REPORT NO. 2011-041
NOVEMBER 2010

MARTIN COUNTY
DISTRICT SCHOOL BOARD

Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students

and

Student Transportation

For the Fiscal Year Ended
June 30, 2010

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Martin County District School Board members and the Superintendent of Schools who served during the 2009-10 fiscal year are listed below:

	District No.
Lorie Shekailo, Chair	*1*
Susan J. Hershey, Vice Chair	*2*
Laurie Gaylord	*3*
Maura Barry-Sorenson	*4*
Dr. David L. Anderson	*5*

Nancy Kline, Superintendent

The examination team leader was Gail Collier, CPA, and the examination was 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 and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

Martin County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
LIST OF ABBREVIATIONS
For the Fiscal Year Ended June 30, 2010

CELLA – Comprehensive English Language Learning Assessment

ELL – English Language Learner

ESE – Exceptional Student Education

ESOL – English for Speakers of Other Languages

FCAT – Florida Comprehensive Assessment Test

FES – Fluent English Speaker

IDEA – Individuals with Disabilities Education Act

IEP – Individual Educational Plan

OJT – On-the-Job Training

PK – Prekindergarten

Martin County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2010

PAGE NO.

EXECUTIVE SUMMARY i

FULL-TIME EQUIVALENT (FTE) STUDENTS

Independent Auditor's Report 1

Schedule A – Populations, Samples, and Test Results 4

Schedule B – Effect of Audit Adjustments on Weighted FTE 6

Schedule C – Audit Adjustments by School 7

Schedule D – Findings and Audit Adjustments 11

Schedule E – Recommendations and Regulatory Citations 21

Notes to Schedules 24

STUDENT TRANSPORTATION

Independent Auditor's Report 28

Schedule F – Populations, Samples, and Test Results 31

Schedule G – Findings and Audit Adjustments 32

Schedule H – Recommendations and Regulatory Citations 37

Notes to Schedules 38

MANAGEMENT'S RESPONSE

Exhibit A – Management's Response 40

EXECUTIVE SUMMARY

Summary of Attestation Examination

Except for the material noncompliance mentioned below involving student transportation, the Martin County District School Board complied, in all material respects, with State requirements regarding the determination and reporting of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) and the number of students transported for the fiscal year ended June 30, 2010.

- **Of the 282 students in our student transportation sample, 32 had exceptions involving their reported ridership category or eligibility for State transportation funding.**

Noncompliance related to FTE resulted in 32 findings. The resulting audit adjustments to the District's reported, unweighted FTE totaled to zero but have a potential impact on the District's weighted FTE of a negative 5.2900. Noncompliance related to student transportation resulted in seven findings and a net audit adjustment of a negative nine students.

Weighted FTE adjustments are presented in our report for illustrative purposes only. They do not take special program caps and allocation factors into account and are not intended to indicate the weighted FTE used to compute the dollar value of audit adjustments, which is the responsibility of the Department of Education (DOE). However, the gross dollar effect of our FTE audit adjustments may be estimated by multiplying the net weighted FTE audit adjustment by the base student allocation amount. For the Martin County District School Board, the estimated gross dollar effect of our FTE audit adjustments is a negative $19,206 (negative 5.2900 times $3,630.62).

We have not presented an estimate of the potential dollar effect of our student transportation audit adjustments because there is no equivalent method for making such an estimate.

The ultimate resolution of our FTE and student transportation audit adjustments and the computation of their financial impact is the responsibility of DOE.

School District of Martin County

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Martin County. Those services are provided primarily to prekindergarten through twelfth grade students and 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 Martin County.

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 appointed Superintendent of Schools. For the fiscal year ended June 30, 2010, the District operated 33 schools and district-wide educational programs serving prekindergarten through twelfth grade students, reported 17,609.06 unweighted FTE for those students, and received approximately $2.7 million in State funding for those FTE.

Florida Education Finance Program (FEFP)

Florida school districts receive State funding through FEFP to serve prekindergarten through twelfth grade students (adult education is not funded by FEFP). FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of an education environment appropriate to the student's educational needs which is substantially equal to that 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. 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 unweighted FTE (full-time equivalent student). For example, one student would be reported as one FTE if the student was enrolled in six classes per day at 50 minutes per class for the full 180-day school year (i.e., six classes at 50 minutes each per day is 5 hours of class a day or 25 hours per week, which equals one FTE).

Student Transportation

Any student who is transported by the District 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 9-12 or ESE 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. The District received approximately $3.7 million in State transportation funding.

DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL
STATE OF FLORIDA

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

PHONE: 850-488-5534
FAX: 850-488-6975

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

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

We have examined management's assertion, included in its representation letter dated August 16, 2010, that the Martin County District School Board complied 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, 2010. 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 (AICPA) 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.

Compliance

In our opinion, the Martin 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, 2010.

The results of our examination disclosed noncompliance with the State requirements mentioned above. We considered this noncompliance in forming our opinion regarding the Distrtict's compliance and it did not affect our opinion as stated above. All noncompliance disclosed by our examination procedures is discussed in SCHEDULE D. The impact of this noncompliance on the District's reported FTE is presented in SCHEDULE A, SCHEDULE B, SCHEDULE C, and SCHEDULE D.

