD
FLORIDA EDUCATION FINANCE PROGRAM (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
AND
STUDENT TRANSPORTATION

For the Fiscal Year Ended June 30, 2006

The governing body of the District is the District School Board, which is composed of five elected members. The executive officer of the Board is the elected Superintendent of Schools. The Board members and Superintendent of Schools who served during the examination period were: Rickey D. Callahan; Gary Scott; Jason Motley, Chairman; Anthony Register, Vice-Chairman; Sidney M. Johnson; and Steve Griffin, Superintendent of Schools.

This examination was conducted by Alice Pounds, CPA, and supervised by J. David Hughes, CPA. Please address inquiries regarding this report to Joseph L. Williams, CPA, Audit Manager, via e-mail at joewilliams@aud.state.fl.us or by telephone at (850) 414-9941.

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

Holmes County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2006

	PAGE NO.
FULL-TIME EQUIVALENT (FTE) STUDENTS	
Independent Auditor's Report.....	1
Schedule A - Populations, Samples, and Test Results	3
Schedule B - Effect of Audit Adjustments on Weighted FTE	5
Schedule C - Audit Adjustments by School	6
Schedule D - Findings and Audit Adjustments	8
Schedule E – Recommendations and Regulatory Citations.....	12
Schedule F – Summary of Management’s Response	15
Notes to Schedules.....	16
STUDENT TRANSPORTATION	
Independent Auditor's Report.....	20
Schedule A - Populations, Samples, and Test Results	22
Schedule B - Findings and Audit Adjustments.....	23
Schedule C – Recommendations and Regulatory Citations.....	27
Schedule D – Summary of Management’s Response	28
Notes to Schedules.....	29
MANAGEMENT'S RESPONSE.....	31

Holmes County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
LIST OF ABBREVIATIONS
For the Fiscal Year Ended June 30, 2006

IEP – Individual Educational Plan

ESE – Exceptional Student Education

ESOL – English for Speakers of Other Languages

PK – Prekindergarten

OJT – On-the-Job Training

IDEA – Individuals with Disabilities Education Act



WILLIAM O. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT HOLMES COUNTY DISTRICT SCHOOL BOARD FULL-TIME EQUIVALENT (FTE) STUDENTS

We have examined management's assertion, included in its representation letter dated April 24, 2007, that the Holmes County District School Board complied with the State requirements governing the determination and reporting of the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2006. These requirements are found primarily in Sections 1011.60, 1011.61, and 1011.62, Florida Statutes; State Board of Education Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions* issued by the Department of Education. As discussed in the representation letter, management is responsible for the District's compliance with State requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with the aforementioned State requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. The legal determination of the District's compliance with these requirements is, however, ultimately the responsibility of the Department of Education.

Our examination procedures disclosed the following instances of material noncompliance: five of the 24 teachers in our sample did not meet State requirements governing certification; School Board approval of out-of-field assignments; or notification of parents regarding out-of-field teachers. (See SCHEDULE D, finding Nos. 3, 6, 9, and 12.)


In our opinion, except for the instances of material noncompliance mentioned above involving teachers, the Holmes County District School Board complied, in all material respects, with State requirements governing the determination and reporting of the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2006.

The results of our examination disclosed other instances of noncompliance with the aforementioned State requirements, in addition to those of a material nature mentioned above. We considered these other instances of noncompliance in forming our opinion regarding management's assertion and these items did not affect our opinion as stated above. All of the instances of noncompliance disclosed by our examination procedures are discussed in SCHEDULE D. The impact of those instances of noncompliance on the District's reported number of full-time equivalent (FTE) students is presented in SCHEDULE A, SCHEDULE B, SCHEDULE C, and SCHEDULE D.

In accordance with *Government Auditing Standards*, we are required to report deficiencies in internal control that are material to management's assertion. The instances of material noncompliance mentioned above are indicative of such deficiencies in the District's internal controls related to teacher compliance. The relevant populations, samples, and exception totals that pertain to these instances of noncompliance are presented in SCHEDULE A herein. We performed our examination to express an opinion on the District's compliance with the State requirements previously mentioned and not for the purpose of expressing an opinion on the District's related internal controls; accordingly, we express no such opinion.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the State Board of Education, the Department of Education, and the Holmes County District School Board. Copies of this report are available pursuant to Section 11.45(4)(c), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



William O. Monroe, CPA
June 21, 2007

SCHEDULE A

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
POPULATIONS, SAMPLES, AND TEST RESULTS
 For the Fiscal Year Ended June 30, 2006

