

**OKALOOSA COUNTY
DISTRICT SCHOOL BOARD**

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

and

Student Transportation

For the Fiscal Year Ended
June 30, 2012



BOARD MEMBERS AND SUPERINTENDENT

Okaloosa County District School Board members and the Superintendent of Schools who served during the 2011-12 fiscal year are listed below:

<u>Member</u>	<u>District No.</u>
Lucinda J. Frakes	1
Charles R. Kelley, Jr.	2
Rodney L. Walker, Chair	3
Catherine S. Thigpen, Vice Chair	4
Melissa Thrush	5

Dr. Alexis Tibbetts, Superintendent

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 Nancy M. Reeder, CPA, CISA, CFE, Audit Manager, by e-mail at nancyreeder@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) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students and Student Transportation

LIST OF ABBREVIATIONS

For the Fiscal Year Ended June 30, 2012

CELLA	Comprehensive English Language Learning Assessment
ELL	English Language Learner
ESE	Exceptional Student Education
ESOL	English for Speakers of Other Languages
FAC	Florida Administrative Code
FCAT	Florida Comprehensive Assessment Test
FES	Fluent English Speaker
FS	Florida Statutes
IDEA	Individuals with Disabilities Education Act
IEP	Individual Educational Plan
OJT	On-the-Job Training
PK	Prekindergarten

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students and Student Transportation
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2012

	PAGE NO.
EXECUTIVE SUMMARY	i
FULL-TIME EQUIVALENT (FTE) STUDENTS	
INDEPENDENT AUDITOR’S REPORT	1
SCHEDULE A – POPULATIONS, SAMPLES, AND TEST RESULTS	4
SCHEDULE B – EFFECT OF PROPOSED ADJUSTMENTS ON WEIGHTED FTE.....	6
SCHEDULE C – PROPOSED ADJUSTMENTS BY SCHOOL.....	7
SCHEDULE D – FINDINGS AND PROPOSED ADJUSTMENTS.....	10
SCHEDULE E – RECOMMENDATIONS AND REGULATORY CITATIONS.....	20
NOTES TO SCHEDULES.....	23
STUDENT TRANSPORTATION	
INDEPENDENT AUDITOR’S REPORT.....	27
SCHEDULE F – POPULATIONS, SAMPLES, AND TEST RESULTS.....	30
SCHEDULE G – FINDINGS AND PROPOSED ADJUSTMENTS.....	32
SCHEDULE H – RECOMMENDATIONS AND REGULATORY CITATIONS	36
NOTES TO SCHEDULES.....	37
MANAGEMENT’S RESPONSE	
EXHIBIT A – MANAGEMENT’S RESPONSE.....	39

EXECUTIVE 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 missing and could not be located for students in ESOL, the Okaloosa 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, 2012:

- Thirteen of the 126 students in our ESOL sample had exceptions involving reporting errors or records that were not properly or accurately prepared or were missing and could not be located.

Noncompliance related to reported FTE resulted in 24 findings. The resulting proposed net adjustment to the District's reported, unweighted FTE totaled to a negative 1.2266 but has a potential impact on the District's weighted FTE of a negative 10.3455. Noncompliance related to student transportation resulted in 6 findings and a proposed net adjustment of a negative 44 students.

Weighted adjustments to FTE are presented in our report for illustrative purposes only. The weighted adjustments to 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 FTE may be estimated by multiplying the proposed net weighted adjustment to FTE by the base student allocation amount. For the Okaloosa County District School Board, the estimated gross dollar effect of our proposed adjustments to reported FTE is a negative \$35,994 (negative 10.3455 times \$3,479.22).

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 FTE and student transportation and the computation of their financial impact is the responsibility of the Department of Education.

SCHOOL DISTRICT OF OKALOOSA COUNTY

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Okaloosa County. Those services are provided primarily to prekindergarten through twelfth grade students and to adults seeking career education-type training. The District is part of the State system of public education under the general direction and control of the State Board of Education. The geographic boundaries of the District are those of Okaloosa 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. For the fiscal year ended June 30, 2012, the District operated 50 schools serving prekindergarten through twelfth grade students, reported 29,279.87 unweighted FTE for those students, and received approximately \$58.7 million in State funding through FEFP.

FLORIDA EDUCATION FINANCE PROGRAM (FEFP)

Full-Time Equivalent (FTE) Students

Florida school districts receive State funding through FEFP to serve prekindergarten through twelfth grade students (adult education is not funded by FEFP). FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of programs and services appropriate to the student's 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 5 hours of class a day or 25 hours per week that equals one FTE).

Student Transportation

Any student who is transported by the District must meet one or more of the following conditions in order to be eligible for State transportation funding: live two or more miles from school, be physically handicapped, be a Career Education 9-12 or an ESE 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. The District received approximately \$5.5 million for student transportation as part of the State funding through FEFP.



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 OKALOOSA COUNTY DISTRICT SCHOOL BOARD FLORIDA EDUCATION FINANCE PROGRAM (FEFP) FULL-TIME EQUIVALENT (FTE) STUDENTS

We have examined management's assertion, included in its representation letter dated August 27, 2012, that the Okaloosa 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, 2012. 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 2011-12* issued by the Department of Education. As discussed in the representation letter, management is responsible for the District's compliance with State requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

COMPLIANCE

Our examination procedures disclosed material noncompliance involving 13 of the 126 students in our ESOL sample¹ who had exceptions involving reporting errors or records that were not properly or accurately prepared or were missing and could not be located.

In our opinion, except for the material noncompliance mentioned above involving reporting errors or records that were not properly or accurately prepared or were missing and could not be located for students in ESOL, the Okaloosa 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, 2012.

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

¹For ESOL, see SCHEDULE D, Finding Nos. 5, 8, 10, 16, 18, 19, and 24.