Internal Control Over Compliance

In accordance with attestation standards established by the AICPA and *Government Auditing Standards*, we are required to report significant deficiencies in internal control detected during our examination and identify those considered to be material weaknesses. The purpose of our examination was to express an opinion on the District's compliance with State requirements and did not include expressing an opinion on the District's related internal controls. Accordingly, we express no such opinion. Due to its limited purpose, our examination would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses.[1] The noncompliance mentioned above, while indicative of certain control deficiencies,[1] is not considered indicative of material weaknesses in the District's internal controls related to the determination and reporting of FTE. The findings, populations, samples, and exception totals that pertain to noncompliance are presented in SCHEDULE A and SCHEDULE D.

The District's written response to this examination has not been subjected to our examination procedures and, accordingly, we express no opinion on it.

---

[1] *A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the aforementioned State requirements such that there is more than a remote likelihood that noncompliance that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more-than-remote likelihood that material noncompliance will not be prevented or detected by the entity's internal control.*

Pursuant to Section 11.45(4)(c), Florida Statutes, this report is a public record and its distribution is not limited. Attestation standards established by the AICPA require us to indicate that this report is intended solely for the information and use 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 applicable District management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
November 18, 2010

SCHEDULE A

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
POPULATIONS, SAMPLES, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2010

Description[1]	Number of Schools	% of Pop.	Number of Students (w/Exceptions)	% of Population (Sample)	Number of Unweighted FTE[2]	% of Population (Sample)
1. Basic						
Population[3]	28	100.00%	8,893	100.00%	12,222.2800	100.00%
Sample Size[4]	11	39.29%	128	1.44%	104.0319	0.85%
Students w/Exceptions	-	-	(0)	(0.00%)	-	-
Net Audit Adjustments[5]	-	-	-	-	25.1784	-
2. Basic with ESE Services						
Population[3]	28	100.00%	1,936	100.00%	3,200.5300	100.00%
Sample Size[4]	11	39.29%	100	5.17%	91.1701	2.85%
Students w/Exceptions	-	-	(1)	(1.00%)	-	-
Net Audit Adjustments[5]	-	-	-	-	(.5000)	-
3. ESOL						
Population[3]	24	100.00%	1,230	100.00%	1,290.6200	100.00%
Sample Size[4]	11	45.83%	234	19.02%	201.2931	15.60%
Students w/Exceptions	-	-	(9)	(3.85%)	-	-
Net Audit Adjustments[5]	-	-	-	-	(23.0116)	-
4. ESE Support Levels 4 and 5						
Population[3]	15	100.00%	235	100.00%	239.7100	100.00%
Sample Size[4]	9	60.00%	121	51.49%	95.8586	39.99%
Students w/Exceptions	-	-	(8)	(6.61%)	-	-
Net Audit Adjustments[5]	-	-	-	-	(1.5001)	-
5. Career Education 9-12						
Population[3]	6	100.00%	37	100.00%	655.9200	100.00%
Sample Size[4]	2	33.33%	24	64.86%	4.6674	0.71%
Students w/Exceptions	-	-	(1)	(4.17%)	-	-
Net Audit Adjustments[5]	-	-	-	-	(.1667)	-

All Programs						
Population[3]	33	100.00%	12,331	100.00%	17,609.0600	100.00%
Sample Size[4]	13	39.39%	607	4.92%	497.0211	2.82%
Students w/Exceptions	-	-	(19)	(3.13%)	-	-
Net Audit Adjustments[5]	-	-	-	-	.0000	-

The accompanying notes are an integral part of this schedule.

SCHEDULE A (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
POPULATIONS, SAMPLES, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2010

Description[1]	Number of Schools	% of Population	Number of Teachers (w/Exceptions)	% of Population (Sample)
Teachers				
Population[3]	33	100.00%	508	100.00%
Sample Size[4]	13	39.39%	157	30.91%
Teachers w/Exceptions	-	-	(15)	(9.55%)

[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 9-12). 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 9-12 population and sample data for students reflect only 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, 2010. The population shown for teachers is the total number of teachers at schools in our sample who taught courses in ESE Support Levels 4 and 5 or Career Education 9-12 or taught courses to ELL students. (See NOTE A5.)*

[4] *See NOTE B.*

[5] *Our audit adjustments present the net effects 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 reported FTE is taken to zero.*

The accompanying notes are an integral part of this schedule.

