REPORT NO. 2015-185
APRIL 2015

HERNANDO COUNTY
DISTRICT SCHOOL BOARD

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

and

Student Transportation

For the Fiscal Year Ended
June 30, 2014

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Hernando County District School Board members and the Superintendent of Schools who served during the 2013-14 fiscal year are listed below:

Member	District No.
John K. Sweeney	1
Matthew A. Foreman, Chair to 11-18-13	2
Dianne Bonfield, Vice Chair from 11-19-13	3
Gustave "Gus" Guadagnino, Vice Chair to 11-18-13, Chair from 11-19-13	4
Cynthia J. Moore	5

Dr. Lori M. Romano, Superintendent

The examination team leader was Gail S. Collier, 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.

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) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

Hernando 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, 2014

CMW	Class Minutes Weekly
ELL	English Language Learner
EP	Educational Plan
ESE	Exceptional Student Education
ESOL	English for Speakers of Other Languages
FAC	Florida Administrative Code
FS	Florida Statutes
IDEA	Individuals with Disabilities Education Act
IEP	Individual Educational Plan
OJT	On-the-Job Training
PK	Prekindergarten

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

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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 Basic, Basic with ESE Services, ESOL, and ESE Support Levels 4 and 5, the Hernando 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, 2014:

- **Forty of the 125 students in our Basic test, 22 of the 75 students in our Basic with ESE Services test, 21 of the 74 students in our ESOL test, and 16 of the 88 students in our ESE Support Levels 4 and 5 test had exceptions involving reporting errors or records that were not properly or accurately prepared or were missing and could not be located. Of the 125 students in our Basic test, 8 (6 percent) attended a charter school; however, none of the 40 students with exceptions included students who attended a charter school. Of the 75 students in our Basic with ESE Services test, 3 (4 percent) attended a charter school and 1 of the 22 students (5 percent) with exceptions attended a charter school. None of the students in our ESOL or ESE Support Levels 4 and 5 tests attended charter schools.**

Noncompliance related to reported FTE resulted in 29 findings. The resulting proposed net adjustment to the District's reported, unweighted FTE totaled to a negative 897.8382 (negative 897.8382 is all applicable to District schools other than charter schools) but has a potential impact on the District's weighted FTE of a negative 991.3461 (negative 991.3461 is all applicable to District schools other than charter schools). Noncompliance related to student transportation resulted in 3 findings and a proposed net adjustment of a negative 3 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 Hernando County District School Board, the estimated gross dollar effect of our proposed adjustments to reported FTE is a negative $3,719,828 (negative 991.3461 times $3,752.30), of which all is applicable to District schools other than charter schools.

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 HERNANDO COUNTY

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Hernando 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 Hernando 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 appointed Superintendent of Schools. For the fiscal year ended June 30, 2014, State funding through FEFP was provided to the District for 24 District schools other than charters, 3 charter schools, and 3 virtual education cost centers serving prekindergarten through twelfth grade students. The District reported 21,828.48 unweighted FTE as recalibrated for those students that included 293.24 unweighted FTE as recalibrated for charter school students and received approximately $76.5 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, including charter schools, 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 brick and mortar school students, 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). For virtual education students, one student would be reported as one 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 a fraction of an FTE. Half-credit completions will be included in determining an FTE. 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 student FTE enrollment is capped at 1.0 FTE except for FTE reported by the Department of Juvenile Justice (DJJ) 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 enrollment reported for the student by all school districts, including the Florida Virtual School (FLVS) 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 reported for extended school year periods and DJJ FTE enrollment earned 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 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. 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 approximately $4.4 million for student transportation as part of the State funding through FEFP.

AUDITOR GENERAL
STATE OF FLORIDA

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

DAVID W. MARTIN, CPA
AUDITOR GENERAL

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

We have examined the Hernando County District School Board's compliance 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, 2014. 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 2013-14* 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.

Our examination procedures disclosed the following material noncompliance: 40 of the 125 students in our Basic test,[1] 22 of the 75 students in our Basic with ESE Services test,[2] 21 of the 74 students in our ESOL test,[3] and 16 of the 88 students in our ESE Support Levels 4 and 5 test[4] had exceptions involving reporting errors or records that were not properly or accurately prepared or were missing and could not be located. Of the 125 students in our Basic test, 8 (6 percent) attended a charter school; however, none of the 40 students with exceptions included students who attended a charter school. Of the 75 students in our Basic with ESE Services test, 3 (4 percent) attended a charter school and 1 of the 22 students (5 percent) with exceptions attended a charter school. None of the students in our ESOL or ESE Support Levels 4 and 5 tests attended charter schools.

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 Basic, Basic with ESE Services, ESOL, and ESE Support Levels 4 and 5, the Hernando 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, 2014.

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[1]*For Basic, see SCHEDULE D, Finding Nos. 17, 19, 26, 27, and 28.*

[2]*For Basic with ESE Services, see SCHEDULE D, Finding Nos. 16, 17, 19, 25, 26, 27, and 29.*

[3]*For ESOL, see SCHEDULE D, Finding Nos. 2, 4, 9, 17, 20, and 21.*

[4]*For ESE Support Levels 4 and 5, see SCHEDULE D, Finding Nos. 1, 3, 5, 10, 11, 12, 15, 22, 23, and 24.*

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 weaknesses 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, and abuse that has a material effect on the subject matter. 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. 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.[5] 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 Basic, Basic with ESE Services, ESOL, and ESE Support Levels 4 and 5. Our examination disclosed certain other findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in SCHEDULE A and EXHIBIT A, respectively. The impact of this noncompliance on the District's reported FTE 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.

