

**HIGHLANDS COUNTY
DISTRICT SCHOOL BOARD**

Florida Education Finance Program
Full-Time Equivalent Student Enrollment
and
Student Transportation

For the Fiscal Year Ended
June 30, 2015



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2014-15 fiscal year, Wallace P. Cox served as Superintendent and the following individuals served as Board members:

<u>Board Member</u>	<u>District No.</u>
Charlene Edwards from 11-18-14	1
Ronnie Jackson, Chair to 11-17-14	1
Donna Howerton, Vice Chair from 11-18-14	2
Jan Shoop	3
William Brantley II, Chair from 11-18-14, Vice Chair to 11-17-14	4
Jill Compton	5

The team leader was Mary Anne Pekkala, CPA, and the examination was supervised by Aileen B. Peterson, CPA, CPM.

Please address inquiries regarding this report to J. David Hughes, CPA, Audit Manager, by e-mail at davidhughes@aud.state.fl.us or by telephone at (850) 412-2971.

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HIGHLANDS COUNTY DISTRICT SCHOOL BOARD
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SUMMARY

SUMMARY OF ATTESTATION EXAMINATION

Except for the material noncompliance described below involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in English for Speakers of Other Languages (ESOL), Career Education 9-12, and student transportation, the Highlands County District School Board (District) complied, in all material respects, with State requirements relating to the classification, assignment, and verification of the full-time equivalent (FTE) student enrollment and student transportation as reported under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2015. Specifically:

- We noted exceptions involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for 33 of the 102 students in our ESOL test and 11 of the 64 students in our Career Education 9-12 test.
- We noted exceptions involving the reported ridership classification or eligibility for State transportation funding for 35 of the 302 students in our student transportation test.

Noncompliance related to the reported FTE student enrollment resulted in 28 findings. The resulting proposed net adjustment to the District's reported, unweighted FTE totaled to negative 2.1989 but has a potential impact on the District's weighted FTE of negative 5.4897. Noncompliance related to student transportation resulted in 11 findings and a proposed net adjustment of negative 142 students.

The weighted adjustments to the FTE student enrollment are presented in our report for illustrative purposes only. The weighted adjustments to the FTE 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 adjustments. That computation is the responsibility of the Department of Education. However, the gross dollar effect of our proposed adjustments to the FTE may be estimated by multiplying the proposed net weighted adjustment to the FTE student enrollment by the base student allocation amount. The base student allocation for the fiscal year ended June 30, 2015 was \$4,031.77 per FTE. For the District, the estimated gross dollar effect of our proposed adjustments to the reported FTE student enrollment is negative \$22,133 (negative 5.4897 times \$4,031.77).

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

The ultimate resolution of our proposed adjustments to the FTE student enrollment and student transportation and the computation of their financial impact is the responsibility of the Department of Education.

THE DISTRICT

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Highlands County, Florida. Those services are provided primarily to prekindergarten through 12th-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 Highlands County.

The governing body of the District is the District School Board that is composed of five elected members. The executive officer of the Board is the elected Superintendent of Schools. The District had 19 District schools, 2 District cost centers, and 1 virtual education cost center serving prekindergarten through 12th-grade students. The District did not report any charter schools.

For the fiscal year ended June 30, 2015, State funding totaling \$41.4 million was provided through the FEFP to the District for the District-reported 12,147.02 unweighted FTE as recalibrated. The primary sources of funding for the District are funds from the FEFP, local ad valorem taxes, and Federal grants and donations.

FEFP

FTE Student Enrollment

Florida school districts receive State funding through the FEFP to serve prekindergarten through 12th-grade students (adult education is not funded by the FEFP). The FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system, including charter schools, the availability of programs and services appropriate to the student's educational needs that 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 costs for equivalent educational programs due to sparsity and dispersion of student population.

The funding provided by the 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 student enrollment. For brick and mortar school students, one student would be reported as 1.0 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 equates to 1.0 FTE). For virtual education students, one student would be reported as 1.0 FTE if the student has successfully completed six courses or credits or the prescribed level of content that counts toward promotion to the next grade. A student who completes less than six credits will be reported as a fraction of an FTE. Half-credit completions will be included in determining an FTE student enrollment. Credits completed by a student in excess of the minimum required for that student for graduation are not eligible for funding.

For the 2013-14 school year and beyond, all FTE student enrollment is capped at 1.0 FTE except for the FTE student enrollment reported by the Department of Juvenile Justice (DJJ) for students beyond the 180-day school year. School districts report all FTE student enrollment regardless of the 1.0 FTE cap. The Department of Education combines all FTE student enrollment reported for the student by all school districts, including the Florida Virtual School Part-Time Program, using a common student identifier. The Department of Education then recalibrates all reported FTE student enrollment for each student to

1.0 FTE if the total reported FTE for the student exceeds 1.0 FTE. The FTE student enrollment reported for extended school year periods and the DJJ FTE student enrollment reported beyond the 180-day school year is not included in the recalibration to 1.0 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 2 or more miles from school, be physically handicapped, be a Career Education 9-12 or an Exceptional Student Education student who is transported from one school center to another where appropriate programs are provided, or be on a route that meets the criteria for hazardous walking conditions specified in Section 1006.23(4), Florida Statutes. Additionally, Section 1002.33(20)(c), Florida Statutes, provides that the governing board of the charter school may provide transportation through an agreement or contract with the district school board, a private provider, or parents. The charter school and the sponsor shall cooperate in making arrangements that ensure that transportation is not a barrier to equal access for all students residing within a reasonable distance of the charter school as determined in its charter. The District received \$2.6 million for student transportation as part of the State funding through the FEFP.



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

INDEPENDENT AUDITOR'S REPORT ON FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

We have examined the Highlands County District School Board's (District's) compliance with State requirements relating to the classification, assignment, and verification of the FTE student enrollment as reported under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2015. These requirements are found primarily in Sections 1011.60, 1011.61, and 1011.62, Florida Statutes; State Board of Education (SBE) Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions 2014-15* 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 with State requirements 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 supporting management's assertion about the District's compliance with the aforementioned State requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. The legal determination of the District's compliance with these requirements is, however, ultimately the responsibility of the Department of Education.

Our examination disclosed material noncompliance with State requirements relating to the classification, assignment, and verification of FTE student enrollment as reported under the FEFP for students in our English for Speakers of Other Languages (ESOL) and Career Education 9-12 tests involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located.

In our opinion, except for the material noncompliance with State requirements mentioned above involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in ESOL and Career Education 9-12, the Highlands County District School Board complied, in all material respects, with State requirements relating to the classification, assignment, and verification of the FTE student enrollment as reported under the FEFP for the fiscal year ended June 30, 2015.

In accordance with attestation standards established by the AICPA and *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses¹ in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the District's compliance with State requirements and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the District's compliance with State requirements; and abuse that has a material effect on the District's compliance with State requirements. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the District's compliance with State requirements and not for the purpose of expressing an opinion on the District's related internal control over compliance with State requirements or on compliance and other matters; accordingly, we express no such opinions. Because of its limited purpose, our examination would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. However, the material noncompliance mentioned above is indicative of significant deficiencies considered to be material weaknesses in the District's internal controls related to reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in ESOL and Career Education 9-12. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and all findings, along with the views of responsible officials, are described in *SCHEDULE D* and *MANAGEMENT'S RESPONSE*, respectively. The impact of this noncompliance with State requirements on the District's reported FTE student enrollment is presented in *SCHEDULES A, B, C, and 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 significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.