<u>Description¹</u>	<u>Number of Schools</u>	<u>% of Pop.</u>	<u>Number of Students (w/Exceptions)</u>	<u>% of Pop. (Sample)</u>	<u>Number of Unweighted FTE²</u>	<u>% of Pop. (Sample)</u>
1. Basic						
Population ³	9	100.00%	1,936	100.00%	2,711.3300	100.00%
Sample Size ⁴	5	55.56%	103	5.32%	85.5012	3.15%
Students w/Exceptions	-	-	(8)	(7.77%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(15.9012)	-
2. Basic with ESE Services						
Population ³	9	100.00%	385	100.00%	510.5600	100.00%
Sample Size ⁴	5	55.56%	47	12.21%	35.7620	7.00%
Students w/Exceptions	-	-	(5)	(10.64%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(9.7596)	-
3. ESOL						
Population ³	2	100.00%	4	100.00%	4.1600	100.00%
Sample Size ⁴	1	50.00%	3	75.00%	3.0000	72.12%
Students w/Exceptions	-	-	(2)	(66.67%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(3.0000)	-
4. ESE Support Levels 4 and 5						
Population ³	4	100.00%	6	100.00%	3.6000	100.00%
Sample Size ⁴	3	75.00%	6	100.00%	3.5600	98.89%
Students w/Exceptions	-	-	(1)	(16.67%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(.0800)	-
5. Career Education 9-12						
Population ³	5	100.00%	20	100.00%	126.5300	100.00%
Sample Size ⁴	2	40.00%	10	50.00%	1.4138	1.12%
Students w/Exceptions	-	-	(1)	(10.00%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(2.2652)	-

All Programs						
Population ³	9	100.00%	2,351	100.00%	3,356.1800	100.00%
Sample Size ⁴	5	55.56%	169	7.19%	129.2370	3.85%
Students w/Exceptions	-	-	(17)	(10.06%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(31.0060)	-

The accompanying notes are an integral part of this schedule.

SCHEDULE A (Continued)

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
POPULATIONS, SAMPLES, AND TEST RESULTS
 For the Fiscal Year Ended June 30, 2006

<u>Description</u> ¹	<u>Number of Schools</u>	<u>% of Pop.</u>	<u>Number of Teachers (w/Exceptions)</u>	<u>% of Pop. (Sample)</u>
<u>Teachers</u>				
Population ³	9	100.00%	51	100.00%
Sample Size ⁴	5	55.56%	24	47.06%
Teachers w/Exceptions	-	-	(5)	(20.83%)

¹ See NOTE A6.

² Unweighted full-time equivalent (FTE) students represents FTE prior to the application of the applicable cost factor for each program. (See SCHEDULE B and NOTE A4.)

³ The population shown for the number of schools is the total number of schools in the District which offered the courses in the program specified (i.e., Basic, ESOL, ESE, and Career Education). The population shown for the number of students is the total number of students in each program at the schools in our sample. Our Career Education sample was limited to those students who participated in OJT. The population shown for full-time equivalent (FTE) students is the total FTE for all of the District's schools (sample schools plus nonsample schools) as reported for each survey conducted for the fiscal year ended June 30, 2006. The population shown for teachers is the total number of teachers at schools in our sample who taught courses in ESE or Career education or taught courses to LEP students. (See NOTE A5.)

⁴ See NOTE B.

⁵ Our audit adjustments present the net effects of the instances of noncompliance disclosed by our examination procedures, including those related to our tests of teacher certification. Our audit adjustments generally reclassify reported FTE to Basic education, except for noncompliance involving a student's enrollment or attendance, in which case the audit adjustments take the reported FTE to zero.

The accompanying notes are an integral part of this schedule.

SCHEDULE B

Holmes County District School Board
Full-Time Equivalent (FTE) Students
EFFECT OF AUDIT ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
For the Fiscal Year Ended June 30, 2006

<u>No. Program</u> ¹	<u>Net Audit Adjustment</u> ²	<u>Cost Factor</u>	<u>Weighted FTE</u> ³
101 Basic K-3	.5000	1.018	.5090
102 Basic 4-8	(5.5486)	1.000	(5.5486)
103 Basic 9-12	(10.8526)	1.113	(12.0789)
111 Grades K-3 with ESE Services	.4900	1.018	.4988
112 Grades 4-8 with ESE Services	(4.1458)	1.000	(4.1458)
113 Grades 9-12 with ESE Services	(6.1038)	1.113	(6.7935)
130 ESOL	(3.0000)	1.318	(3.9540)
255 ESE Support Level 5	(.0800)	5.190	(.4152)
300 Career Education 9-12	<u>(2.2652)</u>	1.193	<u>(2.7024)</u>
Total	<u>(31.0060)</u>		<u>(34.6306)</u>

¹ See NOTE A6.

² These adjustments are for unweighted FTE. (See SCHEDULE C.)

³ Weighted FTE adjustments are presented for illustrative purposes only; they do not take special program caps or allocation factors into consideration and are not intended to indicate the FTE used to compute the dollar value of audit adjustments. That computation is the responsibility of the Department of Education. (See NOTE A4.)

The accompanying notes are an integral part of this schedule.

SCHEDULE C

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2006

<u>No. Program</u>	<u>District- Wide</u>	<u>Audit Adjustments¹</u>		<u>Balance Forward</u>
		<u>#0041</u>	<u>#0121</u>	
101 Basic K-3	(1.5000)	.....	2.0000	.5000
102 Basic 4-8	(2.5000)	.5000	1.0000	(1.0000)
103 Basic 9-12	(1.9996)	.....	.....	(1.9996)
111 Grades K-3 with ESE Services	.5000	.....	(.0100)	.4900
112 Grades 4-8 with ESE Services	(2.0000)	(.5000)	.....	(2.5000)
113 Grades 9-12 with ESE Services	(.1664)	.....	.....	(.1664)
130 ESOL	.....	.....	(3.0000)	(3.0000)
255 ESE Support Level 5	.....	.....	.....	.0000
300 Career Education 9-12	(.5004)	.....	.....	(.5004)
Total	<u>(8.1664)</u>	<u>.0000</u>	<u>(.0100)</u>	<u>(8.1764)</u>

¹ These adjustments are for unweighted FTE. (See NOTE A4.)