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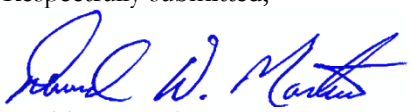
[5] *A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a 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 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
Tallahassee, Florida
April 15, 2015

SCHEDULE A

Hernando County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
POPULATIONS, TEST SELECTION, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2014

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 (OJT). 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 21,828.48 unweighted FTE as recalibrated, which included 293.24 unweighted FTE as recalibrated for the charter school students, at 24 District schools other than charter schools, 3 charter schools, and 3 virtual education cost centers reported to the Department of Education for the fiscal year ended June 30, 2014.

SCHOOLS AND STUDENTS

As part of our examination procedures, we tested FTE reported to the Department of Education for schools and students for the fiscal year ended June 30, 2014. (See NOTE B.) The population of schools (30) consisted of the total number of brick and mortar schools in the District that offered courses, including charter schools, as well as the designated District virtual education cost centers in the District that offered virtual instruction in FEFP-funded programs. The population of students (10,142) consisted of the total number of students in each program at the schools and virtual education cost centers in our tests. Our populations and tests of schools and students are summarized as follows:

	Number of Schools		Number of Students at Schools Tested		Students with	Recalibrated Unweighted FTE		Proposed
Programs	Population	Test	Population	Test	Exceptions	Population	Test	Adjustments
Basic	30	11	8,591	125	40	17,667.5200	86.0740	(769.0774)
Basic with ESE Services	30	11	1,250	75	22	3,119.5100	55.2045	(93.2717)
ESOL	25	7	206	74	21	321.9900	47.7281	(27.8999)
ESE Support Levels 4 and 5	19	6	95	88	16	142.3900	66.2813	(5.3794)
Career Education 9-12	7	0	0	0	0	577.0700	.0000	(2.2098)
All Programs	30	11	10,142	362	99	21,828.4800	255.2879	(897.8382)

The accompanying notes are an integral part of this schedule.

SCHEDULE A (Continued)

Hernando County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
POPULATIONS, TEST SELECTION, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2014

TEACHERS

We also tested teachers as part of our examination procedures. (See NOTE B.) Specifically, the population of teachers (307 of which all are applicable to District schools other than charter schools) 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 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 tested 101 and found exceptions for 6 of those teachers. None of the teachers who taught at the selected District charter school met our criteria for testing.

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

Hernando 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, 2014

District Schools Other Than Charter Schools		Proposed Net	Cost	Weighted
No.	Program[1]	Adjustment[2]	Factor	FTE[3]
101	Basic K-3	(525.4585)	1.125	(591.1408)
102	Basic 4-8	(248.9860)	1.000	(248.9860)
103	Basic 9-12	5.5261	1.011	5.5869
111	Grades K-3 with ESE Services	(75.8533)	1.125	(85.3350)
112	Grades 4-8 with ESE Services	(18.0774)	1.000	(18.0774)
113	Grades 9-12 with ESE Services	.5000	1.011	.5055
130	ESOL	(27.8999)	1.145	(31.9454)
254	ESE Support Level 4	(5.0006)	3.558	(17.7921)
255	ESE Support Level 5	(.3788)	5.089	(1.9277)
300	Career Education 9-12	(2.2098)	1.011	(2.2341)
	Subtotal	(897.8382)		(991.3461)

Charter Schools		Proposed Net	Cost	Weighted
No.	Program[1]	Adjustment[2]	Factor	FTE[3]
102	Basic 4-8	(.1590)	1.000	(.1590)
112	Grades 4-8 with ESE Services	.1590	1.000	.1590
	Subtotal	.0000		.0000

Total of Schools		Proposed Net	Cost	Weighted
No.	Program[1]	Adjustment[2]	Factor	FTE[3]
101	Basic K-3	(525.4585)	1.125	(591.1408)
102	Basic 4-8	(249.1450)	1.000	(249.1450)
103	Basic 9-12	5.5261	1.011	5.5869
111	Grades K-3 with ESE Services	(75.8533)	1.125	(85.3350)
112	Grades 4-8 with ESE Services	(17.9184)	1.000	(17.9184)
113	Grades 9-12 with ESE Services	.5000	1.011	.5055
130	ESOL	(27.8999)	1.145	(31.9454)
254	ESE Support Level 4	(5.0006)	3.558	(17.7921)
255	ESE Support Level 5	(.3788)	5.089	(1.9277)
300	Career Education 9-12	(2.2098)	1.011	(2.2341)
	Total	(897.8382)		(991.3461)

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[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