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.² 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 missing and could not be located for students in ESOL. Other noncompliance disclosed by our examination procedures is indicative of control deficiencies² and is also presented herein. The findings, populations, samples, and exception totals that pertain to material and other noncompliance are presented in SCHEDULES A 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.

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

Respectfully submitted,



David W. Martin, CPA
March 4, 2013

² 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

Okaloosa 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, 2012

REPORTED FTE

The funding provided by FEFP is based upon the numbers of individual students participating in particular educational programs. FEFP funds ten specific programs that are grouped under the following four general program titles: Basic, ESOL, ESE, and Career Education 9-12. Unweighted FTE represents FTE prior to the application of the specific cost factor for each program. (See SCHEDULE B and NOTES A3, A4, and A6.) The District reported 29,279.87 unweighted FTE at 50 schools to the Department of Education for the fiscal year ended June 30, 2012.

SCHOOLS AND STUDENTS

As part of our examination procedures, we sampled schools and students for testing FTE reported to the Department of Education for the fiscal year ended June 30, 2012. (See NOTE B.) The population of schools (50) consisted of the total number of schools in the District that offered courses in FEFP-funded programs. The population of students (13,794) consisted of the total number of students in each program at the schools in our samples. Our Career Education 9-12 data includes only those students who participated in OJT. Our populations and samples of schools and students are summarized as follows:

<u>Programs</u>	<u>Number of Schools</u>		<u>Number of Students</u>		Students with <u>Exceptions</u>	<u>Unweighted FTE</u>		<u>Proposed Adjustments</u>
	<u>Population</u>	<u>Sample</u>	<u>Population</u>	<u>Sample</u>		<u>Population</u>	<u>Sample</u>	
Basic	47	14	10,761	170	0	22,550.0800	146.2576	21.7857
Basic with ESE Services	49	14	2,404	107	0	5,098.9200	97.1383	.9600
ESOL	32	14	398	126	13	473.0700	110.4168	(21.2855)
ESE Support Levels 4 and 5	33	14	200	126	7	267.0800	101.3950	(2.5200)
Career Education 9-12	13	1	<u>31</u>	<u>24</u>	<u>1</u>	<u>890.7200</u>	<u>7.3522</u>	<u>(1.668)</u>
All Programs	50	15	<u>13,794</u>	<u>553</u>	<u>21</u>	<u>29,279.8700</u>	<u>462.5599</u>	<u>(1.2266)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE A (Continued)

Okaloosa 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, 2012

TEACHERS

We also sampled teachers as part of our examination procedures. (See NOTE B.) Specifically, the population of teachers (461) consisted of the total number of teachers at schools in our sample who taught courses in ESE Support Levels 4 and 5 or Career Education 9-12 (OJT) or taught courses to ELL students. From the population of teachers, we sampled 167 and found exceptions for 9 of those teachers.

PROPOSED ADJUSTMENTS

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

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

The accompanying notes are an integral part of this schedule.

SCHEDULE B

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
EFFECT OF PROPOSED ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
 For the Fiscal Year Ended June 30, 2012

<u>No. Program</u> ¹	<u>Proposed Net Adjustment</u> ²	<u>Cost Factor</u>	<u>Weighted FTE</u> ³
101 Basic K-3	13.9375	1.102	15.3591
102 Basic 4-8	3.3440	1.000	3.3440
103 Basic 9-12	4.5042	1.019	4.5898
111 Grades K-3 with ESE Services	.5000	1.102	.5510
112 Grades 4-8 with ESE Services	.4600	1.000	.4600
130 ESOL	(21.2855)	1.161	(24.7125)
254 ESE Support Level 4	(1.9600)	3.550	(6.9580)
255 ESE Support Level 5	(.5600)	5.022	(2.8123)
300 Career Education 9-12	(.1668)	.999	(.1666)
Total	<u>(1.2266)</u>		<u>(10.3455)</u>

¹ See NOTE A6.

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

³ Weighted adjustments to FTE are presented for illustrative purposes only. The weighted adjustments to 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 A4.)

The accompanying notes are an integral part of this schedule.

SCHEDULE C

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
PROPOSED ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2012

<u>No. Program</u>	<u>Proposed Adjustments¹</u>			<u>Balance Forward</u>
	<u>#0211</u>	<u>#0241</u>	<u>#0281</u>	
101 Basic K-3	.....	.....	1.0000	1.0000
102 Basic 4-8	.....	.....	.2250	.2250
103 Basic 9-12	.3336	.....	.....	.3336
111 Grades K-3 with ESE Services	.....	.....	.....	.0000
112 Grades 4-8 with ESE Services	.....	.....	.....	.0000
130 ESOL	(.3336)	.....	(1.2250)	(1.5586)
254 ESE Support Level 4	.....	.....	.....	.0000
255 ESE Support Level 5	.....	(.4250)	(.0750)	(.5000)
300 Career Education 9-12	.....	.....	.....	.0000
Total	<u>.0000</u>	<u>(.4250)</u>	<u>(.0750)</u>	<u>(.5000)</u>

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
PROPOSED ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2012

<u>No.</u>	<u>Brought Forward</u>	<u>Proposed Adjustments¹</u>				<u>Balance Forward</u>
		<u>#0581</u>	<u>#0601</u>	<u>#0621</u>	<u>#0671</u>	
101	1.0000	.....	.....	3.0000	.....	4.0000
102	.2250	.....	.....	1.1918	1.9272	3.3440
103	.3336	2.5854	1.5852	.....	.....	4.5042
111	.0000	.....	.....	.5000	.....	.5000
112	.0000	.....	.....	.....	.....	.0000
130	(1.5586)	(2.5854)	(2.0850)	(3.1918)	(1.9272)	(11.3480)
254	.0000	.....	.....	(1.5000)	.....	(1.5000)
255	(.5000)	.....	.....	(.0200)	.....	(.5200)
300	<u>.0000</u>	<u>.....</u>	<u>(.1668)</u>	<u>.....</u>	<u>.....</u>	<u>(.1668)</u>
Total	<u>(.5000)</u>	<u>.0000</u>	<u>(.6666)</u>	<u>(.0200)</u>	<u>.0000</u>	<u>(1.1866)</u>

