

**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, 2009



BOARD MEMBERS AND SUPERINTENDENTS

Holmes County District School Board members and the Superintendents of Schools who served during the 2008-09 fiscal year are listed below:

	<i>District No.</i>
<i>Rickey D. Callahan</i>	<i>1</i>
<i>Gary B. Scott</i>	<i>2</i>
<i>Jason Motley</i>	<i>3</i>
<i>Anthony Register</i>	<i>4</i>
<i>Vernon Lewis, Jr.</i>	<i>5</i>

Steve Griffin, Superintendent to 11/18/08
Gary L. Galloway, Superintendent from 11/19/08

The examination team leader was Alice Pounds, 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.

Holmes County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
LIST OF ABBREVIATIONS
For the Fiscal Year Ended June 30, 2009

ELL – English Language Learner

ESE – Exceptional Student Education

ESOL – English for Speakers of Other Languages

OJT – On-the-Job Training

PK – Prekindergarten

IDEA – Individuals with Disabilities Education Act

Holmes County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
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EXECUTIVE SUMMARY

Summary of Attestation Examination

Except for the material noncompliance mentioned below involving the classification and reporting of transported students, the Holmes 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, 2009.

- Thirty-nine of the 128 students in our sample had exceptions involving their reported ridership category or eligibility for State transportation funding.

Noncompliance related to FTE resulted in three 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 .4953. Noncompliance related to student transportation resulted in four findings and a net audit adjustment of a negative 24 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 Holmes County District School Board, the estimated gross dollar effect of our FTE audit adjustments is a negative \$1,925 (negative .4953 times \$3,886.14).

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 Holmes County

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Holmes County. Those services are provided primarily to students attending kindergarten through high school, but also to adults seeking vocational-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. 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. For the fiscal year ended June 30, 2009, the District operated nine schools, reported 3,342.6843 unweighted FTE, and received approximately \$15.3 million in State funding for those FTE.

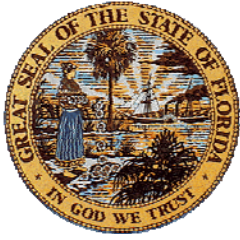
Florida Education Finance Program (FEFP)

Florida school districts receive State funding through 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. 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 five 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 Vocational 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. The District received approximately \$793,000 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 HOLMES COUNTY DISTRICT SCHOOL BOARD FULL-TIME EQUIVALENT (FTE) STUDENTS

We have examined management's assertion, included in its representation letter dated September 9, 2009, that the Holmes 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, 2009. 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 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, 2009.

The results of our examination disclosed noncompliance with the State requirements mentioned above. We considered this noncompliance in forming our opinion regarding management's assertion 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 deficiencies¹, 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.

Pursuant to Section 11.45(4), 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
October 8, 2009

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.

SCHEDULE A

Holmes 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, 2009

<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. <u>Basic</u>						
Population ³	9	100.00%	2,189	100.00%	2,705.7132	100.00%
Sample Size ⁴	5	55.56%	59	2.70%	53.6640	1.98%
Students w/Exceptions	-	-	(0)	(0.00%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	.5936	-
2. <u>Basic with ESE Services</u>						
Population ³	9	100.00%	417	100.00%	500.5917	100.00%
Sample Size ⁴	5	55.56%	24	5.76%	19.5200	3.90%
Students w/Exceptions	-	-	(0)	(0.00%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	.0000	-
3. <u>ESOL</u>						
Population ³	1	100.00%	1	100.00%	.4168	100.00%
Sample Size ⁴	1	100.00%	1	100.00%	.4168	100.00%
Students w/Exceptions	-	-	(1)	(100.00%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(.4168)	-
4. <u>ESE Support Levels 4 and 5</u>						
Population ³	5	100.00%	11	100.00%	9.7800	100.00%
Sample Size ⁴	4	80.00%	11	100.00%	9.6200	98.36%
Students w/Exceptions	-	-	(0)	(0.00%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	(.1768)	-
5. <u>Career Education 9-12</u>						
Population ³	4	100.00%	2	100.00%	126.1826	100.00%
Sample Size ⁴	1	25.00%	2	100.00%	.3320	0.26%
Students w/Exceptions	-	-	(0)	(0.00%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	.0000	-

<u>All Programs</u>						
Population ³	9	100.00%	2,620	100.00%	3,342.6843	100.00%
Sample Size ⁴	5	55.56%	97	3.70%	83.5528	2.50%
Students w/Exceptions	-	-	(1)	(1.03%)	-	-
Net Audit Adjustments ⁵	-	-	-	-	.0000	-

The accompanying notes are an integral part of this schedule.