Hernando 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, 2014

		Proposed Adjustments[1]			
No.	**Program**	**#0052**	**#0181**	**#0211**	**Balance Forward**
101	Basic K-3	.....	.....	.3698	.3698
102	Basic 4-8	.....	.....	1.8974	1.8974
103	Basic 9-12	.....	.2904	.....	.2904
111	Grades K-3 with ESE Services	1.0000	.....	.4999	1.4999
112	Grades 4-8 with ESE Services	.....	.....	.....	.0000
113	Grades 9-12 with ESE Services	.....	.....	.....	.0000
130	ESOL	.....	(.2904)	(2.2672)	(2.5576)
254	ESE Support Level 4	(1.0000)	.....	(.4999)	(1.4999)
255	ESE Support Level 5	.....	(.2033)	.....	(.2033)
300	Career Education 9-12	.....	.....	.....	.0000
Total		.0000	(.2033)	.0000	(.2033)

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Hernando 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, 2014

		Proposed Adjustments[1]				
No.	**Brought Forward**	**#0251**	**#0271**	**#0321**	**#0381**	**Balance Forward**
101	.3698	.....	.....	(526.6961)	.9928	(525.3335)
102	1.8974	.....	.....	(252.2905)	.7403	(249.6528)
103	.2904	5.5222	.....	.....	.....	5.8126
111	1.4999	.....	.9800	(78.3598)	.0266	(75.8533)
112	.0000	.....	.....	(17.5629)	.2189	(17.3440)
113	.0000	.5000	.....	.....	.....	.5000
130	(2.5576)	(2.3156)	.....	(22.2675)	(.7592)	(27.8999)
254	(1.4999)	(.9968)	(1.0000)	.....	(1.5039)	(5.0006)
255	(.2033)	(.5000)	.....	.....	.3245	(.3788)
300	.0000	(2.2098)	.....	.....	.....	(2.2098)
Total	(.2033)	.0000	(.0200)	(897.1768)	.0400	(897.3601)

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

The accompanying notes are an integral part of this schedule.

SCHEDULE C (Continued)

Hernando 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, 2014

		Proposed Adjustments[1]				
No.	**Brought Forward**	**#4422***	**#7004**	**#7006**	**#7023**	**Total**
101	(525.3335)	.....	.....	.....	(.1250)	(525.4585)
102	(249.6528)	(.1590)	.....	.....	.6668	(249.1450)
103	5.8126	.....	(.1999)	(.0866)	.....	5.5261
111	(75.8533)	.....	.....	.....	.....	(75.8533)
112	(17.3440)	.1590	.....	(.0666)	(.6668)	(17.9184)
113	.5000	.....	.....	.....	.....	.5000
130	(27.8999)	.....	.....	.....	.....	(27.8999)
254	(5.0006)	.....	.....	.....	.....	(5.0006)
255	(.3788)	.....	.....	.....	.....	(.3788)
300	(2.2098)	.....	.....	.....	.....	(2.2098)
Total	(897.3601)	.0000	(.1999)	(.1532)	(.1250)	(897.8382)

* Charter School

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

The accompanying notes are an integral part of this schedule.

SCHEDULE D

Hernando 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, 2014

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 2013-14* 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 Basic, Basic with ESE Services, ESOL, and ESE Support Levels 4 and 5, the Hernando 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, 2014. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 23.

Findings — **Proposed Net Adjustments (Unweighted FTE)**

Our examination included the July and October 2013 reporting survey periods and the February and June 2014 reporting survey periods (see NOTE A5). Unless otherwise specifically stated, the Findings and Proposed Adjustments presented herein are for the October 2013 reporting survey period or the February 2014 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.

Brooksville Elementary School (#0052)

1. [Ref. 5201] One ESE student was not reported in accordance with the student's *Matrix of Services* form. We propose the following adjustment:

111 Grades K-3 with ESE Services	1.0000	
254 ESE Support Level 4	(1.0000)	.0000
		.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Frank W. Springstead High School (#0181)		
2. [Ref. 18102] An ELL Committee was not convened within 30 school days prior to one student's ESOL anniversary date to consider the student's extended ESOL placement for a fifth year. We propose the following audit adjustment:		
103 Basic 9-12	.2904	
130 ESOL	(.2904)	.0000
3. [Ref. 18104] The instructional minutes for five ESE students in the Hospital and Homebound Program were incorrectly reported. One of these students was underreported by 60 minutes and the remaining four students were overreported (ranging from 60 to 180 minutes), according to the homebound instructors' contact logs. We propose the following adjustment:		
255 ESE Support Level 5	(.2033)	(.2033)
		(.2033)
Spring Hill Elementary School (#0211)		
4. [Ref. 21102] An ELL Committee was not convened within 30 school days prior to one student's ESOL anniversary date to consider the student's extended ESOL placement for a fifth year. We propose the following audit adjustment:		
102 Basic 4-8	.4178	
130 ESOL	(.4178)	.0000
5. [Ref. 21103] One ESE student was not reported in accordance with the student's *Matrix of Services* form. We propose the following adjustment:		
111 Grades K-3 with ESE Services	.4999	
254 ESE Support Level 4	(.4999)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Spring Hill Elementary School (#0211) (Continued)		
6. [Ref. 21171] One teacher was appropriately approved by the School Board to teach ELL students out of field; however, the parents of the ELL students were not notified of the teacher's out-of-field status. We propose the following adjustment:		
102 Basic 4-8	1.4796	
130 ESOL	(1.4796)	.0000
7. [Ref. 21172] One teacher was not properly certified to teach ELL students and was not approved by the School Board to teach such students out of field. We also noted that the parents of an ELL student were not notified of the teacher's out-of-field status. We propose the following adjustment:		
101 Basic K-3	.3698	
130 ESOL	(.3698)	.0000
		.0000
Central High School (#0251)		
8. [Ref. 25107] The School did not consistently monitor and maintain the teachers' attendance records. The School's *Daily Unsubmitted Attendance Report by Teacher*, which documented whether teachers had input their daily attendance, was retained for only two days of the October 2013 reporting survey period and four days of the February 2014 reporting survey period. Additionally, the School did not retain the substitute teachers' attendance rosters. The School relied on the *Class Attendance Monthly (Verification) Reports* that were given to the teachers in the subsequent months to verify the previous attendance and were signed by the teachers. However, we were able to substantiate that the students were in attendance at least one of the days of the reporting survey period and had not been withdrawn. Accordingly, we present this disclosure Finding with no proposed adjustment.		.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Central High School (#0251) (Continued)		
9. [Ref. 25101] ELL Committees were not convened within 30 school days prior to five students' ESOL anniversary dates to consider the students' extended ESOL placements for a fourth or sixth year. We also noted the following exceptions for two of these five students: (a) the file for one student did not contain a current English language assessment to support the student's extended ESOL placement, and (b) there was no documentation on file to support that the parents of one student were notified of their child's ESOL placement. We propose the following audit adjustment:		
103 Basic 9-12	2.4588	
130 ESOL	(2.4588)	.0000
10. Ref. 25104] One ESE student was not reported in accordance with the student's *Matrix of Services* form. We propose the following adjustment:		
113 Grades 9-12 with ESE Services	.5000	
254 ESE Support Level 4	(.5000)	.0000
11. [Ref. 25105] One ELL student in our ESE Support Levels 4 and 5 test who was enrolled in the ESOL Program was incorrectly reported in Program No. 255 (ESE Support Level 5) in the October 2013 reporting survey period. The student was initially enrolled in the Hospital and Homebound Program during the 2012-13 school year; however, the duration date expired on August 1, 2013, pursuant to the student's IEP. The student was then enrolled in an on-campus instructional program for the 2013-14 school year. We propose the following adjustment:		
130 ESOL	.5000	
255 ESE Support Level 5	(.5000)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		**Proposed Net Adjustments (Unweighted FTE)**
Central High School (#0251) (Continued)		
12. [Ref. 25106] The file for one ESE student did not contain a signed IEP covering the February 2014 reporting survey period. We propose the following adjustment:		
103 Basic 9-12	.4968	
254 ESE Support Level 4	(.4968)	.0000
13. [Ref. 25170] One teacher was appropriately approved by the School Board to teach ELL students out of field; however, the parents of the ELL students were not notified of the teacher's out-of-field status. We propose the following adjustment:		
103 Basic 9-12	.3568	
130 ESOL	(.3568)	.0000
14. [Ref. 25171] One teacher was not properly certified and was not approved by the School Board to teach Biotechnology out of field. The teacher held the necessary science certification but did not hold the vocational certification. We also noted that the parents of the students taught by this teacher were not notified of the teacher's out-of-field status. We propose the following adjustment:		
103 Basic 9-12	2.2098	
300 Career Education 9-12	(2.2098)	.0000
		.0000
Moton Elementary School (#0271)		
15. [Ref. 27101] One ESE student was not reported in accordance with the student's *Matrix of Services* form. We propose the following adjustment:		
111 Grades K-3 with ESE Services	1.0000	
254 ESE Support Level 4	(1.0000)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Moton Elementary School (#0271) (Continued)		
16. [Ref. 27103] One ESE student was not in attendance during the October 2013 reporting survey period and should not have been included with the survey's results. We propose the following adjustment:		
111 Grades K-3 with ESE Services	(.0200)	(.0200)
		(.0200)
Suncoast Elementary School (#0321)		
17. [Ref. 32101] The School's source attendance records for all students reported for the 2013-14 school year (13 students were in our Basic test, 7 students were in our Basic with ESE Services test, and 12 students were in our ESOL test) evidencing and supporting the students' daily attendance had not been maintained, contrary to the Department of Education's *Comprehensive Management Information System: Automated Student Attendance Reporting System Handbook*. We were advised by School management that the source attendance records had been discarded at the end of the 2013-14 school year. We propose the following adjustment:		
101 Basic K-3	(526.6961)	
102 Basic 4-8	(252.2905)	
111 Grades K-3 with ESE Services	(78.3598)	
112 Grades 4-8 with ESE Services	(17.5629)	
130 ESOL	(22.2675)	(897.1768)

See Follow-Up to Management's Response on Next Page.

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings	Proposed Net Adjustments (Unweighted FTE)

Suncoast Elementary School (#0321) (Continued)

Follow-Up to Management's Response (Ref. 32101):

In her written response, the Superintendent recognizes and accepts that an error was made at the School by not maintaining the original source attendance records. She further states that the District had provided to us voluminous alternative supporting documentation to justify and verify the student enrollment and attendance at this School. The alternative records provided are not the records that are used by the District to support the daily attendance. The issue in this Finding is related specifically to the lack of original source attendance records that documented the daily attendance activity taken by the teacher in the classroom that was not available for our examination. The Superintendent indicated that should these records not be acceptable, the District's intent is to appeal this Finding with the DOE. Upon appeal, the final resolution of the proposed adjustment will rest with the DOE. Accordingly, our Finding stands as originally presented.