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
PROPOSED ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2012

<u>No. Program</u>	<u>Brought Forward</u>	<u>Proposed Adjustments¹</u>		<u>Total</u>
		<u>#0681</u>	<u>#0741</u>	
101 Basic K-3	4.0000	8.9375	1.0000	13.9375
102 Basic 4-8	3.3440	.....	.....	3.3440
103 Basic 9-12	4.5042	.....	.....	4.5042
111 Grades K-3 with ESE Services	.5000	.....	.....	.5000
112 Grades 4-8 with ESE Services	.0000	.4600	.....	.4600
130 ESOL	(11.3480)	(8.9375)	(1.0000)	(21.2855)
254 ESE Support Level 4	(1.5000)	(.4600)	.....	(1.9600)
255 ESE Support Level 5	(.5200)	(.0400)	.....	(.5600)
300 Career Education 9-12	<u>(.1668)</u>	<u>.....</u>	<u>.....</u>	<u>(.1668)</u>
Total	<u>(1.1866)</u>	<u>(.0400)</u>	<u>.0000</u>	<u>(1.2266)</u>

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

The accompanying notes are an integral part of this schedule.

SCHEDULE D

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

OVERVIEW

Management is responsible for determining and reporting the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) in compliance with State requirements. These requirements are found primarily in Sections 1011.60, 1011.61, and 1011.62, Florida Statutes; State Board of Education Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions 2011-12* 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 missing and could not be located for students in ESOL, the Okaloosa 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, 2012. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 20.

Findings

Our examination included the July and October 2011 surveys and the February and June 2012 surveys (see NOTE A5). Unless otherwise specifically stated, the Findings and Proposed Adjustments presented herein are for the October 2011 survey or the February 2012 survey or both. Accordingly, our Findings do not mention specific surveys unless necessary for a complete understanding of the instances of noncompliance being disclosed.

Districtwide

1. [Ref. 1] Section 1003.56, Florida Statutes, governs the provision of English language instruction for limited English proficient students and provides that each district school board shall maintain student plans for such students. Pursuant to law, the Department of Education has adopted rules for the purpose of implementing the Section's provisions, including, with regard to student plans, State Board of Education Rule 6A-6.0901(6), Florida Administrative Code, which specifies the various data elements to be contained in an *ELL Student Plan*.

**Proposed Net
Adjustments
(Unweighted FTE)**

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings**Districtwide** (Continued)

As similarly noted in our report No. 2011-179, our examination disclosed that: (a) the District used a student plan entitled *Progress Monitoring Plan* and did not have a document called *ELL Student Plan*, and (b) the District's *Progress Monitoring Plan* did not contain all of the data elements required by the Rule to be contained in an *ELL Student Plan*.

Specifically, we noted that the District's *Progress Monitoring Plan* was generally missing the following data elements required by the Rule: instruction by program, including programs other than ESOL provided, amount of instructional time or the instructional schedule, the date the student's limited English proficiency was identified, assessment data used to classify or reclassify the student as an English Language Learner, the student's date of exit, and assessment data used to exit students as English proficient.

We also noted, however, that the District's ESOL student files generally included other documents containing data that was not included on the District's *Progress Monitoring Plan*. We considered the circumstances described above and concluded that we could use this other file documentation, in conjunction with the *Progress Monitoring Plan*, to perform our standard examination procedures. Accordingly, we considered the District to be in compliance with the requirements of the aforementioned Rule if the file for each student in our ESOL sample contained both a completed *Progress Monitoring Plan* and other documentation containing the data elements required by the Rule but missing from the *Progress Monitoring Plan* itself.

Although we are presenting this issue as a Districtwide Finding, no adjustments are proposed here. All ESOL-related noncompliance disclosed by our examination procedures are presented as Findings at the individual schools.

.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Niceville High School (#0211)

2. [Ref. 21171/72] Two teachers were properly approved by the School Board to teach out of field in ESOL; however, the parents of the ELL students were not notified of the teachers' out-of-field-status until October 19, 2011, which was after the October 2011 survey. We propose the following adjustments:

<u>Ref. 21171</u>		
103 Basic 9-12	.1668	
130 ESOL	<u>(.1668)</u>	.0000
<u>Ref. 21172</u>		
103 Basic 9-12	.0834	
130 ESOL	<u>(.0834)</u>	.0000

3. [Ref. 21173] One teacher taught English to an ELL student but was not properly certified and was not approved by the School Board to teach such students out of field. We also noted that the parents of the ELL student were not notified of the teacher's out-of-field status. We propose the following adjustment:

103 Basic 9-12	.0834	
130 ESOL	<u>(.0834)</u>	.0000
		<u>.0000</u>

Silver Sands School (#0241)

4. [Ref. 24101] The reported number of homebound instructional minutes for one ESE student in the Hospital and Homebound Program was overstated. The student was reported for 1,500 minutes (.5000 FTE) of homebound instruction but was provided only 180 minutes (.0750 FTE) of such instruction. We propose the following adjustment:

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

<u>Findings</u>		Proposed Net Adjustments (Unweighted FTE)
Silver Sands School (#0241) (Continued)		
255 ESE Support Level 5	(.4250)	(.4250)
		(.4250)
Wright Elementary School (#0281)		
5. [Ref. 28101] <u>One student was reported incorrectly in the ESOL Program. The student was assessed FES and a competent English reader and writer. We noted that an ELL Committee was convened but did not document two of the five ESOL-placement criteria specified by State Board of Education Rule 6A-6.0902(2)(a)3., Florida Administrative Code. We propose the following adjustment:</u>		
101 Basic K-3	1.0000	
130 ESOL	(1.0000)	.0000
6. [Ref. 28102] <u>One ESE student in the Hospital and Homebound Program did not receive any homebound instruction during the reporting survey period; consequently, the student should not have been reported with the survey's results. We propose the following adjustment:</u>		
255 ESE Support Level 5	(.0750)	(.0750)
7. [Ref. 28171] <u>One Primary Language Arts teacher was not properly certified and was not approved by the School Board to teach ELL students out of field. We also noted: (a) the parents of the students were not notified of the teacher's out-of-field status, and (b) the teacher had earned only 60 of the 120 in-service training points in ESOL strategies required by rule and the teachers' in-service training timeline. We propose the following adjustment:</u>		

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

<u>Findings</u>	Proposed Net Adjustments (Unweighted FTE)
<u>Wright Elementary School (#0281)</u> (Continued)	
102 Basic 4-8	.2250
130 ESOL	<u>(.2250)</u>
	<u>.0000</u>
	<u>(.0750)</u>

Choctawhatchee High School (#0581)

8. [Ref. 58101] We noted the following exceptions involving three ELL students: (a) the *Progress Monitoring Plan* for one student did not include the student's instructional schedule, and (b) two students were not assessed prior to the students' continued ESOL placements for a fifth year and an ELL Committee was not convened to consider the students' continued ESOL placements. We propose the following adjustment:

103 Basic 9-12	1.5012	
130 ESOL	<u>(1.5012)</u>	.0000

9. [Ref. 58171] One teacher taught Language Arts to a class that included ELL students but had earned only 240 of the 300 in-service training points in ESOL strategies required by Rule and the teacher's in-service training timeline. We propose the following adjustment:

103 Basic 9-12	1.0842	
130 ESOL	<u>(1.0842)</u>	<u>.0000</u>
		<u>.0000</u>

Crestview High School (#0601)

10. [Ref. 60101] We noted the following exceptions involving three ELL students: (a) the file for one student did not contain a *Progress Monitoring Plan* for the 2011-12 school year, and (b) the ELL Committees that were convened on behalf of two ELL students did not recommend the students' continued ESOL placements for a fifth or sixth year. Additionally, we were unable to determine the timeliness of ELL Committee actions for one student because the *ELL Committee Conference Report* was not dated.

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

<u>Findings</u>	Proposed Net Adjustments (Unweighted FTE)
<u>Crestview High School (#0601)</u> (Continued)	
We propose the following adjustment:	
103 Basic 9-12	2.0850
130 ESOL	<u>(2.0850)</u>
	.0000
11. [Ref. 60102] <u>The source attendance record for one Career Education 9-12 (OJT) student was missing. We propose the following adjustment:</u>	
103 Basic 9-12	(.4998)
300 Career Education 9-12	<u>(.1668)</u>
	<u>(.6666)</u>
	<u>(.6666)</u>
<u>Kenwood Elementary School (#0621)</u>	
12. [Ref. 62172] <u>One Primary Language Arts teacher, who taught an ELL student, was not properly certified and was not approved by the School Board to teach ELL students out of field. We also noted that the parents of the student taught by this teacher were not notified of the teacher's out-of-field status. Since this student's FTE is adjusted in Finding No. 16 (Ref. 62104), we are presenting this disclosure Finding with no proposed adjustment.</u>	
	.0000
13. [Ref. 62101] <u>One ESE student was not reported in accordance with the student's Matrix of Services form. We propose the following adjustment:</u>	
111 Grades K-3 with ESE Services	.5000
254 ESE Support Level 4	<u>(.5000)</u>
	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Kenwood Elementary School (#0621) (Continued)

14. [Ref. 62102] The reported number of homebound instructional minutes for one ESE student in the Hospital and Homebound Program was overstated. The student was reported for 240 minutes (.0800 FTE) but was provided only 180 minutes (.0600 FTE) of such instruction. We propose the following adjustment:

255 ESE Support Level 5	(.0200)	(.0200)
-------------------------	---------	---------

15. [Ref. 62103] The IEP (dated April 12, 2010) for one ESE student had expired prior to the reporting surveys. We also noted that the accompanying *Matrix of Services* form (dated May 3, 2010) was not reviewed until December 6, 2011, which was after the October 2011 survey. We propose the following adjustment:

101 Basic K-3	1.0000	
254 ESE Support Level 4	(1.0000)	.0000

16. [Ref. 62104] We noted the following exceptions involving three ELL students: (a) ELL Committees did not meet to consider two students' continued ESOL placements for a fourth or fifth year and the file for one of these students did not contain a *Progress Monitoring Plan* covering the 2011-12 school year, and (b) one student was exited from the ESOL Program on September 30, 2011, which was prior to the reporting survey. We propose the following adjustment:

101 Basic K-3	2.0000	
102 Basic 4-8	.9668	
130 ESOL	(2.9668)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Kenwood Elementary School (#0621) (Continued)

17. [Ref. 62171] The parents of the students taught by one out-of-field ESOL teacher were not notified of the teacher's out-of-field status until January 4, 2012, which was after the October 2011 survey. We propose the following adjustment:

102 Basic 4-8	.2250	
130 ESOL	<u>(.2250)</u>	<u>.0000</u>
		<u>(.0200)</u>

Lewis School (#0671)

18. [Ref. 67101] One student was incorrectly reported in the ESOL Program. The student was assessed FES and a competent English reader and writer on the CELLA exam (dated March 29, 2011) and achieved Level 4 on the reading portion of the FCAT (dated April 11, 2011). The ELL Committee that was convened on September 26, 2011, did not document at least two of the five criteria specified in State Board of Education Rule 6A-6.0902(2)(a)3., Florida Administrative Code, when recommending the student's continued ESOL placement. The ELL Committee was convened again on January 14, 2012, resulting in the recommendation to exit the student from the ESOL Program. We propose the following adjustment:

102 Basic 4-8	.9802	
130 ESOL	<u>(.9802)</u>	<u>.0000</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Lewis School (#0671) (Continued)

19. [Ref. 67102] The ELL Committee Conference Report for one student was not dated; consequently, we could not determine the timeliness (i.e., prior to the reporting surveys) of the Committee’s recommendation for the student’s continued ESOL placement for a sixth year. We propose the following adjustment:

102 Basic 4-8	.9470	
130 ESOL	(.9470)	.0000
		.0000

Longwood Elementary School (#0681)

20. [Ref. 68101] One ESE student was not reported in accordance with the student's Matrix of Services form. We propose the following adjustment:

112 Grades 4-8 with ESE Services	.4600	
254 ESE Support Level 4	(.4600)	.0000

21. [Ref. 68102] The reported number of homebound instructional minutes for one ESE student in the Hospital and Homebound Program was overstated. The student was reported for 210 minutes (.0700 FTE) of homebound instruction but was provided only 90 minutes (.0300 FTE) of such instruction. We propose the following adjustment:

255 ESE Support Level 5	(.0400)	(.0400)
-------------------------	---------	---------

22. [Ref. 68171] One teacher was not properly certified and was not approved by the School Board to teach out of field. The teacher was certified in ESE but taught courses that required certification in PK/Primary Education and ESOL. We also noted that the parents of the students were not notified of the teacher's out-of-field status. We propose the following adjustment:

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

<u>Findings</u>		Proposed Net Adjustments (Unweighted FTE)
<u>Longwood Elementary School (#0681)</u> (Continued)		
101 Basic K-3	7.9375	
130 ESOL	<u>(7.9375)</u>	.0000
23. [Ref. 68172] <u>One teacher was properly approved by the School Board to teach out of field in ESOL; however, the parents of the ELL students were not notified of the teacher's out-of-field status. We propose the following adjustment:</u>		
101 Basic K-3	1.0000	
130 ESOL	<u>(1.0000)</u>	.0000
		<u>(.0400)</u>
<u>Bluewater Elementary School (#0741)</u>		
24. [Ref. 74101] <u>One ELL student was reported incorrectly in the ESOL Program. The student was assessed FES and a competent English reader and writer. We noted that an ELL Committee had been convened on October 11, 2011, for purposes of developing the student's Progress Monitoring Plan but did not recommend the student's continued ESOL placement or document two of the five ESOL placement criteria specified by State Board of Education Rule 6A-6.0902(2)(a)3., Florida Administrative Code. We propose the following adjustment:</u>		
101 Basic K-3	1.0000	
130 ESOL	<u>(1.0000)</u>	.0000
		.0000
Proposed Net Adjustment		<u>(1.2266)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE E

Okaloosa 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, 2012

RECOMMENDATIONS

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) the District follows and implements the established guidelines in Rule and Statute as it relates to maintaining *ELL Student Plans* and monitors to ensure that all required data elements are included in the *ELL Student Plans*; (2) only students whose attendance can be validated by appropriate documentation that is maintained and available should be reported with that survey's results; (3) students are reported in the proper funding categories for the correct amount of FTE and have adequate documentation to support that reporting, particularly with regard to students in ESOL and ESE Support Levels 4 and 5; (4) assessments for students entering their fourth, fifth, or sixth year of ESOL placement should be made prior to student's entry into that year based on their individual anniversary dates; (5) *ELL Student Plans* should be reviewed and updated each school year; (6) students assessed English proficient are placed or retained in ESOL based on the placement recommendations of ELL Committees that have considered at least two of the five ESOL placement criteria specified by State Board of Education Rule 6A-6.0902(2)(a)3., Florida Administrative Code; (7) students are reported in accordance with the students' *Matrix of Services* forms; (8) students in the Hospital and Homebound Program are reported for the correct number of instructional minutes as documented by the homebound instructor's contact logs; (9) IEPs are reviewed and updated each school year; (10) teachers are properly certified or, if out of field, are approved to teach out of field by the School Board; (11) out-of-field teachers earn appropriate college credit or in-service training points as required by their in-service training timeline; and (12) parents are appropriately notified of teachers' out-of-field status.

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.

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Okaloosa 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, 2012

REGULATORY CITATIONS

Reporting

- Section 1011.60, FS Minimum Requirements of the Florida Education Finance Program
- Section 1011.61, FS Definitions
- Section 1011.62, FS Funds for Operation of Schools
- Rule 6A-1.0451, FAC Florida Education Finance Program Student Membership Surveys
- Rule 6A-1.04513, FAC Maintaining Auditable FTE Records
- FTE General Instructions 2011-12*

Attendance

- Section 1003.23, FS Attendance Records and Reports
- Rules 6A-1.044(3) and (6)(c), FAC Pupil Attendance Records
- Rule 6A-1.04513, FAC Maintaining Auditable FTE Records
- FTE General Instructions 2011-12*
- Comprehensive Management Information System: Automated Student Attendance Recordkeeping System*

English for Speakers of Other Languages (ESOL)

- Section 1003.56, FS English Language Instruction for Limited English Proficient Students
- Section 1011.62(1)(g), FS Education for Speakers of Other Languages
- Rule 6A-6.0901, FAC Definitions Which Apply to Programs for English Language Learners
- Rule 6A-6.0902, FAC Requirements for Identification, Eligibility Programmatic and Annual Assessments of English Language Learners
- Rule 6A-6.0903, FAC Requirement for Classification, Reclassification, and Post Reclassification of English Language Learners
- Rule 6A-6.0904, FAC Equal Access to Appropriate Instruction for English Language Learners