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2006

<u>No. Program</u>	<u>Brought Forward</u>	<u>Audit Adjustments¹</u>		<u>Total</u>
		<u>#0261</u>	<u>#3012</u>	
101 Basic K-3	.5000	.....	.....	.5000
102 Basic 4-8	(1.0000)	.....	(4.5486)	(5.5486)
103 Basic 9-12	(1.9996)	.....	(8.8530)	(10.8526)
111 Grades K-3 with ESE Services	.4900	.....	.....	.4900
112 Grades 4-8 with ESE Services	(2.5000)	.....	(1.6458)	(4.1458)
113 Grades 9-12 with ESE Services	(.1664)	.....	(5.9374)	(6.1038)
130 ESOL	(3.0000)	.....	.....	(3.0000)
255 ESE Support Level 5	.0000	(.0800)	.....	(.0800)
300 Career Education 9-12	<u>(.5004)</u>	<u>(.1664)</u>	<u>(1.5984)</u>	<u>(2.2652)</u>
Total	<u>(8.1764)</u>	<u>(.2464)</u>	<u>(22.5832)</u>	<u>(31.0060)</u>

¹ These adjustments are for unweighted FTE. (See NOTE A4.)

The accompanying notes are an integral part of this schedule.

SCHEDULE D

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

Overview

Management is responsible for determining and reporting the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) in compliance with State requirements. These requirements are found primarily in Sections 1011.60, 1011.61, and 1011.62, Florida Statutes; State Board of Education Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions* issued by the Department of Education. Except for instances of material noncompliance involving teachers, the Holmes County District School Board complied, in all material respects, with State requirements governing the determination and reporting of FTE for the fiscal year ended June 30, 2006. All of the instances of noncompliance disclosed by our examination procedures are discussed below and require management's attention and action, as recommended on page 12.

Findings

**Net Audit
 Adjustments
 (Unweighted FTE)**

Our examination included the July and October 2005 surveys and the February and June 2006 surveys. (See NOTE A5.) Unless otherwise specifically stated, the findings and audit adjustments presented herein are for the October 2005 survey or the February 2006 survey or both. Accordingly, our findings do not mention specific surveys unless necessary for a complete understanding of the instances of noncompliance being disclosed.

Alternative Survey Week Used Without Approval

1. [Ref. 145] The District used an alternative survey week (September 26 through September 30, 2005), for the October survey, but did not obtain the approval of the Commissioner of Education to do so. Consequently, we used the official October survey week established by DOE (October 10 through October 14, 2005) in conducting our examination. We noted the following exceptions: (a) 21 reported students had withdrawn from school prior to October 10, 2005, and were ineligible to be reported; and (b) 5 students, who were eligible to be reported, were not reported. We made the following audit adjustments to disallow the FTE for the 21 ineligible students who were reported and add the FTE for the 5 eligible students who were not reported:

101 Basic K-3	(1.5000)	
102 Basic 4-8	(2.5000)	
103 Basic 9-12	(1.9996)	
111 Grades K-3 with ESE Services	.5000	
112 Grades 4-8 with ESE Services	(2.0000)	
113 Grades 9-12 with ESE Services	(.1664)	
300 Career Education 9-12	(.5004)	
		<u>(8.1664)</u>
		<u>(8.1664)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

<u>Findings</u>	<u>Net Audit Adjustments (Unweighted FTE)</u>	
<u>Bethlehem High School (#0041)</u>		
2. [Ref. 4102] <u>The file for one ESE student did not have an IEP covering the reporting survey. We made the following audit adjustment:</u>		
102 Basic 4-8	.5000	
112 Grades 4-8 with ESE Services	(.5000)	.0000
		.0000
<u>Bonifay Elementary School (#0121)</u>		
3. [Ref. 12172/73] <u>Two teachers taught Primary Language Arts to classes that included one LEP student each, but were not properly certified to teach LEP students and were not approved by the School Board to teach such students out-of-field. We also noted that the parents of the two LEP students concerned were not notified of the teacher's out-of-field status. We made no audit adjustments here because the students are adjusted in finding No. 4 (Ref. 12101).</u>		
		.0000
4. [Ref. 12101] <u>The LEP Student Plans for two students in ESOL were not reviewed and updated for the 2005-06 school year. We also noted that the file for one of the students did not contain documentation justifying the student's continued placement in ESOL for a fifth year. We made the following audit adjustment:</u>		
101 Basic K-3	2.0000	
130 ESOL	(2.0000)	.0000
5. [Ref. 12102] <u>The Speech Therapy contact logs needed to support the delivery of therapy to a part-time, ESE student were missing and could not be located. We made the following audit adjustment:</u>		
111 Grades K-3 with ESE Services	(.0100)	(.0100)

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

**Net Audit
 Adjustments
 (Unweighted FTE)**

Findings

Bonifay Elementary School (#0121) (Continued)

6. [Ref. 12171] One teacher taught Primary Language Arts to a class that included one LEP student, but was not properly certified to teach LEP students and was not approved by the School Board to teach such students out-of-field. We also noted that the parents of this LEP student were not notified of the teacher's out-of-field status. We made the following audit adjustment:

102 Basic 4-8	1.0000	
130 ESOL	(1.0000)	.0000
		(.0100)

Holmes County High School (#0261)

7. [Ref. 26102] The timecard for one Career Education student in OJT was missing and could not be located. We made the following audit adjustment:

300 Career Education 9-12	(.1664)	(.1664)
---------------------------	---------	---------

8. [Ref. 26103] One Hospital and Homebound student was not provided homebound instruction during the reporting survey and should not have been reported. We made the following audit adjustment:

255 ESE Support Level 5	(.0800)	(.0800)
		(.2464)

West Florida Wilderness Institute (#3012)

9. [Ref. 301272] One ESE teacher was not properly certified and was not approved by the School Board to teach out-of-field. The teacher held certification in Business Education and taught one ESE student. We also noted that the parents of this student were not notified of the teacher's out-of-field status. We made no audit adjustment here because the student is adjusted in finding No. 10 (Ref. 301201).

.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

**Net Audit
 Adjustments
 (Unweighted FTE)**

Findings

West Florida Wilderness Institute (#3012) (Continued)

10. [Ref. 301201] The student attendance records for 39 students in the February survey were missing and could not be located. Eight of the 39 students were in our sample. We made the following audit adjustment to disallow the FTE reported for these 39 students:

102 Basic 4-8	(4.5000)	
103 Basic 9-12	(7.4988)	
112 Grades 4-8 with ESE Services	(1.5000)	
113 Grades 9-12 with ESE Services	(4.5000)	
300 Career Education 9-12	<u>(1.5012)</u>	(19.5000)

Management's response and our follow-up – See page 15. *Our finding stands as presented.*

11. [Ref. 301202/03] The student attendance records for the July and October surveys did not support the attendance of seven students. We noted that two of the students had withdrawn from the Institute prior to the reporting survey. We made the following audit adjustments:

<u>Ref. 301202</u>		
102 Basic 4-8	(.1944)	
103 Basic 9-12	(1.2916)	
300 Career Education 9-12	<u>(.0972)</u>	(1.5832)

<u>Ref. 301203</u>		
103 Basic 9-12	(.5000)	
113 Grades 9-12 with ESE Services	<u>(1.0000)</u>	(1.5000)

12. [Ref. 301271] One teacher did not hold a Florida teaching certificate. We made the following audit adjustment:

102 Basic 4-8	.1458	
103 Basic 9-12	.4374	
112 Grades 4-8 with ESE Services	(.1458)	
113 Grades 9-12 with ESE Services	<u>(.4374)</u>	<u>.0000</u>
		(22.5832)
		<u>(31.0060)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE E

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
 For the Fiscal Year Ended June 30, 2006

Recommendations

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) an alternative survey is not used unless approved by DOE pursuant to the *FTE General Instructions*; (2) students are reported in the proper funding categories and have adequate documentation to support that reporting, particularly with regard to students in ESE and ESOL; (3) timecards for students in OJT are properly completed and retained in readily accessible files; (4) teachers are properly certified or, if out-of-field, have School Board approval to teach out-of-field; (5) the parents of the students taught by out-of-field teachers are notified of the teachers' out-of-field status; and (6) student attendance records are appropriately prepared and maintained to support student eligibility for State funding.

The absence of statements in this report regarding practices and procedures followed by the District should not be construed as acceptance, approval, or endorsement of those practices and procedures. Additionally, the specific nature of this report does not limit or lessen the District's obligation to comply with all State requirements governing full-time equivalent (FTE) students and the Florida Education Finance Program (FEFP).

Regulatory Citations

Reporting

- Section 1011.60, F.S. Minimum Requirements of the Florida Education Finance Program (FEFP)
- Section 1011.61, F.S. Definitions
- Section 1011.62, F.S. Funds for Operation of Schools
- Rule 6A-1.0451, F.A.C. FEFP Student Membership Surveys
- Rule 6A-1.04513, F.A.C. Maintaining Auditable FTE Records
- FTE General Instructions 2005-2006

Attendance

- Section 1003.23, F.S. Attendance Records and Reports
- Rules 6A-1.044(3)&(6)(c), F.A.C. . Pupil Attendance Records
- Rule 6A-1.04513, F.A.C. Maintaining Auditable FTE Records
- FTE General Instructions 2005-2006
- Comprehensive Management Information System: Automated Student Attendance Recordkeeping System

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Holmes County District School Board
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2006

Regulatory Citations (Continued)

English for Speakers of Other Languages (ESOL)

- Section 1003.56, F.S.English Language Instruction for Limited English Proficient Students
- Section 1011.62(1)(g), F.S.Education for Speakers of Other Languages
- Rule 6A-6.0901, F.A.C.Definitions Which Apply to Programs for Limited English Proficient Students
- Rule 6A-6.0902, F.A.C.Requirements for Identification, Assessment, and Programmatic Assessment of Limited English Proficient Students
- Rule 6A-6.0904, F.A.C.Equal Access to Appropriate Programming for Limited English Proficient Students