18. [Ref. 32171/72] We noted the following exceptions for two teachers:

    a. One teacher (Ref. 32171) was appropriately approved by the School Board to teach ELL students out of field; however, the parents of one ELL student were not notified of the teacher's out-of-field status until January 17, 2014, which was after the October 2013 reporting survey period.

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Suncoast Elementary School (#0321) (Continued)		
b. One teacher (Ref. 32172) was not properly certified to teach ELL students 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.		
Since the students have already been cited in Finding No. 17 (Ref. 32101), we present this disclosure Finding with no proposed adjustment.		
		.0000
		(897.1768)
Explorer K-8 (#0381)		
19. [Ref. 38101] The course schedules for three ESE students (one student was in our Basic test and two students were in our Basic with ESE Services test) incorrectly included a portion of the students' instructional time in Program No. 101 (Basic K-3) and Program No. 102 (Basic 4-8). The course schedules of ESE students should be reported entirely in ESE. We also noted that one of the above-noted students who had received homebound instruction during the February 2014 reporting survey period was reported for less time than was supported by the homebound instructor's contact log. We propose the following adjustment:		
101 Basic K-3	(.0072)	
102 Basic 4-8	(.0189)	
111 Grades K-3 with ESE Services	.0072	
112 Grades 4-8 with ESE Services	.0589	.0400

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		**Proposed Net Adjustments (Unweighted FTE)**
Explorer K-8 (#0381) (Continued)		
20. [Ref. 38102] The number of instructional minutes reported for one ELL student's fifth period, who was enrolled in the ESOL Program, was incorrectly reported. The number of instructional minutes incorrectly included time for lunch causing the student's fifth period to be overreported by 175 minutes. We propose the following adjustment:		
102 Basic 4-8	.0388	
130 ESOL	(.0388)	.0000
21. [Ref. 38103] One ELL student was beyond the maximum six-year period allowed for State funding of ESOL. We propose the following adjustment:		
102 Basic 4-8	.7204	
130 ESOL	(.7204)	.0000
22. [Ref. 38104] Two ESE students were not reported in accordance with the students' *Matrix of Services* forms. We propose the following adjustment:		
111 Grades K-3 with ESE Services	.0194	
254 ESE Support Level 4	(.5039)	
255 ESE Support Level 5	.4845	.0000
23. [Ref. 38105] The IEP for one ESE student was not signed; consequently, the student's IEP was not authorized. We propose the following adjustment:		
101 Basic K-3	1.0000	
254 ESE Support Level 4	(1.0000)	.0000

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Explorer K-8 (#0381) (Continued)		
24. [Ref. 38106] The files for two ESE students did not contain valid physicians' statements of medical need to support their placement in the Hospital and Homebound Program covering the February 2014 reporting survey period. We propose the following adjustment:		
112 Grades 4-8 with ESE Services	.1600	
255 ESE Support Level 5	(.1600)	.0000
		.0400
Gulf Coast Academy of Science and Technology (#4422) Charter School		
25. [Ref. 442201] The course schedule for one ESE student incorrectly included a portion of the student's instructional time in Program No. 102 (Basic 4-8). The course schedules of ESE students should be reported entirely in ESE. We propose the following adjustment:		
102 Basic 4-8	(.1590)	
112 Grades 4-8 with ESE Services	.1590	.0000
		.0000
Hernando ESchool Virtual Franchise (#7004)		
26. [Ref. 700401] The course schedules for 20 virtual education students (13 students were in our Basic test and 7 students were in our Basic with ESE Services test) were reported incorrectly. Each half-credit course should have been reported for .0834 FTE and each full-credit course should have been reported for .1667 FTE; however, the students were reported for .1500 FTE for the half-credit courses and .3000 FTE for the full-credit courses. However, there was no funding adjustment proposed for 18 of these students whose schedules included at least 3,000 CMW among all surveys. We propose the following adjustment for the remaining 2 students:		

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Hernando ESchool Virtual Franchise (#7004) (Continued)		
103 Basic 9-12	(.1999)	(.1999)
		(.1999)
Hernando Virtual Instruction (Course Offerings) (#7006)		
27. [Ref. 700601] The course schedules for 15 virtual education students (12 students were in our Basic test and 3 students were in our Basic with ESE Services test) were reported incorrectly. Each half-credit course should have been reported for .0834 FTE and each full-credit course should have been reported for .1667 FTE; however, the students were reported for .1500 FTE for the half-credit courses and .3000 FTE for the full-credit courses. However, there was no funding adjustment proposed for 12 of these students whose schedules included at least 3,000 CMW among all surveys. We propose the following adjustment for the remaining 3 students:		
103 Basic 9-12	(.0866)	
112 Grades 4-8 with ESE Services	(.0666)	(.1532)
		(.1532)
Hernando Virtual Instruction Program (#7023)		
28. [Ref. 702301] One virtual education student in our Basic test did not receive a passing grade for two virtual education courses; therefore, these courses should not have been reported for State FEFP funding. We propose the following adjustment:		
101 Basic K-3	(.1250)	(.1250)

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Hernando 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, 2014

Findings		Proposed Net Adjustments (Unweighted FTE)
Hernando Virtual Instruction Program (#7023) (Continued)		
29. [Ref. 702302] The EP for one virtual education student in our Basic with ESE Services test did not include the signature page; consequently, we were unable to determine whether the required participants had taken part in the development of the student's EP. We propose the following adjustment:		
102 Basic 4-8	.6668	
112 Grades 4-8 with ESE Services	(.6668)	.0000
		(.1250)
Proposed Net Adjustment		(897.8382)

The accompanying notes are an integral part of this schedule.