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 SBE, 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,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 2, 2016

SCHEDULE A

POPULATIONS, TEST SELECTION, AND TEST RESULTS FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

Reported FTE

The funding provided by the Florida Education Finance Program (FEFP) is based upon the numbers of individual students participating in particular educational programs. The FEFP funds ten specific programs that are grouped under the following four general program titles: Basic, English for Speakers of Other Languages (ESOL), Exceptional Student Education (ESE), and Career Education 9-12. The unweighted FTE represents the FTE prior to the application of the specific cost factor for each program. (See *SCHEDULE B* and NOTE A3., A4., and A5.) For the fiscal year ended June 30, 2015, the Highlands County District School Board (District) reported to the Department of Education 12,147.02 unweighted FTE as recalibrated at 19 District schools, 2 District cost centers, and 1 virtual education cost center. The District did not report any charter schools.

Schools and Students

As part of our examination procedures, we tested the FTE student enrollment reported to the Department of Education for schools and students for the fiscal year ended June 30, 2015. (See NOTE B.) The population of schools (22) consisted of the total number of brick and mortar schools in the District that offered courses, as well as the designated District virtual education cost centers in the District that offered virtual instruction in the FEFP-funded programs. The population of students (6,505) consisted of the total number of students in each program at the schools and cost centers in our tests. Our Career Education 9-12 student test data includes only those students who participated in on-the-job training.

We noted the following material noncompliance: exceptions involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for 33 of the 102 students in our ESOL test² and 11 of the 64 students in our Career Education 9-12 test.³

Our populations and tests of schools and students are summarized as follows:

<u>Programs</u>	<u>Number of Schools</u>		<u>Number of Students at Schools Tested</u>		<u>Students with Exceptions</u>	<u>Recalibrated Unweighted FTE</u>		<u>Proposed Adjustments</u>
	<u>Population</u>	<u>Test</u>	<u>Population</u>	<u>Test</u>		<u>Population</u>	<u>Test</u>	
Basic	20	8	4,918	89	3	9,189.28	74.8144	19.5012
Basic with ESE Services	21	7	1,070	58	4	2,017.79	50.9993	(.5094)
ESOL	17	7	369	102	33	542.34	72.1006	(19.2835)
ESE Support Levels 4 and 5	11	6	23	23	1	45.91	20.4521	(.5000)
Career Education 9-12	3	2	125	64	11	351.70	14.2338	(1.4072)
All Programs	22	8	6,505	336	52	12,147.02	232.6002	(2.1989)

² For ESOL, the material noncompliance is composed of Findings 5, 6, 7, 8, 9, 11, 12, 14, 15, 16, 24, 25, and 26 on *SCHEDULE D*.

³ For Career Education 9-12, the material noncompliance is composed of Findings 17, 18, 19, 22, and 23 on *SCHEDULE D*.

Teachers

We also tested teacher qualifications as part of our examination procedures. (See NOTE B.) Specifically, the population of teachers (252) consisted of the total number of teachers at schools in our test who taught courses in ESE Support Levels 4 and 5, Career Education 9-12, or taught courses to English Language Learner (ELL) students, and of the total number of teachers reported under virtual education cost centers in our test who taught courses in Basic, Basic with ESE Services, ESE Support Levels 4 and 5, Career Education 9-12, or taught courses to ELL students. From the population of teachers, we selected 83 and found exceptions for none of the teachers.

Proposed Adjustments

Our proposed adjustments present the net effects of noncompliance disclosed by our examination procedures, including those related to our test of teacher qualifications. Our proposed adjustments generally reclassify the 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. (See *SCHEDULES B, C, and D.*)

The ultimate resolution of our proposed adjustments to the FTE student enrollment and the computation of their financial impact is the responsibility of the Department of Education.

SCHEDULE B

EFFECT OF PROPOSED ADJUSTMENTS ON WEIGHTED FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

<u>No. Program (1)</u>	<u>Proposed Net Adjustment (2)</u>	<u>Cost Factor</u>	<u>Weighted FTE (3)</u>
101 Basic K-3	5.8486	1.126	6.5855
102 Basic 4-8	7.2486	1.000	7.2486
103 Basic 9-12	6.4040	1.004	6.4296
111 Grades K-3 with Exceptional Student Education (ESE) Services	.5000	1.126	.5630
112 Grades 4-8 with ESE Services	(.5092)	1.000	(.5092)
113 Grades 9-12 with ESE Services	(.5002)	1.004	(.5022)
130 English for Speakers of Other Languages	(19.2835)	1.147	(22.1182)
254 ESE Support Level 4	(.5000)	3.548	(1.7740)
300 Career Education 9-12	<u>(1.4072)</u>	1.004	<u>(1.4128)</u>
Total	<u>(2.1989)</u>		<u>(5.4897)</u>

Notes: (1) See NOTE A7.

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

(3) Weighted adjustments to the FTE are presented for illustrative purposes only. The weighted adjustments to the FTE 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 adjustments. That computation is the responsibility of the Department of Education. (See NOTE A5.)

SCHEDULE C

PROPOSED ADJUSTMENTS BY SCHOOL FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

<u>No. Program</u>	<u>Proposed Adjustments (1)</u>			<u>Balance Forward</u>
	<u>#0021</u>	<u>#0031</u>	<u>#0081</u>	
101 Basic K-3	.....	5.4779	.4491	5.9270
102 Basic 4-8	.8726	5.4778	.8982	7.2486
103 Basic 9-12	.....	.....	.....	.0000
111 Grades K-3 with Exceptional Student Education (ESE) Services	.....	.....	.5000	.5000
112 Grades 4-8 with ESE Services	(.4994)	.....	(.0098)	(.5092)
113 Grades 9-12 with ESE Services	.....	.....	.....	.0000
130 English for Speakers of Other Languages (ESOL)	(.3732)	(10.9557)	(1.3473)	(12.6762)
254 ESE Support Level 4	.....	.....	(.5000)	(.5000)
300 Career Education 9-12	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.0000</u>
Total	<u>.0000</u>	<u>.0000</u>	<u>(.0098)</u>	<u>(.0098)</u>

Note: (1) These proposed net adjustments are for unweighted FTE. (See NOTE A5.)

<u>No.</u> <u>Program</u>	<u>Brought Forward</u>	<u>Proposed Adjustments (1)</u>			<u>Total</u>
		<u>#0221</u>	<u>#0231</u>	<u>#7001</u>	
101 Basic K-3	5.9270	.....	(.0784)	.....	5.8486
102 Basic 4-8	7.2486	.....	.....	.....	7.2486
103 Basic 9-12	.0000	3.3047	3.1554	(.0561)	6.4040
111 Grades K-3 with ESE Services	.5000	.....	.....	.....	.5000
112 Grades 4-8 with ESE Services	(.5092)	.....	.....	.....	(.5092)
113 Grades 9-12 with ESE Services	.0000	.....	(.5002)	.....	(.5002)
130 ESOL	(12.6762)	(3.5233)	(3.0840)	.....	(19.2835)
254 ESE Support Level 4	(.5000)	.....	.....	.....	(.5000)
300 Career Education 9-12	<u>.0000</u>	<u>(.9068)</u>	<u>(.5004)</u>	<u>.....</u>	<u>(1.4072)</u>
Total	<u>(.0098)</u>	<u>(1.1254)</u>	<u>(1.0076)</u>	<u>(.0561)</u>	<u>(2.1989)</u>

Note: (1) These proposed net adjustments are for unweighted FTE. (See NOTE A5.)