SCHEDULE A (Continued)

Holmes 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, 2009

<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%	32	100.00%
Sample Size ⁴	4	44.44%	14	43.75%
Teachers w/Exceptions	-	-	(2)	(14.29%)

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 population and sample reflects 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, 2009. 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 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

Holmes 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, 2009

<u>No. Program</u> ¹	<u>Net Audit Adjustment</u> ²	<u>Cost Factor</u>	<u>Weighted FTE</u> ³
102 Basic 4-8	.4268	1.000	.4268
103 Basic 9-12	.1668	1.052	.1755
130 ESOL	(.4168)	1.119	(.4664)
254 ESE Support Level 4	<u>(.1768)</u>	3.570	<u>(.6312)</u>
Total	<u>.0000</u>		<u>(.4953)</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
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
AUDIT ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2009

<u>No. Program</u>	<u>Audit Adjustments¹</u>		
	<u>#0012</u>	<u>#0061</u>	<u>Total</u>
102 Basic 4-8	.42684268
103 Basic 9-121668	.1668
130 ESOL	(.4168)	(.4168)
254 ESE Support Level 4	<u>(.0100)</u>	<u>(.1668)</u>	<u>(.1768)</u>
Total	<u>.0000</u>	<u>.0000</u>	<u>.0000</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
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2009

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 Administrative Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions* issued by the Department of Education. 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, 2009. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 9.

Findings

**Net Audit
Adjustments
(Unweighted FTE)**

Our examination included the July and October 2008 surveys and the February and June 2009 surveys (see NOTE A5). Unless otherwise specifically stated, the findings and audit adjustments presented herein are for the October 2008 survey or the February 2009 survey or both. Accordingly, our findings do not mention specific surveys unless necessary for a complete understanding of the instances of noncompliance being disclosed.

Bonifay Middle School (#0012)

1. [Ref. 1201] The file for one ELL student did not contain documentation justifying the student's continued ESOL-placement for a fifth year. We also noted that the student's ELL Plan was not prepared until after the October survey and did not include the student's instructional program or schedule. We made the following audit adjustment:

102 Basic 4-8	.4168	
130 ESOL	<u>(.4168)</u>	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Holmes 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, 2009

**Net Audit
 Adjustments
 (Unweighted FTE)**

Findings

Bonifay Middle School (#0012) (Continued)

2. [Ref. 1271] One teacher who held a temporary teaching certificate in Speech/Language Impaired did not complete the General Knowledge requirements within 12-calendar months of the teacher's date of hire, pursuant to Section 1012.56(2)(g), Florida Statutes, and State Board of Education Administrative Rule 6A-4.0021, Florida Administrative Code. We made the following audit adjustment:

102 Basic 4-8	.0100	
254 ESE Support Level 4	<u>(.0100)</u>	<u>.0000</u>
		<u>.0000</u>

Ponce De Leon High School (#0061)

3. [Ref. 6171] One teacher was improperly assigned to teach Spanish out-of-field in the 2008-09 school year. The teacher had taught Reading out-of-field during the prior school year and did not earn the required six college credit hours towards certification in Reading; consequently, the teacher was not eligible for a subsequent out-of-field assignment. We made the following audit adjustment:

103 Basic 9-12	.1668	
254 ESE Support Level 4	<u>(.1668)</u>	<u>.0000</u>
		<u>.0000</u>
		<u>.0000</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE E

Holmes 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, 2009

Recommendations

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) students in ESOL are properly assessed prior to their ESOL-placement being continued beyond the three year base period; (2) teachers with temporary certification pass the General Knowledge test within one year of their hire date; and (3) out-of-field teachers earn the required number of college credits in their out-of-field subject areas.

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 2008-2009

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

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Holmes 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, 2009

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

The accompanying notes are an integral part of this schedule.

Holmes County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2009

NOTE A - SUMMARY

A summary discussion of the significant features of the District, FEFP, FTE, 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, 2009, the District operated 9 schools, reported 3,342.6843 unweighted FTE, and received approximately \$15.3 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, 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
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2009

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 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 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, 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 2008-2009 school year were conducted during and for the following weeks: survey one was performed for July 14-18, 2008; survey two was performed for October 13-17, 2008; survey three was performed for February 9-13, 2009; and survey four was performed for June 8-12, 2009.