Career Education On-the-Job Attendance

- Rule 6A-1.044(6)(c), FAC Pupil Attendance Records

Career Education On-the-Job Funding Hours

- Rule 6A-6.055(3), FAC Definitions of Terms Used in Vocational Education and Adult Programs
- FTE General Instructions 2011-12*

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Okaloosa 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, 2012

REGULATORY CITATIONS (Continued)

Exceptional Education

- Section 1003.57, FS Exceptional Students Instruction
- Section 1011.62, FS Funds for Operation of Schools
- Section 1011.62(1)(e), FS Funding Model for Exceptional Student Education Programs
- Rule 6A-6.03028, FAC Provision of Free Appropriate Public Education (FAPE) and Development of Individual Educational Plans for Students with Disabilities
- Rule 6A-6.03029, FAC Development of Family Support Plans for Children with Disabilities Ages Birth Through Five Years
- Rule 6A-6.0312, FAC Course Modifications for Exceptional Students
- Rule 6A-6.0331, FAC General Education Intervention Procedures, Identification, Evaluation, Reevaluation and the Initial Provision of Exceptional Education Services
- Rule 6A-6.0334, FAC Individual Educational Plans (IEPs) and Educational Plans (EPs) for Transferring Exceptional Students
- Rule 6A-6.03411, FAC Definitions, ESE Policies and Procedures, and ESE Administrators
Matrix of Services Handbook (2004 Revised Edition)

Teacher Certification

- Section 1012.42(2), FS Teacher Teaching Out-of-Field; Notification Requirements
- Section 1012.55, FS Positions for Which Certificates Required
- Rule 6A-1.0502, FAC Non-certificated Instructional Personnel
- Rule 6A-1.0503, FAC Definition of Qualified Instructional Personnel
- Rule 6A-4.001, FAC Instructional Personnel Certification
- Rule 6A-6.0907, FAC Inservice Requirements for Personnel of Limited English Proficient Students

The accompanying notes are an integral part of this schedule.

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2012

NOTE A – SUMMARY

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

1. School District of Okaloosa County

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Okaloosa County, Florida. Those services are provided primarily to prekindergarten through twelfth grade students and to adults seeking career education-type training. The District is part of the State system of public education under the general direction and control of the State Board of Education. The geographic boundaries of the District are those of Okaloosa County.

For the fiscal year ended June 30, 2012, the District operated 50 schools serving prekindergarten through twelfth grade students, reported 29,279.87 unweighted FTE, and received approximately \$58.7 million in State funding through FEFP. The primary sources of funding for the District are funds from FEFP, local ad valorem taxes, and Federal grants and donations.

2. Florida Education Finance Program (FEFP)

Florida school districts receive State funding through FEFP to serve prekindergarten through twelfth grade students (adult education is not funded by FEFP). FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of programs and services appropriate to the student's 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.

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2012

NOTE A - SUMMARY (Continued)

3. Full-Time Equivalent (FTE) Students

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

4. Calculation of FEFP Funds

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

5. FTE Surveys

FTE is determined and reported during the school year by means of four FTE membership surveys that are conducted under the direction of district and school management. Each survey is a sampling of FTE membership for a period of one week. The surveys for the 2011-12 school year were conducted during and for the following weeks: survey one was performed for July 11 through 15, 2011; survey two was performed for October 10 through 14, 2011; survey three was performed for February 13 through 17, 2012; and survey four was performed for June 11 through 15, 2012.

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2012

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, FSK-20 General Provisions
- Chapter 1001, FSK-20 Governance
- Chapter 1002, FSStudent and Parental Rights and Educational Choices
- Chapter 1003, FSPublic K-12 Education
- Chapter 1006, FSSupport for Learning
- Chapter 1007, FSArticulation and Access
- Chapter 1010, FSFinancial Matters
- Chapter 1011, FSPlanning and Budgeting
- Chapter 1012, FSPersonnel
- Chapter 6A-1, FACFinance and Administration
- Chapter 6A-4, FACCertification
- Chapter 6A-6, FACSpecial Programs I

NOTE B - SAMPLING

Our examination procedures provided for the selection of samples of schools, students, and teachers using judgmental methods for testing FTE reported to the Department of Education for the fiscal year ended June 30, 2012. 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:

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
 For the Fiscal Year Ended June 30, 2012

NOTE B - SAMPLING (Continued)

<u>School Name/Description</u>	<u>Finding Number(s)</u>
Districtwide	1
1. Annette P. Edwins Elementary School	NA
2. Destin Elementary School	NA
3. Lula J. Edge Elementary School	NA
4. Niceville High School	2 and 3
5. Silver Sands School	4
6. Riverside Elementary School	NA
7. Wright Elementary School	5 through 7
8. Elliott Point Elementary School	NA
9. Mary Esther Elementary School	NA
10. Choctawhatchee High School	8 and 9
11. Crestview High School	10 and 11
12. Kenwood Elementary School	12 through 17
13. Lewis School	18 and 19
14. Longwood Elementary School	20 through 23
15. Bluewater Elementary School	24



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 OKALOOSA COUNTY DISTRICT SCHOOL BOARD FLORIDA EDUCATION FINANCE PROGRAM (FEFP) STUDENT TRANSPORTATION

We have examined management's assertion, included in its representation letter dated August 27, 2012, that the Okaloosa 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, 2012. 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 2011-2012* 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 Okaloosa 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, 2012.

The results of our examination disclosed noncompliance with the State requirements mentioned above. We considered this noncompliance in forming our opinion regarding the District's compliance and it did not affect our opinion as stated above. All noncompliance disclosed by our examination procedures is discussed in SCHEDULE G. The impact of this noncompliance on the District's reported number of transported students is presented in SCHEDULES F and 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 The noncompliance mentioned above, while indicative of certain control deficiencies,¹ is not considered indicative of material weaknesses in the District's internal controls related to their reported ridership classification or eligibility for State transportation funding. The findings, populations, samples, and exception totals that pertain to noncompliance are 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.