SCHEDULE D

FINDINGS AND PROPOSED ADJUSTMENTS FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

Overview

Management is responsible for determining that the FTE student enrollment as reported under the Florida Education Finance Program (FEFP) is 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 (SBE), Chapter 6A-1, Florida Administrative Code (FAC); and the *FTE General Instructions 2014-15* issued by the Department of Education. Except for the material noncompliance involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in English for Speakers of Other Languages (ESOL) and Career Education 9-12, the Highlands County District School Board (District) complied, in all material respects, with State requirements relating to the classification, assignment, and verification of the FTE student enrollment as reported under the FEFP for the fiscal year ended June 30, 2015. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action as presented in *SCHEDULE E*.

Findings

Proposed Net Adjustments (Unweighted FTE)

Our examination included the July and October 2014 reporting survey periods and the February and June 2015 reporting survey periods (See NOTE A6.). Unless otherwise specifically stated, the Findings and Proposed Adjustments presented herein are for the October 2014 reporting survey period or the February 2015 reporting survey period or both. Accordingly, our Findings do not mention specific reporting survey periods unless necessary for a complete understanding of the instances of noncompliance being disclosed.

Districtwide – Attendance Procedures

1. [Ref. 1] During our examination of student attendance records at six schools (four elementary and two high schools) included in our testing, we made inquiries with the schools' administration and were advised that the schools' teachers utilized electronic attendance systems eSchool (elementary schools) and Pinnacle (high schools) to take student attendance. The attendance data was exported daily to the District's Genesis Student Information System (Genesis) reporting software for student attendance management, which was considered the official record of attendance for the students. *Attendance Tracking No Attendance Reports*, generated from eSchool or Pinnacle, were to be utilized by the schools' staff to determine whether the teachers had taken their daily attendance at the elementary schools and daily period-by-period attendance at the *(Finding Continues on Next Page)*

Findings

Districtwide – Attendance Procedures (Continued)

high schools. However, we noted that the *Attendance Tracking No Attendance Reports* at the six schools were not retained and we were unable to access these reports for all of the teachers during the October 2014 and February 2015 reporting survey periods.

We also noted that contrary to criteria outlined in SBE Rule 6A-1.044(3), FAC, and the *Florida Department of Education Comprehensive Management Information System: Automated Student Attendance Recordkeeping System Handbook*, pages 6 through 10, the data indicating when and by whom attendance was entered, changed, or deleted was not maintained in a usable format for review purposes.

For the test students at the elementary schools we were able to place reliance on the *Attendance Verification Registers* that were generated from Genesis, which displayed daily recorded attendance activity that had also been signed by the teachers, in conjunction, with our review of the schools' established attendance procedures. Additionally, for the test students at the high schools, we were able to validate the attendance activity for at least one period based on the attendance data recorded in Genesis; therefore, we present this disclosure Finding with no proposed adjustment.

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Districtwide – Obtaining the Date Entered United States School (DEUSS)

2. [Ref. 1503/2104/3104/6102/8106/22108/23109] In reviewing the files for students reported in the ESOL Program at seven of the schools tested, we noted that school personnel were not consistently exercising due diligence in obtaining accurate Date Entered United States School (DEUSS) data when registering students and were not assessing students' English language proficiencies and convening English Language Learner (ELL) Committees to determine students' continued ESOL placements based on the students' DEUSS anniversary dates. The schools' assessments of students and ELL Committee meetings were based on the students' ELL entry dates (six schools) or at the end of the school year (one school). We also noted that, although the *Highlands County Public School Entry Form* (revised in August 2013) included a space for the DEUSS, it was frequently left blank (six schools). We present this disclosure Finding with no proposed adjustments.

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Findings

Districtwide – On-the-Job Training Documentation

3. [Ref. 22108/23110] The procedures for documenting work hours for students in On-the-Job Training (OJT) Programs were insufficient for two of the high schools in our test. Our examination of the timecards for several Career Education 9-12 students disclosed one or more of the following deficiencies:

- a. Timecards were updated to reflect different work hours; however, the changes were not clearly initialed, dated, or explained. There was no documented reverification of the changes by the students' employers. Additionally, since some of the timecards were completed in pencil, unauthorized changes to the cards could easily be made.
- b. At one of the schools, we noted that most of the October 2014 timecards were completed for the month by using two separate timecards, with the first timecard intended to cover the period October 1st through October 15th and the second timecard intended to cover the period October 16th through October 31st. However, the timecards frequently had overlapping dates recorded with conflicting hours for the same date on the two separate timecards.
- c. Timecards included work hours that were after the date on which the employer signed indicating that the hours were accurate. There were also instances of documented work hours on dates that did not actually exist (e.g., February 31) and undated employer signatures.
- d. Timecards that did not agree with subsequent verification from employers records on behalf of the employee.

We were able to verify that the timecards supported the funded work hours during the reporting survey periods for all but 11 students included in our test. Since we have proposed adjustments for the 11 students in Findings 17 [Ref. 22104], 18 [Ref. 22106], 19 [Ref. 22107], 22 [Ref. 23103], and 23 [Ref. 23104], we present this disclosure Finding with no proposed adjustment.

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Sebring Middle School (#0021)

4. [Ref. 2101] One Exceptional Student Education (ESE) student was dismissed from the ESE Program effective February 4, 2015, which was prior to the February 2015 reporting survey period; therefore, the student should have been reported in Program No. 102 (Basic 4-8). We propose the following adjustment:

102 Basic 4-8	.4994	
112 Grades 4-8 with ESE Services	(.4994)	.0000

Findings

Sebring Middle School (#0021) (Continued)

5. [Ref. 2102] An ELL Committee was not convened by October 1 to consider one student's continued ESOL placement beyond 3 years from the student's DEUSS. We propose the following adjustment:

102 Basic 4-8	.3110	
130 ESOL	<u>(.3110)</u>	.0000

6. [Ref. 2103] The *ELL Student Plan* for one student enrolled in the ESOL Program was incomplete as the *Plan* did not identify all of the courses reported in Program No. 130 that were to employ ESOL strategies. We propose the following adjustment:

102 Basic 4-8	.0622	
130 ESOL	<u>(.0622)</u>	.0000
		<u>.0000</u>

Lake Country Elementary School (#0031)

7. [Ref. 3101] The files for ten ELL students did not contain evidence that the students' parents were invited to attend the ELL Committee meetings convened to consider the students' continued ESOL placements beyond 3 years from the students' DEUSS. We propose the following adjustment:

101 Basic K-3	3.6522	
102 Basic 4-8	5.0213	
130 ESOL	<u>(8.6735)</u>	.0000

8. [Ref. 3102] The *ELL Student Plans* for four students enrolled in the ESOL Program were incomplete as the *Plans* did not identify the courses reported in Program No. 130 that were to employ ESOL strategies. We propose the following adjustment:

101 Basic K-3	1.8257	
130 ESOL	<u>(1.8257)</u>	.0000

9. [Ref. 3103] An ELL Committee was not convened by October 1 to consider one student's continued ESOL placement beyond 3 years from the student's DEUSS. We propose the following adjustment:

102 Basic 4-8	.4565	
130 ESOL	<u>(.4565)</u>	.0000
		<u>.0000</u>

Findings

Fred Wild Elementary School (#0081)

10. [Ref. 8101] One part-time ESE student was not in attendance during the reporting survey period; therefore, the student should not have been reported for FEFP funding. We propose the following adjustment:

112 Grades 4-8 with ESE Services	(.0098)	(.0098)
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11. [Ref. 8102] One ELL student's English language proficiency was not assessed and an ELL Committee was not convened within 30 school days prior to the student's DEUSS anniversary date to consider the student's continued ESOL placement beyond 3 years from the student's DEUSS. We propose the following adjustment:

102 Basic 4-8	.8982	
130 ESOL	(.8982)	.0000

12. [Ref. 8103] An ELL Committee was not convened by October 1 to consider one ELL student's continued ESOL placement beyond 3 years from the student's DEUSS. We propose the following adjustment:

101 Basic K-3	.4491	
130 ESOL	(.4491)	.0000

13. [Ref. 8104] The *Matrix of Services* form for one ESE student reported in Program No. 254 (ESE Support Level 4) indicated a frequency of services that were inconsistent with the student's scheduled services indicated on the student's *Individual Educational Plan (IEP)*. Specifically, the *Matrix of Services* form, under Domain C, indicated that the student would be provided occupational therapy for more than once per week; however, the student's *IEP* indicated that the student was scheduled for occupational therapy only once per week. Based on the *IEP*, the student was only eligible for reporting in Program No. 111 (Grades K-3 with ESE Services). We propose the following adjustment:

111 Grades K-3 with ESE Services	.5000	
254 ESE Support Level 4	(.5000)	.0000
		(.0098)

Findings

Sebring High School (#0221)

14. [Ref. 22101] ELL Committees were not convened for four ELL students by October 1 (one student) or within 30 school days prior to the students' DEUSS anniversary dates (three students) to consider the students' continued ESOL placements beyond 3 years from the students' DEUSS. We also noted that the English language proficiency for one of the students was not assessed within 30 school days prior to the student's DEUSS anniversary date and that the *ELL Student Plan* for one of the students was incomplete as the *Plan* did not identify all of the courses reported in Program No. 130 that were to employ ESOL strategies. We propose the following adjustment:

103 Basic 9-12	2.3740	
130 ESOL	<u>(2.3740)</u>	.0000

15. [Ref. 22102] One ELL student was reported in the ESOL Program beyond the maximum 6-year period allowed for State funding of ESOL. We propose the following adjustment:

103 Basic 9-12	.0699	
130 ESOL	<u>(.0699)</u>	.0000

16. [Ref. 22103] The *ELL Student Plans* for four students in the ESOL Program were incomplete as the *Plans* did not identify all of the courses reported in Program No. 130 that were to employ ESOL strategies. We also noted that an ELL Committee was not convened to consider one of the student's continued ESOL Placement beyond 3 years from the student's DEUSS. We propose the following adjustment:

103 Basic 9-12	1.0794	
130 ESOL	<u>(1.0794)</u>	.0000

17. [Ref. 22104] One Career Education 9-12 student who participated in OJT was not in attendance during the reporting survey period and a timecard was not on file to support the hours reported while participating in OJT. Consequently, the student should not have been reported for FEFP funding. We propose the following adjustment:

103 Basic 9-12	(.2186)	
300 Career Education 9-12	<u>(.2814)</u>	(.5000)

Findings

Sebring High School (#0221) (Continued)

18. [Ref. 22106] The timecards for three Career Education 9-12 students who participated in OJT were not available at the time of our examination and could not be subsequently located. We also noted that more work hours were reported for one of the students than were supported by the student's timecard for the October 2014 reporting survey period. We propose the following adjustment:

300 Career Education 9-12	(.5322)	(.5322)
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19. [Ref. 22107] More work hours were reported for two Career Education 9-12 students who participated in OJT than were supported by the students' timecards. We propose the following adjustment:

300 Career Education 9-12	(.0932)	(.0932)
		<u>(1.1254)</u>

Avon Park High School (#0231)

20. [Ref. 23101] One Basic student was not in attendance during the reporting survey period; therefore, the student should not have been reported for FEFP funding. We propose the following adjustment:

103 Basic 9-12	(.4288)	
300 Career Education 9-12	<u>(.0712)</u>	(.5000)

21. [Ref. 23102] One Basic prekindergarten (PK) child of a student enrolled in the Teenage Parent Program was funded through the District's Headstart Program; consequently, the PK student should not have been reported for FEFP funding. We propose the following adjustment:

101 Basic K-3	<u>(.0784)</u>	(.0784)
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22. [Ref. 23103] The timecard for one Career Education 9-12 student who participated in OJT was not available at the time of our examination and could not be subsequently located. We propose the following adjustment:

300 Career Education 9-12	<u>(.0734)</u>	(.0734)
---------------------------	----------------	---------

23. [Ref. 23104] More work hours were reported for four Career Education 9-12 students who participated in OJT than were supported by the students' timecards. We propose the following adjustment:

**Proposed Net
Adjustments
(Unweighted FTE)**

Findings

Avon Park High School (#0231) (Continued)

300 Career Education 9-12	(.3558)	(.3558)
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24. [Ref. 23105] One ELL student was reported in the ESOL Program beyond the maximum 6-year period allowed for State funding of ESOL. We propose the following adjustment:

103 Basic 9-12	.2866	
130 ESOL	(.2866)	.0000

25. [Ref. 23106] The file for one ELL student did not contain documentation to support the student's continued placement in the ESOL Program. The student was assessed as English proficient on all parts of the Comprehensive English Language Learning Assessment, scored a level four in Reading on the October 2014 Florida Comprehensive Assessment Test, and an ELL Committee was not convened to consider the student's continued ESOL placement. We propose the following adjustment:

103 Basic 9-12	.2816	
130 ESOL	(.2816)	.0000

26. [Ref. 23107] ELL Committees were not convened for three students by October 1 (two students) or within 30 school days prior to the student's DEUSS anniversary date (one student) to consider the students' continued ESOL placements beyond 3 years from the students' DEUSS. We propose the following adjustment:

103 Basic 9-12	2.5158	
130 ESOL	(2.5158)	.0000

27. [Ref. 23108] The *Educational Plan (EP)* for one ESE student enrolled in the Gifted Program expired prior to the October 2014 reporting survey period and a new *EP* was not prepared until October 29, 2014, which was after the October 2014 reporting survey period. We propose the following adjustment:

103 Basic 9-12	.5002	
113 Grades 9-12 with ESE Services	(.5002)	.0000

(1.0076)

Findings

Highlands Virtual Instruction Program (#7001)

28. [Ref. 700101] One Basic virtual education student was reported for a virtual course that the student did not successfully complete (i.e., did not earn credit for the course). The student was reported for one full credit course; however, the student successfully earned only a half-credit. We propose the following adjustment:

103 Basic 9-12	<u>(.0561)</u>	<u>(.0561)</u>
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(.0561)

Proposed Net Adjustment		<u>(2.1989)</u>
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SCHEDULE E

RECOMMENDATIONS AND REGULATORY CITATIONS FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

RECOMMENDATIONS

We recommend that the Highlands County District School Board (District) management exercise more care and take corrective action, as appropriate, to ensure that: (1) there is proper monitoring of the attendance data to ensure that all teachers have taken attendance, including compliance with the requirement for period-by-period attendance recordkeeping for students in Grades 9-12 and access to the electronic attendance history (that documents who took attendance and when) for each student is readily available; (2) only students who are in membership during the survey week and in attendance for at least 1 day of a reporting survey period are reported for Florida Education Finance Program (FEFP) funding; (3) prekindergarten children of students enrolled in the Teenage Parent Program who are funded under other programs are not also reported for FEFP funding; (4) *English Language Learner (ELL) Student Plans* are properly and timely prepared, maintained in student files, and identify all courses employing English for Speakers of Other Languages (ESOL) strategies; (5) the English language proficiency of students being considered for placement or continuation of their ESOL placements (beyond 3 years from the students' Date Entered United States School [DEUSS]) is assessed within 30 school days prior to the students' DEUSS anniversary date or by October 1 if the students' DEUSS anniversary date falls within the first 2 weeks of the school year and ELL Committees are timely convened subsequent to these assessments; (6) accurate DEUSS dates are recorded and used to determine the timing of students' English language proficiency assessments and the convening of ELL Committees; (7) parents are invited to participate in their child's ELL Committee meetings; (8) ELL students are not reported in the ESOL Program for more than the 6-year period allowed for State funding of ESOL; (9) students assessed English proficient are either exited from the ESOL Program or referred to an ELL Committee to determine the student's continued ESOL placement; (10) *Individual Educational Plans (IEPs)* and *Educational Plans* for ESE students are timely prepared and completed and those dismissed from services are not reported in ESE Programs; (11) *Matrix of Services* forms are properly completed based on services identified on the student's *IEP*; (12) students in Career Education 9-12 are reported in accordance with timecards that are accurately completed, signed, and retained in readily accessible files; and (13) course schedules and the associated FTE are reviewed and verified for virtual education students enrolled in virtual instruction programs to ensure that course schedules are accurately reported and FTE is only reported for courses that have been successfully completed.