Holmes County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2009

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

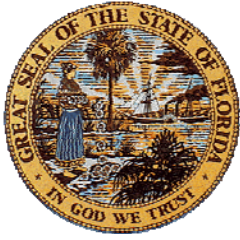
NOTE B - SAMPLING

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, 2009. 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:

Holmes County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2009

NOTE B - SAMPLING (Continued)

<u>School Name/Description</u>	<u>Finding Number(s)</u>
1. Bonifay Middle School	1 and 2
2. Ponce De Leon High School	3
3. Bonifay Elementary School	NA
4. Holmes County High School	NA



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 HOLMES COUNTY DISTRICT SCHOOL BOARD STUDENT TRANSPORTATION

We have examined management's assertion, included in its representation letter dated September 9, 2009, 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, 2009. 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 instances of material noncompliance with the District's reported student ridership data, as follows: 39 of the 128 transported students in our sample had exceptions involving their reported ridership category or eligibility for State transportation funding. (See SCHEDULE G, 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, 2009.

The results of our examination disclosed other noncompliance with the State requirements mentioned above. We considered this other noncompliance in forming our opinion regarding management's assertion 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 deficiencies¹, 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.

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), 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
October 8, 2009

SCHEDULE F

Holmes County District School Board
Student Transportation
POPULATIONS, SAMPLES, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2009

<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	88	100.00%	3,724	100.00%
Sample ²	-	-	128	3.44%
<u>Sample Students</u>				
With Exceptions ³	-	-	39	(30.47%)
Net Audit Adjustments	-	-	(38)	(29.69%)
<u>Non-Sample Students</u>				
With Exceptions ³	-	-	38	1.02%
Net Audit Adjustments	-	-	14	.38%
<u>Sample and Non-Sample Students</u>				
Net Audit Adjustments	-	-	(24)	0.64%

¹ The population figures for students are the totals of the figures reported for each survey conducted for the fiscal year ended June 30, 2009. The District reported 3,724 students in the following ridership categories: 29 in IDEA (K-12), Weighted; 25 in IDEA (K-12), Unweighted; 21 in IDEA (PK), Unweighted; and 3,649 in Two Miles or More. The District also reported operating a total of 88 vehicles (82 buses and 6 passenger cars). (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, if any, are not included.

The accompanying notes are an integral part of this schedule.

SCHEDULE G

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2009

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 Administrative 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, 2009. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 22.

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 October and February 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 survey and once for the February survey) will be presented in our findings as two sample students.

1. [Ref. 52] We noted the following exceptions involving 32 non-sample students: (a) 7 PK students were incorrectly reported in Two Miles or More (2 were eligible for IDEA (PK), Unweighted and 5 should not have been reported for State transportation funding) and (b) 25 students who should have been reported in either IDEA, (K-12), Unweighted (22 students) or IDEA (PK), Unweighted (3 students) were not reported for State transportation funding. We made the following audit adjustments:

October 2008 Survey

90 Days-in-Term

IDEA (K-12), Unweighted (<i>Non-Sample Students</i>)	22
IDEA (PK), Unweighted (<i>Non-Sample Students</i>)	4
Two Miles or More (<i>Non-Sample Students</i>)	(2)

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2009

<u>Findings</u>	<u>Students Transported</u>	<u>Net Audit Adjustments</u>
<u>February 2009 Survey</u>		
<u>90 Days-in-Term</u>		
IDEA (PK), Unweighted (<i>Non-Sample Student</i>)	1	
Two Miles or More (<i>Non-Sample Students</i>)	(5)	20
<p>2. [Ref. 53] <u>We noted the following exceptions involving nine students (three of whom were in our sample): (a) the supporting bus drivers' reports for four non-sample students in Two Miles or More were missing and could not be located; (b) two non-sample students in Two Miles or More were not listed on the supporting bus drivers' reports; (c) two sample students who lived less than two miles from school were incorrectly reported in Two Miles or More; and (d) one sample student in IDEA (K-12), Weighted did not meet at least one of the five eligibility criteria required for classification as IDEA weighted; however, the student lived more than two miles from school and was eligible for Two Miles or More. We made the following audit adjustments:</u></p>		
<u>October 2008 Survey</u>		
<u>90 Days-in-Term</u>		
Two Miles or More (<i>Non-Sample Students</i>)	(2)	
<u>February 2009 Survey</u>		
<u>90 Days-in-Term</u>		
IDEA (K-12), Weighted (<i>Sample Student</i>)	(1)	
Two Miles or More (<i>Sample Student</i>)	(2)	
Two Miles or More (<i>Non-Sample Students</i>)	(4)	
Two Miles or More (<i>Sample Student</i>)	1	(8)