SCHEDULE E

Hernando 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, 2014

RECOMMENDATIONS

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) students are reported in the proper funding categories for the correct amount of FTE and adequate documentation is retained to support that reporting; (2) students' course schedules are reported in accordance with the requirements outlined in the *FTE General Instructions 2013-14* issued by the Department of Education and in accordance with the schools' bell schedules; (3) ELL students are not reported beyond the maximum six-year period allowed for State funding of ESOL; (4) ELL Committees are convened timely to assess the students' extended ESOL placements based on their individual ESOL anniversary dates; (5) parents are timely notified of their child's ESOL placement; (6) ELL Committees document current English language assessments when considering students' extended ESOL placements; (7) ESE students are reported in accordance with the students' *Matrix of Services* forms; (8) reported FTE for students in the Hospital and Homebound Program is based on the homebound instructors' contact logs; (9) a student's placement in the Hospital and Homebound Program is adequately supported by a physician's statement of medical need; (10) signed IEPs or EPs are maintained in ESE students' files; (11) schools maintain attendance records and that only students who are in membership and in attendance at least 1 of the 11 days of a survey window are reported for FEFP funding; (12) adequate documentation is maintained on file that supports a student passing the required virtual courses; (13) teachers are properly certified or, if out of field, are approved to teach out of field by the District or Charter School Boards; and (14) 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.

REGULATORY CITATIONS

Reporting

Section 1007.271(21), FS .....Dual Enrollment Programs
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

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Hernando 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, 2014

REGULATORY CITATIONS (Continued)

Reporting (Continued)

Rule 6A-1.04513, FAC ..... Maintaining Auditable FTE Records

FTE General Instructions 2013-14

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 2013-14

Comprehensive Management Information System: Automated Student Attendance Recordkeeping System Handbook

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, and Programmatic Assessments of English Language Learners

Rule 6A-6.09021, FAC ..... Annual English Language Proficiency Assessment for English Language Learners (ELLs)

Rule 6A-6.09022, FAC ..... Extension of Services in English for Speakers of Other Languages (ESOL) Program

Rule 6A-6.0903, FAC ..... Requirements for Exiting English Language Learners from the English for Speakers of Other Languages Program

Rule 6A-6.09031, FAC ..... Post Reclassification of English Language Learners (ELLs)

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 2013-14

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Hernando 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, 2014

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, Evaluation, Determination of Eligibility, Reevaluation and the Provision of Exceptional Student 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
Rule 6A-6.0361, FAC	Contractual Agreement with Nonpublic Schools and Residential Facilities

Matrix of Services Handbook (2012 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.

SCHEDULE E (Continued)

Hernando 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, 2014

REGULATORY CITATIONS (Continued)

Virtual Education

Section 1002.321, FS ..... Digital Learning

Section 1002.37, FS ..... The Florida Virtual School

Section 1002.45, FS ..... Virtual Instruction Programs

Section 1002.455, FS ..... Student Eligibility for K-12 Virtual Instruction

Section 1003.498, FS ..... School District Virtual Course Offerings

Charter Schools

Section 1002.33, FS ..... Charter Schools

The accompanying notes are an integral part of this schedule.

Hernando County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2014

NOTE A – SUMMARY

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

1. School District of Hernando County

The District was established pursuant to Section 1001.30, Florida Statutes, to provide public educational services for the residents of Hernando 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 Hernando County.

For the fiscal year ended June 30, 2014, State funding through FEFP was provided to the District for 24 District schools other than charter schools, 3 charter schools, and 3 virtual education cost centers serving prekindergarten through twelfth grade students. The District reported 21,828.48 unweighted FTE as recalibrated that included 293.24 unweighted FTE as recalibrated for charter school students and received approximately $76.5 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, including charter schools, 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.

Hernando County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2014

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. For brick and mortar school students, 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). For virtual education students, one student would be reported as one 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 a fraction of an FTE. Half-credit completions will be included in determining an FTE. 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 student FTE enrollment is capped at 1.0 FTE except for FTE reported by the Department of Juvenile Justice (DJJ) 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 enrollment reported for the student by all school districts, including the Florida Virtual School (FLVS) 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 reported for extended school year periods and DJJ FTE enrollment earned beyond the 180-day school year is not included in the recalibration to 1.0 FTE.

Hernando County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2014

NOTE A - SUMMARY (Continued)

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 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.

6. FTE Reporting Survey Periods

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 FTE membership for a period of one week. The survey periods for the 2013-14 school year were conducted during and for the following weeks: survey period one was performed for July 8 through 12, 2013; survey period two was performed for October 14 through 18, 2013; survey period three was performed for February 10 through 14, 2014; and survey period four was performed for June 16 through 20, 2014.

7. 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.