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 relating to the classification, assignment, and verification of the FTE student enrollment as reported under the FEFP.

REGULATORY CITATIONS

Reporting

Section 1007.271(21), Florida Statutes, *Dual Enrollment Programs*

Section 1011.60, Florida Statutes, *Minimum Requirements of the Florida Education Finance Program*

Section 1011.61, Florida Statutes, *Definitions*

Section 1011.62, Florida Statutes, *Funds for Operation of Schools*

State Board of Education (SBE) Rule 6A-1.0451, Florida Administrative Code, *Florida Education Finance Program Student Membership Surveys*

SBE Rule 6A-1.045111, Florida Administrative Code, *Hourly Equivalent to 180-Day School Year*

SBE Rule 6A-1.04513, Florida Administrative Code, *Maintaining Auditable FTE Records*
FTE General Instructions 2014-15

Attendance

Section 1003.23, Florida Statutes, *Attendance Records and Reports*

SBE Rule 6A-1.044(3) and (6)(c), Florida Administrative Code, *Pupil Attendance Records*

SBE Rule 6A-1.04513, Florida Administrative Code, *Maintaining Auditable FTE Records*
FTE General Instructions 2014-15

Comprehensive Management Information System: Automated Student Attendance Recordkeeping System Handbook

ESOL

Section 1003.56, Florida Statutes, *English Language Instruction for Limited English Proficient Students*

Section 1011.62(1)(g), Florida Statutes, *Education for Speakers of Other Languages*

SBE Rule 6A-6.0901, Florida Administrative Code, *Definitions Which Apply to Programs for English Language Learners*

SBE Rule 6A-6.0902, Florida Administrative Code, *Requirements for Identification, Eligibility, and Programmatic Assessments of English Language Learners*

SBE Rule 6A-6.09021, Florida Administrative Code, *Annual English Language Proficiency Assessment for English Language Learners (ELLs)*

SBE Rule 6A-6.09022, Florida Administrative Code, *Extension of Services in English for Speakers of Other Languages (ESOL) Program*

SBE Rule 6A-6.0903, Florida Administrative Code, *Requirements for Exiting English Language Learners from the English for Speakers of Other Languages Program*

SBE Rule 6A-6.09031, Florida Administrative Code, *Post Reclassification of English Language Learners (ELLs)*

SBE Rule 6A-6.0904, Florida Administrative Code, *Equal Access to Appropriate Instruction for English Language Learners*

Career Education On-The-Job Attendance

SBE Rule 6A-1.044(6)(c), Florida Administrative Code, *Pupil Attendance Records*

Career Education On-The-Job Funding Hours

SBE Rule 6A-6.055(3), Florida Administrative Code, *Definitions of Terms Used in Vocational Education and Adult Programs*

FTE General Instructions 2014-15

Exceptional Education

Section 1003.57, Florida Statutes, *Exceptional Students Instruction*

Section 1011.62, Florida Statutes, *Funds for Operation of Schools*

Section 1011.62(1)(e), Florida Statutes, *Funding Model for Exceptional Student Education Programs*

SBE Rule 6A-6.03028, Florida Administrative Code, *Provision of Free Appropriate Public Education (FAPE) and Development of Individual Educational Plans for Students with Disabilities*

SBE Rule 6A-6.03029, Florida Administrative Code, *Development of Individualized Family Support Plans for Children with Disabilities Ages Birth Through Five Years*

SBE Rule 6A-6.0312, Florida Administrative Code, *Course Modifications for Exceptional Students*

SBE Rule 6A-6.0331, Florida Administrative Code, *General Education Intervention Procedures, Evaluation, Determination of Eligibility, Reevaluation and the Provision of Exceptional Student Education Services*

SBE Rule 6A-6.0334, Florida Administrative Code, *Individual Educational Plans (IEPs) and Educational Plans (EPs) for Transferring Exceptional Students*

SBE Rule 6A-6.03411, Florida Administrative Code, *Definitions, ESE Policies and Procedures, and ESE Administrators*

SBE Rule 6A-6.0361, Florida Administrative Code, *Contractual Agreement with Nonpublic Schools and Residential Facilities*

Matrix of Services Handbook (2012 Revised Edition)

Teacher Certification

Section 1012.42(2), Florida Statutes, *Teacher Teaching Out-of-Field; Notification Requirements*

Section 1012.55, Florida Statutes, *Positions for Which Certificates Required*

SBE Rule 6A-1.0502, Florida Administrative Code, *Non-certificated Instructional Personnel*

SBE Rule 6A-1.0503, Florida Administrative Code, *Definition of Qualified Instructional Personnel*

SBE Rule 6A-4.001, Florida Administrative Code, *Instructional Personnel Certification*

SBE Rule 6A-6.0907, Florida Administrative Code, *Inservice Requirements for Personnel of Limited English Proficient Students*

Virtual Education

Section 1002.321, Florida Statutes, *Digital Learning*

Section 1002.37, Florida Statutes, *The Florida Virtual School*

Section 1002.45, Florida Statutes, *Virtual Instruction Programs*

Section 1002.455, Florida Statutes, *Student Eligibility for K-12 Virtual Instruction*

Section 1003.498, Florida Statutes, *School District Virtual Course Offerings*

Charter Schools

Section 1002.33, Florida Statutes, *Charter Schools*

NOTES TO SCHEDULES

NOTE A – SUMMARY FULL-TIME EQUIVALENT (FTE) STUDENT ENROLLMENT

A summary discussion of the significant features of the Highlands County District School Board (District), the Florida Education Finance Program (FEFP), the FTE, and related areas follows:

1. The District

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Highlands County, Florida. Those services are provided primarily to prekindergarten through 12th-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 (SBE). The geographic boundaries of the District are those of Highlands County.

The governing body of the District is the District School Board that is composed of five elected members. The executive officer of the Board is the elected Superintendent of Schools. The District had 19 District schools, 2 District cost centers, and 1 virtual education cost center serving prekindergarten through 12th-grade students. For the fiscal year ended June 30, 2015, State funding totaling \$41.4 million was provided through the FEFP to the District for the District-reported 12,147.02 unweighted FTE as recalibrated. The primary sources of funding for the District are funds from the FEFP, local ad valorem taxes, and Federal grants and donations.

2. FEFP

Florida school districts receive State funding through the FEFP to serve prekindergarten through 12th-grade students (adult education is not funded by the FEFP). The FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system, including charter schools, the availability of programs and services appropriate to the student's educational needs that 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.