Career Education On-the-Job Attendance

- Rule 6A-1.044(6)(c), F.A.C.Pupil Attendance Records

Exceptional Education

- Section 1003.57(5), F.S.Exceptional Students Instruction
- Section 1011.62, F.S.Funds for Operation of Schools
- Section 1011.62(1)(e), F.S.Funding Model for Exceptional Student Education Programs
- Rule 6A-6.03028, F.A.C.Development of Individual Educational Plans for Students with Disabilities
- Rule 6A-6.03029, F.A.C.Development of Family Support Plans for Children with Disabilities Ages Birth through Five Years
- Rule 6A-6.0312, F.A.C.Course Modification for Exceptional Students
- Rule 6A-6.0331, F.A.C.Identification and Determination of Eligibility of Exceptional Students for Specially Designed Instruction
- Rule 6A-6.0334, F.A.C.Temporary Assignment of Transferring Exceptional Students
- Rule 6A-6.03411, F.A.C.Policies and Procedures for the Provision of Specially Designed Instruction and Related Services for Exceptional Students
- Matrix of Services Handbook

Career Education On-the-Job Funding Hours

- Rule 6A-6.055(3), F.A.C.Definitions of Terms Used in Vocational Education and Adult Programs
- FTE General Instructions 2005-2006

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Holmes County District School Board
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2006

Regulatory Citations (Continued)

Teacher Certification

Section 1003.56, F.S.English Language Instruction for Limited English Proficient Students

Section 1011.62(1)(g), F.S.Education for Speakers of Other Languages

Section 1012.42(2), F.S.Teacher Teaching Out-of-Field; Notification Requirements

Section 1012.55, F.S.Positions for Which Certificates Required

Rule 6A-1.0502, F.A.C.Non-certificated Instructional Personnel

Rule 6A-1.0503, F.A.C.Definition of Qualified Instructional Personnel

Rule 6A-4.001, F.A.C.Instructional Personnel Certification

The accompanying notes are an integral part of this schedule.

SCHEDULE F

Holmes County District School Board
Full-Time Equivalent (FTE) Students
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2006

Management agreed with our findings and recommendations, except for finding No. 10 (Ref. 301201) as discussed below.

A copy of management's response may be found on page 31 of this report.

Finding No. 10 (Ref. 301201) - West Florida Wilderness Institute (#3012)

The West Florida Wilderness Institute (#3012), a juvenile justice facility, did not maintain documentation of each student's classroom attendance for FEFP-related instruction during the February survey. Consequently, none of the Institute's reported FTE for that survey was adequately supported.

Management's Response – Management contends that the Institute's reported FTE was adequately supported by “electronic versions of the attendance records [that] were provided [to the auditors].”

Follow-up to Management's Response – We were provided copies of electronic gradebooks, population logs, and daily shift logs. None of the provided records documented students' classroom attendance for FEFP-related instruction. It is our understanding that it is the Department of Education's position that juvenile justice facilities must prepare and maintain documentation of each student's classroom attendance for FEFP-related instruction. Accordingly, our finding stands as originally presented.

The accompanying notes are an integral part of this schedule.

Holmes County District School Board
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2006

NOTE A – SUMMARY

A summary discussion of the significant features of the District, the Florida Education Finance Program (FEFP), full-time equivalent (FTE) students, and related areas follows:

1. School District of Holmes County

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Holmes County, Florida. Those services are provided primarily to students attending kindergarten through high school, but also to adults seeking career education-type training. The District is part of the State system of public education under the general direction and control of the State Board of Education. The geographic boundaries of the District are those of Holmes County. For the fiscal year ended June 30, 2006, the District operated nine schools, reported 3,356.18 unweighted full-time equivalent (FTE) students, and received approximately \$14.9 million in State funding under the Florida Education Finance Program (FEFP) for those FTE. The primary sources of funding for the District are funds from FEFP, local ad valorem taxes, and Federal grants and donations.

2. Florida Education Finance Program (FEFP)

Florida school districts receive State funding through the Florida Education Finance Program (FEFP), which was established by the Florida Legislature in 1973. It is the intent of the law "to guarantee to each student in the Florida public school system the availability of programs and services appropriate to his educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors." To provide equalization of educational opportunity in Florida, the FEFP formula recognizes (1) varying local property tax bases, (2) varying program cost factors, (3) district cost differentials, and (4) differences in per student cost for equivalent educational programs due to sparsity and dispersion of student population.

Holmes County District School Board
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2006

NOTE A - SUMMARY (Continued)

3. Full-Time Equivalent (FTE) Students

The funding provided by FEFP is based upon the numbers of individual students participating in particular educational programs. A numerical value is assigned to each student according to the student's hours and days of attendance in those programs. The individual student thus becomes equated to a numerical value known as an FTE (full-time equivalent) student. For example, for kindergarten through third grade, one FTE is defined as one student in membership in a program or a group of programs for 20 hours per week for 180 days; for grade levels four through twelve, one FTE is defined as one student in membership in a program or a group of programs for 25 hours per week for 180 days.

4. Calculation of FEFP Funds

The amount of State and local FEFP funds is calculated by the Department of Education by multiplying the number of unweighted full-time equivalent (FTE) students in each educational program by the specific cost factor of each program to obtain weighted FTEs. Weighted FTEs are multiplied by the base student allocation amount and that product is multiplied by the appropriate cost differential factor. Various adjustments are then added to this product to obtain the total State and local FEFP dollars. All cost factors, the base student allocation amount, cost differential factors, and various adjustment figures are established by the Florida Legislature.