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

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

Respectfully submitted,



David W. Martin, CPA
March 4, 2013

SCHEDULE F

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Student Transportation
POPULATIONS, SAMPLES, AND TEST RESULTS
 For the Fiscal Year Ended June 30, 2012

Any student who is transported by the District must meet one or more of the following conditions in order to be eligible for State transportation funding: live two or more miles from school, be physically handicapped, be a Career Education 9-12 or an ESE 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 sampled students for testing the number of students transported as reported to the Department of Education for the fiscal year ended June 30, 2012. (See NOTE B.) The population of vehicles (490) consisted of the total of the numbers of vehicles reported by the District for each survey. For example, a vehicle that transported students during the July and October 2011 and February and June 2012 surveys would be counted in the population as four vehicles. Similarly, the population of students (27,651) consisted of the total numbers of students reported by the District as having been transported for each survey. (See NOTE A2.) The District reported students in the following ridership categories:

<u>Ridership Category</u>	<u>Number of Students Transported</u>
IDEA (K-12), Weighted	1,257
IDEA (K-12), Unweighted	15
IDEA (PK), Weighted	398
Teenage Parents and Infants	35
Hazardous Walking	1,337
Two Miles or More	24,455
Center to Center (Vocational and Dual Enrollment)	<u>154</u>
Total	<u>27,651</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.

The accompanying notes are an integral part of this schedule.

SCHEDULE F (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Student Transportation
POPULATIONS, SAMPLES, AND TEST RESULTS
 For the Fiscal Year Ended June 30, 2012

Our examination results are summarized below:

<u>Description</u>	<u>Buses</u> Proposed Net <u>Adjustment</u>	<u>Students</u>	
		With <u>Exceptions</u>	Proposed Net <u>Adjustment</u>
We noted that the reported number of buses in operation was overstated.	(3)		
We sampled 414 of the 27,651 students reported as being transported by the District.		18	(7)
We also noted certain issues in conjunction with our general tests of student transportation that resulted in the addition of 37 students.	-	<u>37</u>	<u>(37)</u>
Total	<u>(3)</u>	<u>55</u>	<u>(44)</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.

The accompanying notes are an integral part of this schedule.

SCHEDULE G

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
FINDINGS AND PROPOSED ADJUSTMENTS
For the Fiscal Year Ended June 30, 2012

OVERVIEW

Management is responsible for determining and reporting the number of students transported in compliance with State requirements. These requirements are found primarily in Chapter 1006, Part I, E., and Section 1011.68, Florida Statutes; State Board of Education Rules, Chapter 6A-3, Florida Administrative Code; and the Student Transportation General Instructions 2011-2012 issued by the Department of Education. The Okaloosa 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, 2012. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 36.

Students Transported Proposed Net Adjustments

Findings

Our examination procedures included both general tests and detailed tests. Our general tests included inquiries concerning the District's transportation of students and verification that a bus driver's report existed for each bus reported in a survey. Our detailed tests involved verification of the specific ridership categories reported for students sampled from the July and October 2011 surveys and the February and June 2012 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 2011 survey and once for the February 2012 survey) will be presented in our Findings as two sample students.

1. [Ref. 51] The reported number of buses in operation in the July 2011 (two buses) and June 2012 surveys (one bus) was overstated. The bus drivers' reports for two buses in the July 2011 survey were missing and could not be located; therefore, the 34 students reported as being transported could not be verified. The one bus in the June 2012 survey did not exist; it was found to be a coding error and the only student reported on the bus was located on another bus driver's report. We propose the following adjustments:

July 2011 Survey

Number of Buses in Operation (2)

31 Days in Term

Two Miles or More (34) (34)

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Student Transportation
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Students
 Transported
 Proposed Net
 Adjustments**

Findings

June 2012 Survey

Number of Buses in Operation (1)

2. [Ref. 52] The number of days in term for the July 2011 and June 2012 surveys was incorrectly reported for students in the Department of Juvenile Justice Programs. The students were reported for either a 7-day or 20-day term but should have been reported for a 16-day or 25-day term, respectively. We propose the following adjustments:

July 2011 Survey

16 Days in Term

Two Miles or More 24

7 Days in Term

Two Miles or More (24)

June 2012 Survey

25 Days in Term

Two Miles or More 23

20 Days in Term

Two Miles or More (23) 0

3. [Ref. 53] Seven students in our sample were incorrectly reported in the Two Miles or More ridership category. The students lived less than two miles from their assigned schools and were not otherwise eligible for State transportation funding. We propose the following adjustments:

February 2012 Survey

90 Days in Term

Two Miles or More (4)

June 2012 Survey

17 Days in Term

Two Miles or More (3) (7)

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Student Transportation
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Students
 Transported
 Proposed Net
 Adjustments**

Findings

4. [Ref. 54] The IEPs for 10 students in our sample that were reported in IDEA-Weighted ridership categories either did not specify the need for weighted transportation as it related to the students' disabilities or the students' IEPs did not indicate one of the five criteria required for IDEA-Weighted classification. However, we noted that the students were eligible for reporting in other ridership categories as follows: 3 students in Two Miles or More; 1 student in IDEA (K-12), Unweighted; and 6 students in IDEA (PK), Unweighted. We propose the following adjustments:

October 2011 Survey

90 Days in Term

IDEA (K-12), Weighted	(4)	
IDEA (K-12), Unweighted	1	
IDEA (PK), Weighted	(5)	
IDEA (PK), Unweighted	5	
Two Miles or More	3	