8. Statutes and Rules

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

Chapter 1000, FS .....K-20 General Provisions
Chapter 1001, FS .....K-20 Governance
Chapter 1002, FS .....Student and Parental Rights and Educational Choices
Chapter 1003, FS .....Public K-12 Education
Chapter 1006, FS .....Support for Learning
Chapter 1007, FS .....Articulation and Access

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Hernando County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2014

NOTE A - SUMMARY (Continued)

Chapter 1010, FS ..... Financial Matters

Chapter 1011, FS ..... Planning and Budgeting

Chapter 1012, FS ..... Personnel

Chapter 6A-1, FAC ..... Finance and Administration

Chapter 6A-4, FAC ..... Certification

Chapter 6A-6, FAC ..... Special Programs I

NOTE B - TESTING

Our examination procedures provided for the selection of tests of schools, students, and teachers using judgmental methods for testing FTE reported to the Department of Education for the fiscal year ended June 30, 2014. Our testing 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 selected for testing:

School Name/Description	Finding Number(s)
1. Brooksville Elementary School	1
2. Frank W. Springstead High School	2 and 3
3. Spring Hill Elementary School	4 through 7
4. Central High School	8 through 14
5. Moton Elementary School	15 and 16
6. Suncoast Elementary School	17 and 18
7. Explorer K-8	19 through 24
8. Gulf Coast Academy of Science and Technology*	25
9. Hernando ESchool Virtual Franchise	26
10. Hernando Virtual Instruction (Course Offerings)	27
11. Hernando Virtual Instruction Program	28 and 29

* Charter School

AUDITOR GENERAL
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G74 Claude Pepper Building
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DAVID W. MARTIN, CPA
AUDITOR GENERAL

PHONE: 850-412-2722
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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
HERNANDO COUNTY DISTRICT SCHOOL BOARD
FLORIDA EDUCATION FINANCE PROGRAM (FEFP)
STUDENT TRANSPORTATION

We have examined management's assertion, included in its representation letter dated August 4, 2014, that the Hernando 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, 2014. 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 2013-14* 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.

In our opinion, management's assertion that the Hernando County District School Board complied with State requirements governing the determination and reporting of the number of students transported under the FEFP for the fiscal year ended June 30, 2014, is fairly stated, in all material respects.

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 weaknesses 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, and abuse that has a material effect on the subject matter. 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. 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. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in SCHEDULE G and EXHIBIT A, respectively. 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 impact of this noncompliance on the District's reported number of transported students 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.

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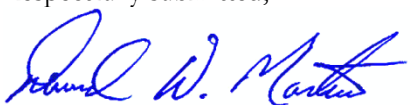
[1] *A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a 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 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
Tallahassee, Florida
April 15, 2015

SCHEDULE F

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

POPULATIONS, TEST SELECTION, AND TEST RESULTS

For the Fiscal Year Ended June 30, 2014

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 tested students for the number of students transported as reported to the Department of Education for the fiscal year ended June 30, 2014. (See NOTE B.) The population of vehicles (261) consisted of the total of the numbers 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 2013 and February and June 2014 reporting survey periods would be counted in the population as four vehicles. Similarly, the population of students (22,248) consisted of the total numbers 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:

Ridership Category	Number of Students Transported
Teenage Parents and Infants	40
Hazardous Walking	127
IDEA – PK through Grade 12, Weighted	202
All Other FEFP Transportation Eligible Students	21,879
Total	22,248

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)

Hernando County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
POPULATIONS, TEST SELECTION, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2014

Our examination results are summarized below:

	Students	
Description	With Exceptions	Proposed Net Adjustment
We tested 319 of the 22,248 students reported as being transported by the District.	18	(3)
Total	18	(3)

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

Hernando County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
FINDINGS AND PROPOSED ADJUSTMENTS
For the Fiscal Year Ended June 30, 2014

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 2013-14* issued by the Department of Education. The Hernando 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, 2014. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 38.

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 tested from the July and October 2013 reporting survey periods and the February and June 2014 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 tested twice (i.e., once for the October 2013 reporting survey period and once for the February 2014 reporting survey period) will be presented in our Findings as two test students.

1. [Ref. 51] The IEPs for 14 students in our test did not support the students having met at least one of the five criteria required for the IDEA-Weighted classification. We determined that the students were otherwise eligible to be reported in the All Other FEFP Eligible Students ridership category. We propose the following adjustments:

July 2013 Survey	
12 Days in Term	
IDEA - PK through Grade 12, Weighted	(2)
All Other FEFP Eligible Students	2
October 2013 Survey	
90 Days in Term	
IDEA - PK through Grade 12, Weighted	(5)
All Other FEFP Eligible Students	5

The accompanying notes are an integral part of this schedule.

SCHEDULE G (Continued)

Hernando County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
FINDINGS AND PROPOSED ADJUSTMENTS
For the Fiscal Year Ended June 30, 2014

Findings		Students Transported Proposed Net Adjustments
February 2014 Survey		
90 Days in Term		
IDEA - PK through Grade 12, Weighted	(7)	
All Other FEFP Eligible Students	7	0

2. [Ref. 52] Two students in our test were incorrectly reported in the Hazardous Walking ridership category. We determined that one student lived two or more miles from school and should have been reported in the All Other FEFP Eligible Students ridership category and one student was reported with a hazard identification code indicating a location the student did not cross on the way to school and was not otherwise eligible for State transportation funding. We propose the following adjustments:

October 2013 Survey		
90 Days in Term		
Hazardous Walking	(1)	
All Other FEFP Eligible Students	1	
February 2014 Survey		
90 Days in Term		
Hazardous Walking	(1)	(1)

3. [Ref. 53] Two students in our test were not enrolled in school during the June 2014 reporting survey period; consequently, the students were not eligible for State transportation funding. We also noted that one of these students was reported as being transported in a private passenger car; however, the student's parents did not provide a travel voucher to the District for accountability purposes. We propose the following adjustment:

June 2014 Survey		
9 Days in Term		
All Other FEFP Eligible Students	(2)	(2)
Proposed Net Adjustment		(3)

The accompanying notes are an integral part of this schedule.