3. FTE Student Enrollment

The funding provided by the 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 student enrollment. For example, for prekindergarten through 3rd grade, 1.0 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 4 through 12, 1.0 FTE is defined as one student in membership in a program or a group of programs for 25 hours per week for 180 days. For brick and mortar school students, one student would be reported as 1.0 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 equates to 1.0 FTE). For virtual education students, one student would be reported as 1.0 FTE if the student has successfully completed six courses or credits or the prescribed level of content that counts toward promotion to the next grade. A student who completes less than six credits will be reported as a fraction of an FTE. Half-credit completions will be included in determining an FTE student enrollment. Credits completed by a student in excess of the minimum required for that student for graduation are not eligible for funding.

4. Recalibration of FTE to 1.0

For the 2013-14 school year and beyond, all FTE student enrollment is capped at 1.0 FTE except for the FTE student enrollment reported by the Department of Juvenile Justice (DJJ) for students beyond the 180-day school year. School districts report all FTE student enrollment regardless of the 1.0 FTE cap. The Department of Education combines all the FTE student enrollment reported for the student by all school districts, including the Florida Virtual School Part-Time Program, using a common student identifier. The Department of Education then recalibrates all the reported FTE student enrollment for each student to 1.0 FTE, if the total reported FTE for the student exceeds 1.0 FTE. The FTE student enrollment reported for extended school year periods and the DJJ FTE student enrollment reported beyond the 180-day school year is not included in the recalibration to 1.0 FTE.

5. 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 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.

6. FTE Reporting Survey Periods

The FTE is determined and reported during the school year by means of four FTE membership survey periods that are conducted under the direction of district and school management. Each survey period is a testing of the FTE membership for a period of 1 week. The survey periods for the 2014-15 school year were conducted during and for the following weeks: survey period one was performed for July 7 through 11, 2014; survey period two was performed for October 13 through 17, 2014; survey period three was performed for February 9 through 13, 2015; and survey period four was performed for June 15 through 19, 2015.

7. Educational Programs

The 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: (1) Basic, (2) English for Speakers of Other Languages, (3) Exceptional Student Education, and (4) Career Education 9-12.

8. Statutes and Rules

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

Chapter 1000, Florida Statutes, *K-20 General Provisions*

Chapter 1001, Florida Statutes, *K-20 Governance*

Chapter 1002, Florida Statutes, *Student and Parental Rights and Educational Choices*

Chapter 1003, Florida Statutes, *Public K-12 Education*

Chapter 1006, Florida Statutes, *Support for Learning*

Chapter 1007, Florida Statutes, *Articulation and Access*

Chapter 1010, Florida Statutes, *Financial Matters*

Chapter 1011, Florida Statutes, *Planning and Budgeting*

Chapter 1012, Florida Statutes, *Personnel*

SBE Rules, Chapter 6A-1, Florida Administrative Code, *Finance and Administration*

SBE Rules, Chapter 6A-4, Florida Administrative Code, *Certification*

SBE Rules, Chapter 6A-6, Florida Administrative Code, *Special Programs I*

NOTE B – TESTING FTE STUDENT ENROLLMENT
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Our examination procedures for testing provided for the selection of schools, students, and teachers using judgmental methods for testing the FTE student enrollment as reported under the FEFP to the Department of Education for the fiscal year ended June 30, 2015. Our testing process was designed to facilitate the performance of appropriate examination procedures to test the District's compliance with State requirements relating to the classification, assignment, and verification of the FTE student enrollment as reported under the FEFP. The following schools were selected for testing:

<u>School</u>	<u>Findings</u>
Districtwide – Attendance Procedures	1
Districtwide – Obtaining the DEUSS	2
Districtwide – On-the-Job Training Documentation	3
1. Memorial Elementary School	NA
2. Sebring Middle School	4 through 6
3. Lake Country Elementary School	7 through 9
4. Park Elementary School	NA
5. Fred Wild Elementary School	10 through 13
6. Sebring High School	14 through 19
7. Avon Park High School	20 through 27
8. Highlands Virtual Instruction Program	28



Sherrill F. Norman, CPA
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON STUDENT TRANSPORTATION

We have examined the Highlands County District School Board's (District's) compliance with State requirements relating to the classification, assignment, and verification of student transportation as reported under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2015. These requirements are found primarily in Chapter 1006, Part I, E. and Section 1011.68, Florida Statutes; State Board of Education (SBE) Rules, Chapter 6A-3, Florida Administrative Code; and the *Student Transportation General Instructions 2014-15* 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 with State requirements 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 supporting management's assertion about the District's compliance with the aforementioned State requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. The legal determination of the District's compliance with these requirements is, however, ultimately the responsibility of the Department of Education.

Our examination disclosed material noncompliance with State requirements relating to the classification, assignment, and verification of student transportation as reported under the FEFP involving the students' reported ridership classification or eligibility for State transportation funding.

In our opinion, except for the material noncompliance with State requirements mentioned above involving the students' reported ridership classification or eligibility for State transportation funding, the Highlands County District School Board complied, in all material respects, with State requirements relating to the

classification, assignment, and verification of student transportation as reported under the FEFP for the fiscal year ended June 30, 2015.

In accordance with attestation standards established by the AICPA and *Government Auditing Standards*, we are required to report all deficiencies considered to be significant deficiencies or material weaknesses⁴ in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the District's compliance with State requirements and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the District's compliance with State requirements; and abuse that has a material effect on the District's compliance with State requirements. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the District's compliance with State requirements and not for the purpose of expressing an opinion on the District's related internal control over compliance with State requirements or on compliance and other matters, accordingly, we express no such opinions. Because of its limited purpose, our examination would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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 students' reported ridership classification or eligibility for State transportation funding. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and all findings, along with the views of responsible officials, are described in *SCHEDULE G* and *MANAGEMENT'S RESPONSE*, respectively. The impact of this noncompliance on the District's reported student transportation is presented in *SCHEDULES F* and *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.

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 SBE, 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,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 2, 2016

⁴ A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.

SCHEDULE F

POPULATIONS, TEST SELECTION, AND TEST RESULTS STUDENT TRANSPORTATION

Any student who is transported by the Highlands County District School Board (District) must meet one or more of the following conditions in order to be eligible for State transportation funding: live 2 or more miles from school, be physically handicapped, be a Career Education 9-12 or an Exceptional Student Education student who is transported from one school center to another where appropriate programs are provided, or be on a route that meets the criteria for hazardous walking conditions specified in Section 1006.23(4), Florida Statutes. (See NOTE A1.)

As part of our examination procedures, we tested student transportation as reported to the Department of Education for the fiscal year ended June 30, 2015. (See NOTE B.) The population of vehicles (226) consisted of the total number of vehicles (buses, vans, or passenger cars) reported by the District for each reporting survey period. For example, a vehicle that transported students during the July and October 2014 and February and June 2015 reporting survey periods would be counted in the population as four vehicles. Similarly, the population of students (11,945) consisted of the total number of students reported by the District as having been transported for each reporting survey period. (See NOTE A2.) The District reported students in the following ridership categories:

<u>Ridership Category</u>	<u>Number of Students Transported</u>
Teenage Parents and Infants	18
Individuals with Disabilities Education Act – Prekindergarten through Grade 12, Weighted	848
All Other Florida Education Finance Program Eligible Students	<u>11,079</u>
Total	<u>11,945</u>

Students with exceptions are students with exceptions affecting their ridership category. Students cited only for incorrect reporting of days in term, if any, are not included in our error-rate determination.

We noted the following material noncompliance: exceptions involving the reported ridership classification or eligibility for State transportation funding for 35 of 302 students in our student transportation test.⁵

⁵ For student transportation, the material noncompliance is composed of Findings 7, 9, 10, and 11 on *SCHEDULE G*.