SCHEDULE B

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
EFFECT OF AUDIT ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
For the Fiscal Year Ended June 30, 2010

No.	Program[1]	Net Audit Adjustment[2]	Cost Factor	Weighted FTE[3]
101	Basic K-3	14.6108	1.074	15.6920
102	Basic 4-8	2.3586	1.000	2.3586
103	Basic 9-12	8.2090	1.033	8.4799
112	Grades 4-8 with ESE Services	(.5000)	1.000	(.5000)
130	ESOL	(23.0116)	1.124	(25.8650)
254	ESE Support Level 4	(1.5000)	3.520	(5.2800)
255	ESE Support Level 5	(.0001)	4.854	(.0005)
300	Career Education 9-12	(.1667)	1.050	(.1750)
Total		.0000		(5.2900)

[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

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
For the Fiscal Year Ended June 30, 2010

		Audit Adjustments[1]			
No.	**Program**	**#0025**	**#0031**	**#0051**	**Balance Forward**
101	Basic K-3	4.1008	.....	2.2255	6.3263
102	Basic 4-8	.....	.....	.....	.0000
103	Basic 9-12	.....	3.0842	.....	3.0842
112	Grades 4-8 with ESE Services	.....	.....	.....	.0000
130	ESOL	(3.6008)	(2.5841)	(2.2255)	(8.4104)
254	ESE Support Level 4	.....	.....	.....	.0000
255	ESE Support Level 5	(.5000)	(.5001)	.....	(1.0001)
300	Career Education 9-12	.....	.....	.....	.0000
Total		.0000	.0000	.0000	.0000

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
For the Fiscal Year Ended June 30, 2010

Program No.	Brought Forward	Audit Adjustments[1] #0070	#0101	#0131	#0241	Balance Forward
101	6.3263	.....	7.3344	.5000	.....	14.1607
102	.0000	.....	.4584	.....	.....	.4584
103	3.0842	.....	.....	.....	3.1252	6.2094
112	.0000	.....	.....	.....	.....	.0000
130	(8.4104)	.....	(7.7928)	(.5000)	(2.9585)	(19.6617)
254	.0000	(1.0000)	.....	.....	.....	(1.0000)
255	(1.0001)	1.0000	.....	.....	.....	(.0001)
300	.0000	.....	.....	.....	(.1667)	(.1667)
Total	.0000	.0000	.0000	.0000	.0000	.0000

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
For the Fiscal Year Ended June 30, 2010

Program No.	Brought Forward	Audit Adjustments[1] #0291	#0294	#0301	#0351	Balance Forward
101	14.1607	.....	.....	.4501	.....	14.6108
102	.4584	.9002	.5000	.....	.....	1.8586
103	6.2094	.....	.....	.....	1.9996	8.2090
112	.0000	.....	.....	.....	.....	.0000
130	(19.6617)	(.9002)	.....	(.4501)	(1.9996)	(23.0116)
254	(1.0000)	.....	.0000	.....	.5000	(.5000)
255	(.0001)	.....	(.5000)	.....	(.5000)	(1.0001)
300	(.1667)	.....	.....	.....	.....	(.1667)
Total	.0000	.0000	.0000	.0000	.0000	.0000

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
For the Fiscal Year Ended June 30, 2010

Program No.	Brought Forward	Audit Adjustments[1] #0361	Total
101 Basic K-3	14.6108	.....	14.6108
102 Basic 4-8	1.8586	.5000	2.3586
103 Basic 9-12	8.2090	.....	8.2090
112 Grades 4-8 with ESE Services	.0000	(.5000)	(.5000)
130 ESOL	(23.0116)	.....	(23.0116)
254 ESE Support Level 4	(.5000)	(1.0000)	(1.5000)
255 ESE Support Level 5	(1.0001)	1.0000	(.0001)
300 Career Education 9-12	(.1667)	.....	(.1667)
Total	.0000	.0000	.0000

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

The accompanying notes are an integral part of this schedule.

SCHEDULE D

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

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. The Martin 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, 2010. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 21.

Findings	**Net Audit Adjustments (Unweighted FTE)**
Our examination included the July and October 2009 surveys and the February and June 2010 surveys (see NOTE A5). Unless otherwise specifically stated, the findings and audit adjustments presented herein are for the October 2009 survey or the February 2010 survey or both. Accordingly, our findings do not mention specific surveys unless necessary for a complete understanding of the instances of noncompliance being disclosed.	
Sea Wind Elementary School (#0025)	
1. [Ref. 2501] The *Matrix of Services* form for one ESE student in the October 2009 survey was not reviewed and updated when the student's new IEP was prepared on March 25, 2009. We made the following audit adjustment:	
101 Basic K-3 .5000	
255 ESE Support Level 5 (.5000)	.0000
2. [Ref. 2571] One teacher, whose class included ELL students, had not earned the 300 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. The teacher had earned only 180 points by the October 2009 survey and 240 points by the February 2010 survey. We made the following audit adjustment:	
101 Basic K-3 2.2505	
130 ESOL (2.2505)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Sea Wind Elementary School (#0025) (Continued)		
3. [Ref. 2572] The out-of-field status of one teacher regarding ELL students in the October 2009 survey was not approved by the School Board until January 19, 2010. We also noted that the parents of the ELL students concerned were not notified of the teacher's out-of-field status until November 2009. We made the following audit adjustment:		
101 Basic K-3	1.3503	
130 ESOL	(1.3503)	.0000
		.0000
Martin County High School (#0031)		
4. [Ref. 3101] The language arts courses for one ELL student were incorrectly reported in program No. 103 (Basic 9-12). We made the following audit adjustment:		
103 Basic 9-12	(.3334)	
130 ESOL	.3334	.0000
5. [Ref. 3102] The ELL Committee for one FES student, who was placed in ESOL based on the Committee's recommendation, did not consider at least two of the five ESOL placement criteria specified in State Board of Education Rule 6A-6.0902(2)(a)4., Florida Administrative Code. We made the following audit adjustment:		
103 Basic 9-12	1.0000	
130 ESOL	(1.0000)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Martin County High School (#0031) (Continued)		
6. [Ref. 3103] One student was reported incorrectly in ESOL in the October 2009 and February 2010 surveys. The student was FES and a Competent Reader. We also noted that the student's ELL Committee, which was not convened until after the February 2010 survey, recommended the student's exit from ESOL. We made the following audit adjustment:		
103 Basic 9-12	.5835	
130 ESOL	(.5835)	.0000
7. [Ref. 3105] Two students were reported incorrectly in program No. 255 (ESE Support Level 5) based on the students' placement in the Hospital and Homebound program; however, the students were provided on-campus instruction and should have been reported in program No. 103 (Basic 9-12). We made the following audit adjustment:		
103 Basic 9-12	.5001	
255 ESE Support Level 5	(.5001)	.0000
8. [Ref. 3171] One Social Science teacher, whose classes included ELL students, had earned only 18 of the 60 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:		
103 Basic 9-12	1.1673	
130 ESOL	(1.1673)	.0000
9. [Ref. 3172] One Science teacher, whose class included an ELL student, had earned none of the 60 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:		