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Holmes County District School Board
 Student Transportation
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2009

**Students
 Transported
 Net Audit
 Adjustments**

Findings

3. [Ref. 54] Seven of our sample students were incorrectly reported for State transportation funding, as follows: (a) four students in Two Miles or More were not listed on the supporting bus drivers' reports and (b) three students (two in Two Miles or More and one in IDEA (K-12), Weighted) were not transported during the survey period concerned. We made the following audit adjustments:

October 2008 Survey

90 Days-in-Term

Two Miles or More (*Sample Students*) (4)

February 2009 Survey

90 Days-in-Term

IDEA (K-12), Weighted (*Sample Student*) (1)

Two Miles or More (*Sample Students*) (2) (7)

4. [Ref. 55] Twenty-nine of our sample students 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 made the following audit adjustments:

October 2008 Survey

90 Days-in-Term

Two Miles or More (*Sample Students*) (15)

February 2009 Survey

90 Days-in-Term

Two Miles or More (*Sample Students*) (14) (29)

Net Audit Adjustments (24)

Summary

Sample Students w/Exceptions 39 --

Sample Students - Net Audit Adjustments -- (38)

Non-Sample Students w/Exceptions 38 --

Non-Sample Students - Net Audit Adjustments -- 14

Net Audit Adjustments (24)

The accompanying notes are an integral part of this schedule.

SCHEDULE H

Holmes County District School Board
Student Transportation
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2009

Recommendations

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) eligible transported students are correctly reported; (2) the ridership classification of transported students is supported by appropriate documentation; (3) the transportation of students is supported by bus drivers' 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.

Holmes County District School Board
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2009

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, 2009, the District received approximately \$793,000 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 2008	0	0
October 2008	44	1,858
February 2009	44	1,866
June 2009	<u>0</u>	<u>0</u>
Total	<u>88</u>	<u>3,724</u>

3. Statutes and Rules

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

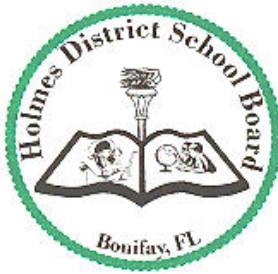
- Chapter 1006, Part I, E., F.S. Transportation of Public K-12 Students
- Section 1011.68, F.S. Funds for Student Transportation
- Chapter 6A-3, F.A.C. Transportation

Holmes County District School Board
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2009

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, 2009. 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**



Holmes District School Board
701 East Pennsylvania Avenue
Bonifay, FL 32425

SUPERINTENDENT
Gary Galloway

TEL (850) 547-9341
FAX (850) 547-0381

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

Joe Williams
Auditor General
Room 476A Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Subject: Response to FTE audit findings for the fiscal year ending
June 30, 2009.

Bonifay Middle School (#0012)

1. Finding 1201:
Response: Agree with finding and we will exercise more care to prevent this happening.
2. Finding 1271:
Response: This teacher worked for a group that contracted Speech/ Language services with Holmes County District School Board. The teacher was under direct supervision of a License Master Certified person. We no longer contract with this group and Holmes County District School Board has employed a Speech/Language teacher to provide the required services.

Ponce de Leon High School (#0061)

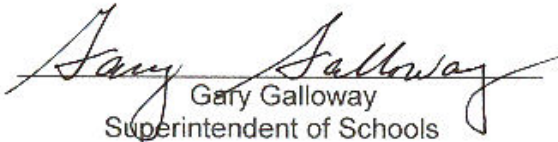
3. Finding 6171:
Response: The teacher did not complete the qualifications required to be In-Field and was not recommended back and not rehired. A letter was sent to the parents notifying them of the teacher out-of-field status.

Subject: Response to Student Transportation audit findings for the fiscal year ending June 30, 2009.

Findings: [Ref. 52], [Ref. 53], [Ref. 54], [Ref. 55]

Response: Holmes County District School Board has procedures in place to:

1. Make sure that eligible transported students are correctly reported.
2. Make sure the ridership classification of transported students is supported by appropriate documentation.
3. Make sure the transportation of students is supported by bus drivers' reports and all such reports are retained in readily accessible files.
4. Make sure the distance from home to school, for students to be classified in Two Miles or More, is verified before those students are reported on Transportation Survey


Gary Galloway
Superintendent of Schools