Our examination results are summarized below:

<u>Description</u>	<u>Students</u>	
	<u>With Exceptions</u>	<u>Proposed Net Adjustment</u>
Our tests included 302 of the 11,945 students reported as being transported by the District.	35	(23)
We also noted certain issues in conjunction with our general tests of student transportation that resulted in the addition of 123 students.	<u>123</u>	<u>(119)</u>
Totals	<u>158</u>	<u>(142)</u>

Our proposed net adjustment presents the net effect of noncompliance disclosed by our examination procedures. (See *SCHEDULE G*.)

The ultimate resolution of our proposed net adjustment and the computation of its financial impact is the responsibility of the Department of Education.

SCHEDULE G

FINDINGS AND PROPOSED ADJUSTMENTS STUDENT TRANSPORTATION

Overview

Management is responsible for determining that student transportation as reported under the Florida Education Finance Program (FEFP) is 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 2014-15* issued by the Department of Education. Except for the material noncompliance involving the students' reported ridership classification or eligibility for State transportation funding, the Highlands County District School Board (District) complied, in all material respects, with State requirements relating to the classification, assignment, and verification of student transportation as reported under the FEFP for the fiscal year ended June 30, 2015. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action as presented in *SCHEDULE H*.

Findings

Students Transported Proposed Net 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 period. Our detailed tests involved verification of the specific ridership categories reported for students in our tests from the July and October 2014 reporting survey periods and the February and June 2015 reporting survey periods. Adjusted students who were in more than one reporting survey period are accounted for by reporting survey period. For example, a student included in our tests twice (i.e., once for the October 2014 reporting survey period and once for the February 2015 reporting survey period) will be presented in our Findings as two test students.

1. [Ref. 59] Our general tests disclosed that the District had not reported one of the routes (Route LMH01) for bus number 177. In response to our inquiry, District staff indicated that it was an oversight. However, the oversight was not discovered and, therefore, was never submitted to the Department of Education for processing. Subsequent to our inquiry, the District prepared a schedule providing supporting documentation of membership and ridership category eligibility information, for a total of 41 students. We reviewed the District's ridership records for the 41 students to determine whether the students met the FEFP requirements for State transportation *(Finding Continues on Next Page)*

Findings

funding. The results of our review disclosed that 30 of the 41 students met the FEFP requirements for State transportation funding. However, 11 of the students did not meet FEFP requirements for State transportation funding. Specifically, 4 students were reported on other buses, 1 student was not in membership, 3 students lived less than 2 miles from school, and 3 students were not recorded as riding on that bus's route.

These other student transportation-related issues would need to be taken in consideration in determining any applicable adjustment. The final impact and resolution of this Finding and any applicable adjustment in State transportation funding for the District's underreporting of the number of students transported rests with the Department of Education.

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2. [Ref. 61] Our review disclosed that 4 of 226 bus driver reports were not signed by the bus drivers attesting to the accuracy of the ridership reflected on the reports. We performed other testing procedures and determined that the students in our test that were reported on those buses were eligible to be reported and that these reports were otherwise complete; thus, we are presenting this disclosure Finding with no proposed adjustment.

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3. [Ref. 51] Our general tests of student transportation disclosed that 27 part-time Exceptional Student Education (ESE) students were reported for an incorrect number of days in term. The students were reported for 90 days in term (DIT); however, the students should have been reported for 18, 36, or 54 DIT in accordance with each student's instructional schedule. Additionally, 2 of the students were inadvertently reported in the Non-FEFP Fundable Prekindergarten (PK) through Grade 12 Students ridership category; however, we determined the students were eligible for reporting in the Individuals with Disabilities Education Act (IDEA) – PK through Grade 12, Weighted ridership category, in accordance with the students' *Individual Educational Plans (IEPs)*. We propose the following adjustments:

October 2014 Survey

90 Days in Term

IDEA - PK through Grade 12, Weighted (8)

36 Days in Term

IDEA - PK through Grade 12, Weighted 2

<u>Findings</u>	<u>Students Transported Proposed Net Adjustments</u>	
October 2014 Survey (Continued) <u>18 Days in Term</u> IDEA - PK through Grade 12, Weighted	7	
February 2015 Survey <u>90 Days in Term</u> IDEA - PK through Grade 12, Weighted	(17)	
<u>54 Days in Term</u> IDEA - PK through Grade 12, Weighted	1	
<u>36 Days in Term</u> IDEA - PK through Grade 12, Weighted	3	
<u>18 Days in Term</u> IDEA - PK through Grade 12, Weighted	<u>14</u>	2
4. [Ref. 52] Our general tests disclosed that the number of DIT for 100 students was incorrectly reported for 30 DIT rather than the 8 DIT in accordance with the District's extended school year (ESY) calendar. We propose the following adjustment:		
July 2014 Survey <u>30 Days in Term</u> IDEA - PK through Grade 12, Weighted	(100)	
<u>8 Days in Term</u> IDEA - PK through Grade 12, Weighted	<u>100</u>	0
5. [Ref. 53] Our general tests disclosed that 13 PK students were incorrectly reported in the All Other FEFP Eligible Students ridership category. The students were not IDEA students and were not children of students enrolled in a Teenage Parent Program; consequently, the students were not eligible for State transportation funding. We propose the following adjustments:		
October 2014 Survey <u>90 Days in Term</u> All Other FEFP Eligible Students	(4)	
February 2015 Survey <u>90 Days in Term</u> All Other FEFP Eligible Students	<u>(9)</u>	(13)

Findings

6. [Ref. 54] Our general tests disclosed that 105 students reported in the June 2015 reporting survey period were not enrolled in a Department of Juvenile Justice or ESE ESY Program. Consequently, the students were not eligible for State transportation funding during the summer survey periods. We propose the following adjustment:

June 2015 Survey

14 Days in Term

All Other FEFP Eligible Students	(105)	(105)
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7. [Ref. 55] Twenty-one students in our test were incorrectly reported in the All Other FEFP Eligible Students ridership category. The students lived less than 2 miles from the students' assigned schools and were not otherwise eligible for State transportation funding. We also noted that 1 of the students was not marked as riding the bus during the reporting survey period. We propose the following adjustments:

October 2014 Survey

90 Days in Term

All Other FEFP Eligible Students	(8)	
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February 2015 Survey

90 Days in Term

All Other FEFP Eligible Students	(13)	(21)
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8. [Ref. 56] Our general tests disclosed that 16 students were incorrectly reported as 3 students were not enrolled (1 student) during the reporting survey week or were not attending programs that were eligible for State transportation funding (2 students), and 13 part-time ESE students were reported for an incorrect number of DIT. The students were reported for 90 DIT term but were scheduled for 18 or 36 DIT in accordance with each student's instructional schedule. We propose the following adjustments:

October 2014 Survey

90 Days in Term

IDEA - PK through Grade 12, Weighted	(9)	
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36 Days in Term

IDEA - PK through Grade 12, Weighted	1	
--------------------------------------	---	--

18 Days in Term

IDEA - PK through Grade 12, Weighted	8	
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Findings

February 2015 Survey

90 Days in Term

IDEA - PK through Grade 12, Weighted (4)

All Other FEFP Eligible Students (3)

18 Days in Term

IDEA - PK through Grade 12, Weighted 4 (3)

9. [Ref. 57] The *IEPs* for nine students in our test did not document that the students met at least one of the five criteria required for reporting in the IDEA - PK through Grade 12, Weighted ridership category. We also noted that the *IEP* for one of the students did not authorize ESY or transportation services; consequently, the student should not have been reported for State transportation funding. We determined that the other eight students were otherwise eligible for reporting in the All Other FEFP Eligible Students ridership category. We propose the following adjustments:

July 2014 Survey

8 Days in Term

IDEA - PK through Grade 12, Weighted (2)

All Other FEFP Eligible Students 1

October 2014 Survey

90 Days in Term

IDEA - PK through Grade 12, Weighted (3)

All Other FEFP Eligible Students 3

February 2015 Survey

90 Days in Term

IDEA - PK through Grade 12, Weighted (3)

All Other FEFP Eligible Students 3

June 2015 Survey

8 Days in Term

IDEA - PK through Grade 12, Weighted (1)

All Other FEFP Eligible Students 1 (1)

10. [Ref. 58] One student in our test was marked as being provided transportation prior to the date that the ESY Program started and was not in attendance at the school during the reporting survey period. Consequently, the student should not have been reported for State transportation funding. We propose the following adjustment:

<u>Findings</u>	Students Transported Proposed Net Adjustments	
June 2015 Survey		
<u>7 Days in Term</u>		
IDEA - PK through Grade 12, Weighted	(1)	(1)
11. [Ref. 60] Four students in our test were incorrectly reported in the IDEA - PK through Grade 12, Weighted ridership category. The students' IEPs specified the need for an aide; however, there was no aide assigned to the bus during the reporting survey period. We determined that the students were otherwise eligible for reporting in the All Other FEFP Eligible Students ridership category. We propose the following adjustments:		
October 2014 Survey		
<u>90 Days in Term</u>		
IDEA - PK through Grade 12, Weighted	(2)	
All Other FEFP Eligible Students	2	
February 2015 Survey		
<u>90 Days in Term</u>		
IDEA - PK through Grade 12, Weighted	(2)	
All Other FEFP Eligible Students	<u>2</u>	<u>0</u>
Proposed Net Adjustment		<u>(142)</u>

SCHEDULE H

RECOMMENDATIONS AND REGULATORY CITATIONS STUDENT TRANSPORTATION

RECOMMENDATIONS

We recommend that the Highlands County District School Board (District) management exercise more care and take corrective action, as appropriate, to ensure that: (1) the number of days in term is accurately reported; (2) students are reported in the correct ridership category and documentation is on file to support that reporting; (3) only prekindergarten (PK) students who are classified as students with disabilities under the Individuals with Disabilities Education Act (IDEA) or whose parent(s) are enrolled in the Teenage Parent Program are reported for State transportation funding; (4) students reported in the IDEA - PK through Grade 12, Weighted ridership category are documented as meeting one of the five criteria required for reporting in a weighted ridership category and are provided the identified services noted on the students' *Individual Educational Plans (IEPs)*; (5) only Exceptional Student Education students who are IDEA students and whose *IEPs* authorize Extended School Year services and transportation as a related service are reported in the summer reporting survey periods; (6) only those students who are documented as enrolled in school during the survey week and recorded on bus driver reports as having been transported at least 1 day during the reporting survey period are reported for State transportation funding; (7) the distance from home to the assigned school is verified prior to students being reported in the All Other Florida Education Finance Program (FEFP) Eligible Students ridership category; and (8) processes are in place to ensure that all bus driver reports are timely signed and verified for accuracy and that all eligible bus routes and their related student ridership are reported to the Department of Education.

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 relating to the classification, assignment, and verification of student transportation as reported under the FEFP.

REGULATORY CITATIONS

Section 1002.33, Florida Statutes, *Charter Schools*

Chapter 1006, Part I, E., Florida Statutes, *Transportation of Public K-12 Students*

Section 1011.68, Florida Statutes, *Funds for Student Transportation*

State Board of Education Rules, Chapter 6A-3, Florida Administrative Code, *Transportation Student Transportation General Instructions 2014-15*

NOTES TO SCHEDULES

NOTE A - SUMMARY STUDENT TRANSPORTATION

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 2 or more miles from school, be physically handicapped, be a Career Education 9-12 or an Exceptional Student Education student who is transported from one school center to another where appropriate programs are provided, or be on a route that meets the criteria for hazardous walking conditions specified in Section 1006.23(4), Florida Statutes.

2. Transportation in Highlands County

For the fiscal year ended June 30, 2015, the District received \$2.6 million for student transportation as part of the State funding through the Florida Education Finance Program (FEFP). The District's student transportation reported by survey period was as follows:

<u>Survey Period</u>	<u>Number of Vehicles</u>	<u>Number of Students</u>
July 2014	11	100
October 2014	97	5,798
February 2015	97	5,820
June 2015	<u>21</u>	<u>227</u>
Total	<u>226</u>	<u>11,945</u>

3. Statutes and Rules

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

Section 1002.33, Florida Statutes, *Charter Schools*

Chapter 1006, Part I, E., Florida Statutes, *Transportation of Public K-12 Students*

Section 1011.68, Florida Statutes, *Funds for Student Transportation*

State Board of Education Rules, Chapter 6A-3, Florida Administrative Code, *Transportation*

NOTE B – TESTING STUDENT TRANSPORTATION

Our examination procedures for testing provided for the selection of students using judgmental methods for testing student transportation as reported to the Department of Education for the fiscal year ended June 30, 2015. Our testing process was designed to facilitate the performance of appropriate examination procedures to test the District's compliance with State requirements relating to the classification, assignment, and verification of student transportation as reported under the FEFP.



Dr. Brenda Longshore
Superintendent

Jan Shoop
Chairperson

Jill Compton Twist
Vice-Chairperson

Bill Brantley

Charlene Edwards

Donna Howerton

The School Board of Highlands County

426 School Street • Sebring, FL 33870-4048

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Sherrill F. Norman, CPA
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Date: December 2, 2016
Subject: FTE Audit Response

Dear Ms. Norman:

We have enclosed our responses to the preliminary and tentative audit findings of the FTE audit conducted by your office for the period ending June 30, 2015.

Full-Time Equivalent (FTE) Student Enrollment

1. Attendance Recordkeeping. Findings (1,4,10,13,20,21, 27 and 28)

The District will improve its procedures to insure that edit reports are retained to document the process for verifying the accuracy of attendance on a period by period basis as well as documenting attendance during the survey period. The District will retain edit reports to document proper placement in the appropriate program during the survey period, including students enrolled in virtual classes.

2. Date Entered the United States School (DEUSS). Findings (2,5-9,11,12,14-16, and 24-26)

The District will enhance its procedures to insure the DEUSS date is accurately reported on the public school entry form and the ELL committees to determine students continued ESOL placement are formed based on the DEUSS anniversary date. Parent notification of committee meeting will be retained.

3. On-the Job Training Documentation. Findings (3,17,18,19,22, and 23)

The District will enhance its procedures to insure the time cards accurately reflect the hours work by students in OJT program. Any changes will be properly documented and verified with the employer.

Student Transportation

1. Findings (1-11)

The District will enhance its procedures by reviewing the AG-424 report to verify attendance days for correct coding of students that receive transportation services. The District will review the students current IEP to determine appropriate ESY and related transportation services. Transportation staff will verify via mapping software, the distance between home and school to insure only those students residing more the 2 miles receive transportation services. Signature block have been added to each page of the Transportation FTE bus rider/verification list.

"A fully accredited school system"
Southern Association of Colleges and Schools
Equal Opportunity Employer

Sherrill F. Norman, CPA
December 2, 2016
Page 2

We wish to thank your office for the professionalism and courtesy shown by your staff during the audit. We are confident that the District will benefit from this review.

Sincerely,

A handwritten signature in black ink that reads "Brenda Longshore". The signature is written in a cursive, flowing style.

Dr. Brenda Longshore
Superintendent

BL:cw