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Martin County High School (#0031) (Continued)		
103 Basic 9-12	.1667	
130 ESOL	(.1667)	.0000
		.0000

J. D. Parker School of Technology (#0051)

10. [Ref. 5171] One teacher in the October 2009 survey was appropriately approved by the School Board to teach out of field in ESOL; however, the parents of the ELL students concerned were not notified of the teacher's out-of-field status until after that survey. We made the following audit adjustment:

101 Basic K-3	2.2255	
130 ESOL	(2.2255)	.0000
		.0000

Sandy Pines Psychiatric Center (#0070)

11. [Ref. 7071] One non-certified teacher was hired as a long-term substitute for the 2009-10 school year and taught courses during the school term covered by the February 2010 survey. Since there are no specific limitations placed on substitute teaching by law or rule and because State Board of Education Rule 6A-1.0503, Florida Administrative Code, in particular, defines qualified instructional personnel but does not address the area of substitute teaching, we made no audit adjustment.

.0000

12. [Ref. 7001] One ESE student was not reported in accordance with the student's *Matrix of Services* form. We made the following audit adjustment:

254 ESE Support Level 4	(1.0000)	
255 ESE Support Level 5	1.0000	.0000
		.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Port Salerno Elementary School (#0101)		
13. [Ref. 10101] The file for one ELL student did not contain documentation justifying the student's continued ESOL placement for a sixth year. We made the following audit adjustment:		
102 Basic 4-8	.4584	
130 ESOL	(.4584)	.0000
14. [Ref. 10171] One teacher, whose class included ELL students, had not earned the 180 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. The teacher had earned only 60 points by the October 2009 survey and 120 points by the February 2010 survey. We made the following audit adjustment:		
101 Basic K-3	7.3344	
130 ESOL	(7.3344)	.0000
		.0000
Warfield Elementary School (#0131)		
15. [Ref. 13101] The file for one ELL student did not contain documentation justifying the student's continued ESOL placement for a fifth year. We made the following audit adjustment:		
101 Basic K-3	.5000	
130 ESOL	(.5000)	.0000
		.0000
South Fork High School (#0241)		
16. [Ref. 24101] The timecard for one Career Education 9-12 (OJT) student in the October 2009 survey was missing and could not be located. We made the following audit adjustment:		

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
South Fork High School (#0241) (Continued)		
103 Basic 9-12	.1667	
300 Career Education 9-12	(.1667)	.0000

17. [Ref. 24102] The file for one ELL student did not contain documentation justifying the student's continued ESOL placement for a fifth year. We made the following audit adjustment:

103 Basic 9-12	.5000	
130 ESOL	(.5000)	.0000

18. [Ref. 24171] One Math teacher, whose classes included ELL students, had earned none of the 60 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:

103 Basic 9-12	1.4585	
130 ESOL	(1.4585)	.0000

19. [Ref. 24172] One teacher, whose classes included ELL students, had earned only 240 of the 300 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:

103 Basic 9-12	.4166	
130 ESOL	(.4166)	.0000

20. [Ref. 24173] One teacher, whose class included ELL students, had earned only 60 of the 120 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:

103 Basic 9-12	.4584	
130 ESOL	(.4584)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
South Fork High School (#0241) (Continued)		
21. [Ref. 24174] One teacher, whose class included an ELL student, had earned only 1 of the 60 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:		
103 Basic 9-12	.1250	
130 ESOL	(.1250)	.0000
		.0000
Pinewood Elementary School (#0291)		
22. [Ref. 29101] The file for one ELL student did not contain documentation justifying the student's continued ESOL placement for a fifth year. We made the following audit adjustment:		
102 Basic 4-8	.4501	
130 ESOL	(.4501)	.0000
23. [Ref. 29171] One teacher taught Primary Language Arts to a class that included ELL students but was not properly certified to teach ELL students and was not approved by the School Board to teach such students out of field. We made the following audit adjustment:		
102 Basic 4-8	.4501	
130 ESOL	(.4501)	.0000
		.0000
Challenger School (#0294)		
24. [Ref. 29401] One student in the February 2010 survey was not reported in accordance with his *Matrix of Services* form. We made the following audit adjustment:		
254 ESE Support Level 4	.5000	
255 ESE Support Level 5	(.5000)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Challenger School (#0294) (Continued)		
25. [Ref. 29402] The *Matrix of Services* form for one ESE student in the October 2009 survey was not reviewed and updated when the student's new IEP was prepared on April 21, 2009. We made the following audit adjustment:		
102 Basic 4-8	.5000	
254 ESE Support Level 4	(.5000)	.0000
		.0000
Crystal Lake Elementary School (#0301)		
26. [Ref. 30171] The out-of-field status of one teacher regarding ELL students in the October 2009 survey was not approved by the School Board until January 19, 2010. We made the following audit adjustment:		
101 Basic K-3	.4501	
130 ESOL	(.4501)	.0000
		.0000
Jensen Beach High School (#0351)		
27. [Ref. 35101] The ELL Committee recommendation for one FES student, who was placed and reported in ESOL in the October 2009 and February 2010 surveys solely because of that recommendation, was based in part on the erroneous assumption that the student had scored less than proficient on the Reading portion of CELLA. In fact, the student had achieved a proficient score. We also noted that: (a) the student had passed the FCAT and, (b) the student's file did not contain documentation justifying the student's continued ESOL placement for a sixth year beginning in the February 2010 survey. Consequently, the student's ESOL reporting in the October 2009 and February 2010 surveys was not adequately supported. We made the following audit adjustment:		
103 Basic 9-12	.8334	
130 ESOL	(.8334)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Jensen Beach High School (#0351) (Continued)		
28. [Ref. 35102] The *Matrix of Services* form for one ESE student incorrectly included one Special Considerations point for which the student was not eligible. The point was designated for students with a *Matrix* score of 21 points and a Level 5 rating in four Domains. This student had a Level 5 rating in only three Domains. We made the following audit adjustment:		
254 ESE Support Level 4	.5000	
255 ESE Support Level 5	(.5000)	.0000
29. [Ref. 35171] One teacher, whose class included ELL students, had earned only 180 of the 240 in-service training points in ESOL strategies required by rule and the teacher's in-service training timeline. We made the following audit adjustment:		
103 Basic 9-12	.9996	
130 ESOL	(.9996)	.0000
30. [Ref. 35172] One teacher taught Primary Language Arts to a class that included one ELL student but was not properly certified to teach ELL students and was not approved by the School Board to teach such students out of field. We made the following audit adjustment:		
103 Basic 9-12	.1666	
130 ESOL	(.1666)	.0000
		.0000
Dr. David L. Anderson Middle School (#0361)		
31. [Ref. 36101] The file for one ESE student did not contain an IEP that was valid for the October 2009 survey. We made the following audit adjustment:		
102 Basic 4-8	.5000	
112 Grades 4-8 with ESE Services	(.5000)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Net Audit Adjustments (Unweighted FTE)**
Dr. David L. Anderson Middle School (#0361) (Continued)		
32. [Ref. 36102] One ESE student was not reported in accordance with the student's *Matrix of Services* form. We made the following audit adjustment:		
254 ESE Support Level 4	(1.0000)	
255 ESE Support Level 5	1.0000	.0000
		.0000
		.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE E

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2010

Recommendations

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) students are reported in the proper funding categories and have the documentation necessary to support that reporting for the school year concerned, particularly with regard to students in ESOL and ESE; (2) ELL Committees are convened on a timely basis, provided accurate student assessment data, and consider at least two of the of the five ESOL placement criteria specified in State Board of Education Rule 6A-6.0902(2)(a)4., Florida Administrative Code, prior to recommending the placement of a student in ESOL; (3) the timecards necessary to support reported Career Education 9-12 (OJT) hours are maintained 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 students taught by out-of-field teachers are properly notified of the teachers' out-of-field status prior to the reporting survey concerned; and (6) teachers earn in-service training points in ESOL strategies on a timely basis as required by rule and their in-service training timelines.

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 FTE and FEFP.

Regulatory Citations

Reporting

Section 1011.60, F.S. ..... Minimum Requirements of the Florida Education Finance Program
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 2009-10

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2010

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 English Language Learners

Rule 6A-6.0902, F.A.C. .....Requirements for Identification, Eligibility, Programmatic and Annual Assessments of English Language Learners

Rule 6A-6.0903, F.A.C. .....Requirement for Classification, Reclassification, and Post Reclassification of English Language Learners

Rule 6A-6.0904, F.A.C. .....Equal Access to Appropriate Instruction for English Language Learners

Career Education On-the-Job Attendance

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

Exceptional Education

Section 1003.57, 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. .....Provision of Free Appropriate Public Education (FAPE) and 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 Modifications for Exceptional Students

Rule 6A-6.0331, F.A.C. .....General Education Intervention Procedures, Identification, Evaluation, Reevaluation and the Initial Provision of Exceptional Education Services

Rule 6A-6.0334, F.A.C. .....Individual Educational Plans (IEPs) and Educational Plans (EPs) for Transferring Exceptional Students

Rule 6A-6.03411, F.A.C. .....Definitions, ESE Policies and Procedures, and ESE Administrators

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2010

Regulatory Citations (Continued)

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 2009-10

Teacher Certification

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

Rule 6A-6.0907, F.A.C. ..... In-service Requirements for Personnel of Limited English Proficient Students

The accompanying notes are an integral part of this schedule.