5. FTE Surveys

FTE is determined and reported during the school year by means of four FTE membership surveys, which are conducted under the direction of district and school management. Each survey is a sampling of FTE membership for a period of one week. The surveys for the 2005-2006 school year were conducted during and for the following weeks: survey one was performed for July 11-15, 2005; survey two was performed for October 10-14, 2005; survey three was performed for February 6-10, 2006; and survey four was performed for June 12-16, 2006.

Holmes County District School Board
 Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
 For the Fiscal Year Ended June 30, 2006

NOTE A - SUMMARY (Continued)

6. Educational Programs

The Florida Education Finance Program (FEFP) funds ten specific programs under which instruction may be provided as authorized by the Florida Legislature. The general program titles under which these specific programs fall are as follows: (1) Basic; (2) English for Speakers of Other Languages (ESOL); (3) Exceptional; and (4) Career Education (9-12).

7. Statutes and Rules

The following statutes and rules are of significance to the administration of Florida public education:

- Chapter 1000, F.S. K-20 General Provisions
- Chapter 1001, F.S. K-20 Governance
- Chapter 1002, F.S. Student and Parental Rights and Educational Choices
- Chapter 1003, F.S. Public K-12 Education
- Chapter 1006, F.S. Support for Learning
- Chapter 1007, F.S. Articulation and Access
- Chapter 1010, F.S. Financial Matters
- Chapter 1011, F.S. Planning and Budgeting
- Chapter 1012, F.S. Personnel
- Chapter 6A-1, F.A.C. Finance and Administration
- Chapter 6A-4, F.A.C. Certification
- Chapter 6A-6, F.A.C. Special Programs I

NOTE B - SAMPLING

Our examination procedures provided for the selection of samples of schools, students, and teachers, using statistical and judgmental methods, for testing FTE reported to the Department of Education for the fiscal year ended June 30, 2006. Our sampling process was designed to facilitate the performance of appropriate examination procedures to test the District's compliance with State requirements governing FTE and the Florida Education Finance Program (FEFP). The following schools were in our sample:

Holmes County District School Board
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2006

NOTE B - SAMPLING (Continued)

<u>School Name/Description</u>	<u>Finding Number(s)</u>
- Alternative Survey Week Used Without Approval	1
1. Bethlehem High School	2
2. Ponce De Leon High School	NA
3. Bonifay Elementary School	3 through 6
4. Holmes County High School	7 and 8
5. West Florida Wilderness Institute	9 through 12



WILLIAM O. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT HOLMES COUNTY DISTRICT SCHOOL BOARD STUDENT TRANSPORTATION

We have examined management's assertion, included in its representation letter dated April 24, 2007, that the Holmes County District School Board complied with State requirements governing the determination and reporting of the number of students transported for the fiscal year ended June 30, 2006. These requirements are found primarily in Chapter 1006, Part I, E., and Section 1011.68, Florida Statutes; State Board of Education Rules, Chapter 6A-3, Florida Administrative Code; and the *Student Transportation General Instructions* issued by the Department of Education. As discussed in the representation letter, management is responsible for the District's compliance with State requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with the aforementioned State requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. The legal determination of the District's compliance with these requirements is, however, ultimately the responsibility of the Department of Education.

Our examination procedures disclosed instances of material noncompliance with the District's reported student ridership data, as follows: 124 of the 178 transported students in our sample had exceptions involving their reported ridership category or eligibility for State transportation funding. (See SCHEDULE B, finding Nos. 2, 3, and 4.)

In our opinion, except for the instances of material noncompliance mentioned above involving the classification and reporting of transported students, the Holmes County District School Board complied, in all material respects, with State requirements governing the determination and reporting of the number of students transported for the fiscal year ended June 30, 2006.

The results of our examination disclosed other instances of noncompliance with the aforementioned State requirements, in addition to those of a material nature mentioned above. We considered these instances of noncompliance in forming our opinion regarding management's assertion and these items did not affect our opinion as stated in the preceding paragraph. All of the instances of noncompliance disclosed by our examination procedures are discussed in SCHEDULE B. The impact of those instances of noncompliance on the District's reported number of transported students is presented in SCHEDULE A and SCHEDULE B.

In accordance with *Government Auditing Standards*, we are required to report deficiencies in internal control that are material to management's assertion. The instances of material noncompliance mentioned above are indicative of such deficiencies in the District's internal controls related to the classification and reporting of transported students. We performed our examination to express an opinion on the District's compliance with the State requirements previously mentioned and not for the purpose of expressing an opinion on the District's related internal controls; accordingly, we express no such opinion.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the State Board of Education, the Department of Education, and the Holmes County District School Board. Copies of this report are available pursuant to Section 11.45(4)(c), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



William O. Monroe, CPA
June 21, 2007

SCHEDULE A

Holmes County District School Board
 Student Transportation
POPULATIONS, SAMPLES, AND TEST RESULTS
 For the Fiscal Year Ended June 30, 2006

<u>Description</u>	<u>Number of Vehicles</u>	<u>% of Pop.</u>	<u>No. of Students Transp.</u>	<u>% of Pop. (Sample)</u>
Population ¹	83	100.00%	4,081	100.00%
Sample ²	-	-	178	4.36%
<u>General Tests</u>				
Net Audit Adjustments (<i>Non-sample Students</i>)	-	-	(4)	NM
<u>Detailed Tests</u>				
Students w/ Exceptions (<i>Sample Students</i>)	-	-	124	(69.66%)
Net Audit Adjustments (<i>Sample Students</i>)	-	-	(89)	(50.00%)
<u>General and Detailed Tests</u>				
Net Audit Adjustments	-	-	(93)	2.28%

NM - Not Meaningful

¹ The population figures for students are the totals of the figures reported for each survey conducted for the fiscal year ended June 30, 2006. The District reported 4,081 students in the following ridership categories: 26 in IDEA (K-12), Weighted; 622 in IDEA (K-12), Unweighted; 11 in IDEA (PK), Weighted; 32 in IDEA (PK), Unweighted; and 3,390 in Two Miles or More. The District also reported operating a total of 83 vehicles (82 buses and 1 passenger car). IDEA stands for Individuals with Disabilities Education Act.