February 2012 Survey

90 Days in Term

IDEA (PK), Weighted	(1)	
IDEA (PK), Unweighted	1	0

5. [Ref. 55] One student in our sample was incorrectly reported in the Teenage Parents and Infants ridership category. The student withdrew from the Teenage Parent Program prior to the survey period; however, we noted that the student was eligible for reporting in the Two Miles or More ridership category. We propose the following adjustment:

February 2012 Survey

90 Days in Term

Teenage Parents and Infants	(1)	
Two Miles or More	1	0

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Student Transportation
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2012

**Students
 Transported
 Proposed Net
Adjustments**

Findings

6. [Ref. 56] We noted in our general review of the reported student ridership that three PK students were reported in ridership categories for which PK students are not eligible. The students were reported in the Two Miles or More and Hazardous Walking ridership categories and were not otherwise eligible for State transportation funding. We propose the following adjustments:

October 2011 Survey

90 Days in Term

Hazardous Walking	(1)	
Two Miles or More	(1)	

February 2012 Survey

90 Days in Term

Hazardous Walking	(1)	(3)
-------------------	-----	-----

Proposed Net Adjustment

(44)

The accompanying notes are an integral part of this schedule.

SCHEDULE H

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Student Transportation

RECOMMENDATIONS AND REGULATORY CITATIONS

For the Fiscal Year Ended June 30, 2012

RECOMMENDATIONS

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) the number of buses in operation is accurately reported; (2) students are reported in the correct ridership categories for the correct number of days in term; (3) the distance from home to school for students reported in Two Miles or More is verified prior to those students being reported; (4) PK students are not reported in ridership categories for which they are not eligible; and (5) students reported in IDEA-Weighted classifications are appropriately documented as meeting one of the five criteria and as noted on the students' IEPs.

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., FSTransportation of Public K-12 Students
- Section 1011.68, FSFunds for Student Transportation
- Chapter 6A-3, FACTransportation
- Student Transportation General Instructions 2011-2012*

The accompanying notes are an integral part of this schedule.

Okaloosa County District School Board
 Florida Education Finance Program (FEFP)
 Student Transportation
NOTES TO SCHEDULES
 For the Fiscal Year Ended June 30, 2012

NOTE A – SUMMARY

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

1. Student Eligibility

Any student who is transported by bus must meet one or more of the following conditions in order to be eligible for State transportation funding: live two or more miles from school, be physically handicapped, be a Career Education 9-12 or an ESE 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 Okaloosa County

For the fiscal year ended June 30, 2012, the District received approximately \$5.5 million for student transportation as part of the State funding through FEFP. The District’s transportation reporting by survey was as follows:

<u>Survey Period</u>	<u>Number of Vehicles</u>	<u>Number of Students</u>
July 2011	28	211
October 2011	205	13,414
February 2012	204	13,296
June 2012	<u>53</u>	<u>730</u>
Total	<u>490</u>	<u>27,651</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., FSTransportation of Public K-12 Students
- Section 1011.68, FSFunds for Student Transportation
- Chapter 6A-3, FACTransportation

Okaloosa County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2012

NOTE B – SAMPLING

Our examination procedures provided for the selection of samples of buses and students using judgmental methods for testing the number of students transported as reported to the Department of Education for the fiscal year ended June 30, 2012. 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

SCHOOL DISTRICT OF OKALOOSA COUNTY

SUPERINTENDENT OF SCHOOLS
MARY BETH JACKSON

ATTORNEY TO THE BOARD
C. JEFFREY McINNIS, Esq.



BOARD MEMBERS
DEWEY DESTIN
CINDY FRAKES
CATHY THIGPEN
MELISSA THRUSH
RODNEY L. WALKER

February 28, 2013

David W. Martin, CPA
Auditor General, Room 412 C, Claude Pepper Bldg.
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin,

The School Board of Okaloosa County has received and reviewed the Auditor General's preliminary and tentative examination findings and recommendations contained in the draft report for fiscal year 2011-2012. As a result, the District has started implementing a corrective action plan to address and resolve the cited examination findings. The District will continue to seek guidance from the Florida Department of Education to ensure compliance, awareness and training for school personnel related to ESOL student documentation pursuant to established Florida Administrative Rules and Statutes. District staff have met individually with school administrators to review their school's findings and develop a corrective action plan to ensure accurate reporting of teacher certification and other pertinent FTE information. In addition, the school district will continue to offer one-on-one training and workshops to bolster data entry accuracy in the future. As the District continues to examine the report and its recommendations, further corrective actions will be initiated in an effort to avoid repeat findings in the future.

The School District continues to disagree with finding #062103. In this finding the district and its attorneys have worked diligently with legal counsel retained by the student's parents in order to maintain a continuation of service for the student's special needs. The parents have insisted that services continue but refuse to allow the school district to reevaluate the student and subsequently formally revise the IEP dated 4/13/2010. On October 12, 2011, the attorneys agreed to a "Stay Put" order and the parents agreed to meet and begin revising the IEP on December 6, 2011. A meeting they later postponed until March 5, 2012.

The School District of Okaloosa County appreciates the thorough and professional manner in which the audit was conducted and the assistance provided by the auditor. We appreciate the opportunity for improvement and will continue to evaluate processes for "best practices" to insure compliance with all the statutory and rule provisions governing the Florida Education Finance Program (FEFP).

Please do not hesitate to contact me at 850-833-3110 if you have any questions or if we can provide further information.

Sincerely,

A handwritten signature in cursive script that reads "Mary Beth Jackson".

Mary Beth Jackson
Superintendent

ADMINISTRATION COMPLEX-120 LOWERY PLACE S.E.-FORT WALTON BEACH, FLORIDA 32548
TELEPHONE (850) 833-3100 FAX (850) 833-3436

CARVER HILL ADMINISTRATION COMPLEX-461 W. SCHOOL AVENUE-CRESTVIEW, FLORIDA 32536
TELEPHONE (850) 689-7117 FAX (850) 689-7121