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

NOTE A - SUMMARY

A summary discussion of the significant features of the District, FEFP, FTE, and related areas follows:

1. School District of Martin County

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Martin County, Florida. Those services are provided primarily to prekindergarten through twelfth grade students and 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 Martin County.

For the fiscal year ended June 30, 2010, the District operated 33 schools and district-wide educational programs serving prekindergarten through twelfth grade students, reported 17,609.06 unweighted FTE for those students, and received approximately $2.7 million in State funding 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 FEFP to serve prekindergarten through twelfth grade students (adult education is not funded by FEFP). FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of an educational environment appropriate to the student's educational needs which is substantially equal to that 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.

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

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. For example, for prekindergarten 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 FTE 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 that 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 2009-10 school year were conducted during and for the following weeks: survey one was performed for July 13 through 17, 2009; survey two was performed for October 12 through 16, 2009; survey three was performed for February 8 through 12, 2010; and survey four was performed for June 14 through 18, 2010.

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

NOTE A - SUMMARY (Continued)

6. Educational Programs

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) ESOL, (3) ESE, 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, 2010. 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 FEFP. The following schools were in our sample:

Martin County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

NOTE B - SAMPLING (Continued)

School Name/Description	Finding Number(s)
1. Sea Wind Elementary School	1 through 3
2. Martin County High School	4 through 9
3. J. D. Parker School of Technology	10
4. Sandy Pines Psychiatric Center	11 and 12
5. Murray Middle School	NA
6. Port Salerno Elementary School	13 and 14
7. Warfield Elementary School	15
8. South Fork High School	16 through 21
9. Pinewood Elementary School	22 and 23
10. Challenger School	24 and 25
11. Crystal Lake Elementary School	26
12. Jensen Beach High School	27 through 30
13. Dr. David L. Anderson Middle School	31 and 32

DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL
STATE OF FLORIDA

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

PHONE: 850-488-5534
FAX: 850-488-6975

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

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

We have examined management's assertion, included in its representation letter dated August 16, 2010, that the Martin 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, 2010. 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 (AICPA) 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.

Compliance

Our examination procedures disclosed material noncompliance with the District's reported student ridership data, as follows: 32 of the 282 transported students in our sample had exceptions involving their reported ridership category or eligibility for State transportation funding. (See SCHEDULE G, Finding Nos. 3 through 7.)

In our opinion, except for the material noncompliance mentioned above involving the classification and reporting of transported students, the Martin 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, 2010.

The results of our examination disclosed other noncompliance with the State requirements mentioned above. We considered this other noncompliance in forming our opinion regarding the District's compliance and it did not affect our opinion as stated above. All noncompliance disclosed by our examination procedures is discussed in SCHEDULE G. The impact of this noncompliance on the District's reported number of transported students is presented in SCHEDULE F and SCHEDULE G.

Internal Control Over Compliance

In accordance with attestation standards established by the AICPA and *Government Auditing Standards*, we are required to report significant deficiencies in internal control detected during our examination and identify those considered to be material weaknesses. The purpose of our examination was to express an opinion on the District's compliance with State requirements and did not include expressing an opinion on the District's related internal controls. Accordingly, we express no such opinion. Due to its limited purpose, our examination would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses.[1] However, the material noncompliance mentioned above is indicative of significant deficiencies considered to be material weaknesses in the District's internal controls related to the classification and reporting of transported students. Other noncompliance disclosed by our examination procedures is indicative of control deficiencies,[1] and is also presented herein. The findings, populations, samples, and exception totals that pertain to material and other noncompliance are presented in SCHEDULE F and SCHEDULE G.

---

[1] *A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the aforementioned State requirements such that there is more than a remote likelihood that noncompliance that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more-than-remote likelihood that material noncompliance will not be prevented or detected by the entity's internal control.*

The District's written response to this examination has not been subjected to our examination procedures, and accordingly, we express no opinion on it.