² See NOTE B.

The accompanying notes are an integral part of this schedule.

SCHEDULE B

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

Overview

Management is responsible for determining and reporting the number of students transported in compliance with State requirements. These requirements are found primarily in Chapter 1006, Part I, E., and Section 1011.68, Florida Statutes; State Board of Education Rules, Chapter 6A-3, Florida Administrative Code; and the *Student Transportation General Instructions* issued by the Department of Education. Except for instances of material noncompliance involving the classification and reporting of transported students, the Holmes County District School Board complied, in all material respects, with State requirements governing the determination and reporting of students transported for the fiscal year ended June 30, 2006. All of the instances of noncompliance disclosed by our examination procedures are discussed below and require management's attention and action, as recommended on page 27.

**Students
 Transported
 Net Audit
 Adjustments**

Findings

Our examination procedures included both general tests and detailed tests. Our general tests included inquiries concerning the District's transportation of students and verification that a bus driver's report existed for each bus reported in a survey. Our general tests disclosed the instances of noncompliance discussed in finding No. 1. Our detailed tests checked the accuracy of the reported ridership categories for students sampled from the July, October, February, and June surveys. Our detailed tests disclosed the instances of noncompliance discussed in finding Nos. 2, 3, and 4.

General Tests

1. [Ref. 51] Nineteen students were reported in ridership categories for which they were not eligible, as follows:
 - a. Four PK students (two in the October survey and two in the February survey) were reported incorrectly in IDEA (K-12), Unweighted. They should have been reported in IDEA (PK), Unweighted.
 - b. Eight K-12 students (four in the October survey and four in the February survey) were reported incorrectly in IDEA (PK), Weighted (four students) and IDEA (PK), Unweighted (four students). They should have been reported in IDEA (K-12), Weighted and Two Miles or More, respectively.

The accompanying notes are an integral part of this schedule.

SCHEDULE B (Continued)

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

**Students
 Transported
 Net Audit
 Adjustments**

Findings

General Tests (Continued)

- c. One PK student in the October survey was not eligible to be reported for State transportation funding, but was reported incorrectly in Two Miles or More.
- d. One PK student in the February survey was reported incorrectly in IDEA (K-12), Weighted. The student should have been reported in IDEA (PK), Unweighted.
- e. Five PK students in the February survey were reported incorrectly in Two Miles or More. Two of the students should have been reported in IDEA (PK), Unweighted, and the remaining three were ineligible for State transportation funding and should not have been reported.

We also noted that the reported number of buses was overstated by two buses in both the October survey and February survey.

We made the following audit adjustments:

October 2005 Survey

Number of Buses Operated	<u>(2)</u>	-
<u>90 Days-in-Term</u>		
IDEA (K-12), Unweighted	(2)	
IDEA (PK), Weighted	(2)	
IDEA (PK), Unweighted	(2)	
Two Miles or More	<u>(1)</u>	(7)
IDEA (K-12), Weighted	2	
IDEA (PK), Unweighted	2	
Two Miles or More	<u>2</u>	<u>6</u>
		<u>(1)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE B (Continued)

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

<u>Findings</u>	Students Transported Net Audit Adjustments
<u>General Tests</u> (Continued)	
<u>February 2006 Survey</u>	
Number of Buses Operated	(2) -
<u>90 Days-in-Term</u>	
IDEA (K-12), Weighted	(1)
IDEA (K-12), Unweighted	(2)
IDEA (PK), Weighted	(2)
IDEA (PK), Unweighted	(2)
Two Miles or More	(5) (12)
IDEA (K-12), Weighted	2
IDEA (PK), Unweighted	5
Two Miles or More	2 9
	(3)
Net Audit Adjustments from General Tests	(4)

Detailed Tests

2. [Ref. 52] The IEPs for two students reported in IDEA weighted ridership categories in the February survey did not indicate that the students met at least one of the five criteria required for such classification. Both students were eligible to be reported in IDEA unweighted ridership categories. We made the following audit adjustment:

<u>February 2006 Survey</u>	
<u>90 Days-in-Term</u>	
IDEA (K-12), Weighted	(1)
IDEA (K-12), Unweighted	1
IDEA (PK), Weighted	(1)
IDEA (PK), Unweighted	1 0

The accompanying notes are an integral part of this schedule.