Pursuant to Section 11.45(4)(c), Florida Statutes, this report is a public record and its distribution is not limited. Attestation standards established by the AICPA require us to indicate that this report is intended solely for the information and use 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 applicable District management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
November 18, 2010

SCHEDULE F

Martin County District School Board
Student Transportation
POPULATIONS, SAMPLES, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2010

Description	Number of Vehicles	% of Population	No. of Students Transported	% of Population (Sample)
Population[1]	152	100.00%	16,722	100.00%
Sample[2]	-	-	282	1.69%
With Exceptions[3]	-	-	32	(11.35%)
Net Audit Adjustments	-	-	(9)	(3.19%)

[1] *The population figures for students are the totals of the figures reported for each survey conducted for the fiscal year ended June 30, 2010. The District reported 16,722 students in the following ridership categories: 513 in IDEA (K-12), Weighted; 1 in IDEA (K-12), Unweighted; 47 in IDEA (PK), Weighted; 17 in Teenage Parents and Infants; 796 in Hazardous Walking; 15,304 in Two Miles or More; 2 in Center to Center (IDEA), Weighted; and 42 in Center to Center (IDEA), Unweighted. The District also reported operating a total of 152 buses. (IDEA stands for Individuals with Disabilities Education Act.)*

[2] *See NOTE B.*

[3] *Students with exceptions are students with exceptions affecting their ridership classification. Students cited only for incorrect reporting of days-in-term in Finding No. 2 are not included.*

The accompanying notes are an integral part of this schedule.

SCHEDULE G

Martin County District School Board
Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

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 material noncompliance involving the classification and reporting of transported students, the Martin 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, 2010. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 37.

Findings	Students Transported Net Audit Adjustments

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 detailed tests involved verification of the specific ridership categories reported for students sampled from the July and October 2009 surveys and the February and June 2010 surveys. Adjusted students who were in more than one survey are accounted for by survey. For example, a student sampled twice (i.e., once for the October 2009 survey and once for the February 2010 survey) will be presented in our findings as two sample students.

1. [Ref. 57] The reported number of buses in operation in the October 2009 survey was overstated by one bus. We made the following audit adjustment:

October 2009 Survey			
Number of Buses in Operation	(1)	--	--

2. [Ref. 51] The number of days-in-term for two students in the July 2009 survey was reported incorrectly as 11 days for one student reported in IDEA (K-12), Weighted and 13 days for one student reported in Two Miles of More. The District's calendar supported 14 days. We made the following audit adjustment:

July 2009 Survey	
14 Days-in-Term	
IDEA (K-12), Weighted	1
Two Miles or More	1

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Martin County District School Board
Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Students Transported Net Audit Adjustments**
13 Days-in-Term		
Two Miles or More	(1)	
11 Days-in-Term		
IDEA (K-12), Weighted	(1)	0

3. [Ref. 52] Nine students were reported incorrectly for State transportation funding. Six students were not marked on the supporting bus drivers' reports as having been transported at least one day during the 11-day survey window and three students were not listed on the supporting bus drivers' reports. We also noted that the IEP for one of the students, who was reported in IDEA (K-12), Weighted, did not support the student's eligibility for IDEA-weighted funding. We made the following audit adjustments:

July 2009 Survey		
14 Days-in-Term		
IDEA (K-12), Weighted *(Sample Student)*	(1)	
October 2009 Survey		
90 Days-in-Term		
IDEA (K-12), Weighted *(Sample Student)*	(1)	
Two Miles or More *(Sample Students)*	(4)	
February 2010 Survey		
90 Days-in-Term		
IDEA (K-12), Weighted *(Sample Student)*	(1)	
IDEA (PK), Weighted *(Sample Students)*	(2)	(9)

4. [Ref. 53] Four students were reported incorrectly: one in Teenage Parents and Infants and three in Center to Center (IDEA), Unweighted. The student in Teenage Parents and Infants was not enrolled in a Teenage Parent program and the three students in Center to Center (IDEA), Unweighted were not transported from one school center to another. We noted that all of the students lived more than two miles from school and were eligible for Two Miles or More. We made the following audit adjustments:

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Martin County District School Board
Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Students Transported Net Audit Adjustments**
October 2009 Survey		
90 Days-in-Term		
Teenage Parents and Infants *(Sample Student)*	(1)	
Center to Center (IDEA), Unweighted *(Sample Students)*	(2)	
Two Miles or More *(Sample Students)*	3	
February 2010 Survey		
90 Days-in-Term		
Teenage Parents and Infants *(Sample Student)*	(1)	
Center to Center (IDEA), Unweighted *(Sample Student)*	(1)	
Two Miles or More *(Sample Students)*	2	0

5. [Ref. 54] We noted the following exceptions involving five IDEA students:

   a. The IEPs for three students in IDEA (K-12), Weighted did not indicate that the students met at least one of the five criteria required for IDEA-weighted classification. We noted that the three students were eligible for Two Miles or More.

   b. The IEP for one student in IDEA (K-12), Weighted cited the student's need for medical equipment (a weighted criteria); however, other documentation specified that this equipment was actually a seatbelt, which is not considered weighted-eligible equipment. We noted that this student was eligible for Two Miles or More.

   c. One student was reported incorrectly in IDEA (K-12), Unweighted. The student's IEP indicated the student was eligible to be reported in IDEA (K-12), Weighted.

We made the following audit adjustments:

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Martin County District School Board
Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Students Transported Net Audit Adjustments**
a. October 2009 Survey		
90 Days-in-Term		
IDEA (K-12), Weighted *(Sample Student)*	(2)	
Two Miles or More *(Sample Students)*	2	
February 2010 Survey		
90 Days-in-Term		
IDEA (K-12), Weighted *(Sample Students)*	(1)	
Two Miles or More *(Sample Students)*	1	0
b. February 2010 Survey		
90 Days-in-Term		
IDEA (K-12), Weighted *(Sample Students)*	(1)	
Two Miles or More *(Sample Students)*	1	0
c. October 2009 Survey		
90 Days-in-Term		
IDEA (K-12), Unweighted *(Sample Student)*	(1)	
IDEA (K-12), Weighted *(Sample Student)*	1	0

6. [Ref. 55] Eight students were reported incorrectly in Hazardous Walking. The students lived more than two miles from school and should have been reported in Two Miles or More. We made the following audit adjustments:

October 2009 Survey		
90 Days-in-Term		
Hazardous Walking *(Sample Students)*	(2)	
Two Miles or More *(Sample Students)*	2	
February 2010 Survey		
90 Days-in-Term		
Hazardous Walking *(Sample Students)*	(6)	
Two Miles or More *(Sample Students)*	6	0

7. [Ref. 56] Five students were incorrectly reported in Two Miles or More. Four of the students lived less than two miles from school and one was a prekindergarten student. We noted that one of the students was eligible for IDEA (K-12), Unweighted, two for Hazardous Walking, and the prekindergarten student was eligible for IDEA (PK), Weighted. We made the following audit adjustment:

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Martin County District School Board
Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

Findings		**Students Transported Net Audit Adjustments**
July 2009 Survey		
14 Days-in-Term		
Two Miles or More *(Sample Students)*	(2)	
IDEA (K-12), Unweighted *(Sample Student)*	1	
IDEA (PK), Weighted *(Sample Student)*	1	
October 2009 Survey		
90 Days-in-Term		
Two Miles or More *(Sample Students)*	(2)	
Hazardous Walking *(Sample Student)*	1	
February 2010 Survey		
90 Days-in-Term		
Two Miles or More *(Sample Student)*	(1)	
Hazardous Walking *(Sample Student)*	1	0
Net Audit Adjustments		(9)
Summary		
Sample Students w/Exceptions	32	--
Sample Students - Net Audit Adjustments	--	(9)
Net Audit Adjustments		(9)

The accompanying notes are an integral part of this schedule.

SCHEDULE H

Martin County District School Board
Student Transportation
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2010

Recommendations

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) the number of buses operated and the number of days-in-term are correctly reported; (2) transported students are classified and reported in the correct ridership categories; (3) students are reported only if their transportation is supported by a bus driver's report; (3) the distance from home to school is verified prior to students being reported in Two Miles or More or Hazardous Walking; and (4) ESE students are reported in IDEA-weighted categories only if their IEPs support such reporting.

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.

Martin County District School Board
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

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 9-12 or ESE 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 Martin County

For the fiscal year ended June 30, 2010, the District received approximately $3.7 million in State transportation funding. The District's transportation reporting by survey was as follows:

Survey Period	No. of Vehicles	No. of Students
July 2009	8	110
October 2009	71	8,598
February 2010	70	7,974
June 2010	3	40
Total	152	16,722

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

Martin County District School Board
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

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, 2010. 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.

EXHIBIT A
MANAGEMENT'S RESPONSE

Nancy Kline, Superintendent of Schools
THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

500 East Ocean Blvd • Stuart, Florida 34994 • Telephone (772) 219-1200 Ext: 30200 • Facsimile: (772) 219-1231

November 15, 2010

Auditor General, State of Florida
ATTN: Mr. David W. Martin, CPA
Claude Pepper Building, Suite 412C
111 West Madison St.
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The following is the Martin County School District's response to your recent Florida Education Finance Program Audit report.

1. English Speakers of Other Language (ESOL): the district will ensure that students are reported correctly and all committee action regarding students are convened at the appropriate times.
2. Exceptional Student Education (ESE): the district will ensure, through appropriate and timely review, that students are reported in the appropriate funding categories.
3. English Language Learners (ELL): the district will ensure that teachers who have ELL students have earned the appropriate number of in-service training points in ESOL, acquired the strategies required, and have met the established timeline for training. Further, the district will ensure that all notifications to parents and school board are made in a timely matter so all noticing requirements are met.
4. Out of Field (OOF): the district will ensure that appropriate and timely notifications are made to the school board and parents to comply with all rules and regulations. The school board will be provided the appropriate information, in a timely fashion, so they can approve out of field status for teacher(s).
5. On Job Training (OJT): the district will ensure that procedures are in place so that timecards necessary to support reported OJT hours are maintained in readily accessible files.
6. Transportation: the district will take action to ensure that the number of buses operated and number of days in TERMS are correctly reported. In addition, the district will ensure that transported students are classified in the appropriate category; that students' transportation are reported only if supported by bus drivers' report; that the distance reported in the Two Miles or More Hazardous Walking has been verified prior to reporting; and ESE students have IEP to support their IDEA weighted categories.

The Martin County School District understands its responsibility to comply with all State requirements and will continue to conduct corrective actions that include additional technical assistance for all stakeholders and a recurring evaluation procedure to ensure compliance in all areas.

Sincerely,

Nancy Kline
Superintendent

School Board Members: Dr. David L. Anderson • Maura Barry-Sorenson • Michael J. Busha • Laurie Gaylord • Susan J. Hershey
"An Equal Opportunity Agency"