SCHEDULE B (Continued)

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2006

**Students
 Transported
 Net Audit
 Adjustments**

Findings

Detailed Tests (Continued)

3. [Ref. 53] We noted the following exceptions involving 38 students in IDEA (K-12), Unweighted: (a) 33 of the students lived more than two miles from school and should have been reported in Two Miles or More; (b) 4 students should not have been reported because they were Speech/Language Impaired or Specific Learning Disabled and had IEPs that did not authorize special transportation services; and (c) the IEP for 1 student was missing and could not be located, and we could not otherwise determine if the student was eligible to be reported. We made the following audit adjustments:

October 2005 Survey

90 Days-in-Term

IDEA (K-12), Unweighted	(19)	
Two Miles or More	17	

February 2006 Survey

90 Days-in-Term

IDEA (K-12), Unweighted	(19)	
Two Miles or More	<u>16</u>	(5)

4. [Ref. 54] Eighty-four students (41 in the October survey and 43 in the February survey) were incorrectly reported in Two Miles or More. The students lived less than two miles from school and should not have been reported for State transportation funding. We also noted that 10 of the 84 students were not listed on the supporting bus drivers' reports. We made the following audit adjustments:

October 2005 Survey

90 Days-in-Term

Two Miles or More	(41)	
-------------------	------	--

February 2006 Survey

90 Days-in-Term

Two Miles or More	(43)	(84)
-------------------	------	------

Net Audit Adjustments from Detailed Tests		<u>(89)</u>
--	--	--------------------

The accompanying notes are an integral part of this schedule.

SCHEDULE C

Holmes County District School Board
Student Transportation
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2006

Recommendations

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) only eligible transported students are reported; (2) the ridership classification of transported students is supported by appropriate documentation; (3) the transportation of students is supported by bus driver’s reports and all such reports are retained in readily accessible files; and (4) the distance from home to school, for students to be classified in Two Miles or More, is verified before those students are reported.

The absence of statements in this report regarding practices and procedures followed by the District should not be construed as acceptance, approval, or endorsement of those practices and procedures. Additionally, the specific nature of this report does not limit or lessen the District's obligation to comply with all State requirements governing student transportation.

Regulatory Citations

- Chapter 1006, Part I, E., F.S.Transportation of Public K-12 Students
- Section 1011.68, F.S.Funds for Student Transportation
- Chapter 6A-3, F.A.C.Transportation
- Student Transportation General Instructions

The accompanying notes are an integral part of this schedule.

SCHEDULE D

Holmes County District School Board
Student Transportation
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2006

Management agreed with our findings and recommendations.

A copy of management's response may be found on page 31 of this report.

The accompanying notes are an integral part of this schedule.

Holmes County District School Board
 Student Transportation
NOTES TO SCHEDULES
 For the Fiscal Year Ended June 30, 2006

NOTE A - SUMMARY

A summary discussion of the significant features of student transportation and related areas follows:

1. Student Eligibility

Any student who is transported by bus must meet one or more of the following conditions in order to be eligible for State transportation funding: live two or more miles from school, be physically handicapped, be a Career Education or Exceptional student who is transported from one school center to another where appropriate programs are provided, or meet the criteria for hazardous walking specified in Section 1006.23(4), Florida Statutes.

2. Transportation in Holmes County

For the fiscal year ended June 30, 2006, the District received approximately \$846,000 in State transportation funding. The District’s transportation reporting by survey was as follows:

<u>Survey Period</u>	<u>No. of Vehicles</u>	<u>No. of Students</u>
July 2005	0	0
October 2005	42	2,090
February 2006	41	1,991
June 2006	<u>0</u>	<u>0</u>
Total	<u>83</u>	<u>4,081</u>

3. Statutes and Rules

The following statutes and rules are of significance to the District’s administration of student transportation:

- Chapter 1006, Part I, E., F.S.Transportation of Public K-12 Students
- Section 1011.68, F.S.Funds for Student Transportation
- Chapter 6A-3, F.A.C.Transportation

Holmes County District School Board
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2006

NOTE B – SAMPLING

Our examination procedures provided for the selection of samples of buses and students, using statistical and judgmental methods, for testing the number of students transported as reported to the Department of Education for the fiscal year ended June 30, 2006. Our sampling process was designed to facilitate the performance of appropriate examination procedures to test the District's compliance with State requirements governing students transported.

MANAGEMENT'S RESPONSE



Holmes District School Board
701 Pennsylvania Avenue
Bonifay, FL 32425

SUPERINTENDENT
Steve Griffin
TEL (850) 547-9341

ADMINISTRATIVE OFFICES:
TEL (850) 547-6674
FAX (850) 547-3568
SUNCOM 771-4054

BOARD MEMBERS
Anthony Register, Chairman
Rickey Callahan
Vernon Lewis
Jason Motley
Gary Scott

July 20, 2007

Auditor General
Room 412C
Claude Pepper Building
111 West Madison Avenue
Tallahassee, Florida 32399

Attn: Joe Williams

The Holmes District School Board offer the following responses to Florida's Auditor General report on the examination of full-time equivalent students (FTE) and transportation for the fiscal year ended June 30, 2006.

The School Board agrees with all findings of the Auditor General except for Ref. 301201 at the West Florida Wilderness Institute relating to FTE. Electronic versions of the attendance records were provided for substantiation. It is the belief of the District that this information with the printed versions is a reasonable indication of valid attendance at this cost center. The District has implemented corrective action relating to each of the findings.

Respectfully,

A handwritten signature in black ink, appearing to read "Steve Griffin".

Steve Griffin