SCHEDULE H

Hernando County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2014

RECOMMENDATIONS

We recommend that management exercise more care and take corrective action, as appropriate, to ensure that: (1) students reported in IDEA-Weighted classifications are appropriately documented as meeting one of the five criteria required for IDEA-Weighted classifications as noted on the students' IEPs; (2) only eligible students who are on routes that are approved and determined as meeting the criteria for hazardous walking conditions and who cross the designated hazardous walking locations are reported in the Hazardous Walking ridership category; (3) only those students who are documented as enrolled in school during the reporting survey period are reported for State transportation funding; and (4) records are maintained on file to support those students who were reported as being transported in passenger cars.

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

Section 1002.33, FS ..... Charter Schools
Chapter 1006, Part I, E., FS ..... Transportation of Public K-12 Students
Section 1011.68, FS ..... Funds for Student Transportation
Chapter 6A-3, FAC ..... Transportation
Student Transportation General Instructions 2013-14

The accompanying notes are an integral part of this schedule.

Hernando County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2014

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 Hernando County

For the fiscal year ended June 30, 2014, the District received approximately $4.4 million for student transportation as part of the State funding through FEFP. The District's transportation reporting by survey period was as follows:

Survey Period	Number of Vehicles	Number of Students
July 2013	9	47
October 2013	119	11,162
February 2014	119	10,974
June 2014	14	65
Total	261	22,248

3. Statutes and Rules

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

Section 1002.33, FS .....Charter Schools

Chapter 1006, Part I, E., FS .....Transportation of Public K-12 Students

Section 1011.68, FS .....Funds for Student Transportation

Chapter 6A-3, FAC .....Transportation

Hernando County District School Board
Florida Education Finance Program (FEFP)
Student Transportation
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2014

NOTE B – TESTING

Our examination procedures provided for the selection of tests 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, 2014. Our testing 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

The School District of Hernando County
Office of the Superintendent
919 North Broad Street
Brooksville, FL 34601
Phone: (352) 797-7000
Fax: (352) 797-7010

Superintendent: *Lori M. Romano, Ph.D.*
Board Chairperson: *Gus Guadagnino*
Vice Chairperson: *Matthew A. Foreman*
Board Members:
Susan Duval
Mark C. Johnson
Beth Narverud

April 15, 2015

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

Dear Mr. Martin:

This is our Management Response to the preliminary and tentative examination findings for the audit of the Florida Education Finance Program (FEFP) Full-Time Equivalent (FTE) Students and Student transportation for the fiscal year ended June 30, 2014 for Hernando County Schools. We have reviewed the findings and disagree with the finding of material noncompliance.

Our previous letter in response to the audit findings, dated December 19, 2014, contained Corrective Action Plans and is incorporated by reference herein.

Management continues to review our processes and procedures to ensure that full-time equivalent (FTE) student reporting is complete and accurate. Corrective action to address deficiencies noted in the reporting of and preparation and maintenance of supporting documentation for students in English for Speakers of Other Languages (ESOL), Exceptional Student Education (ESE) Support levels 4 and 5, and Career Education (9-12). We are in the process of addressing each of the specified areas with the appropriate level of corrective action. In general, the ongoing effort to ensure accuracy requires standardization of procedures and ongoing education for the staff.

Transportation reporting has improved significantly from the prior audit. However, we continue to recognize the importance of reporting accuracy in; (1) the ridership category for the number of days in the term, (2) verification of the distance from home to school for students classified as Two Miles or More, and (3) support for the additional ESE transportation funding in the student's Individual Education Plan (IEP). In general, the appropriate corrective action is the standardization of procedures and ongoing education for our staff.

There is questioned FTE for an entire elementary school reported as a matter of material non-compliance. This single finding represents 897.1768 (99.9%) of the 897.8382 FTE questioned in this audit. We recognize and accept that an error was made at the schools by not maintaining the original source documentation to support the attendance at that school. However, we provided voluminous alternative supporting documentation to justify and verify the student enrollment and attendance at this school.

It is the policy of the Hernando County School District not to illegally discriminate or allow its employees to illegally discriminate on the basis of race, color, religion, national origin, age, sex, marital status, disability or GINA in its educational programs or employment practices.

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

The auditors were provided with or given access to:

Transportation daily attendance rosters
Breakfast / lunch daily attendance rosters
A transaction log of breakfast / lunch of direct input by individual students
ESE (speech/language) teacher daily attendance roster
ESE occupational therapy teacher daily attendance roster
ESE physical therapy teacher daily attendance roster
Intervention delivered attendance roster worksheet
Individual teacher daily attendance roster
TERMS print out Attendance Verification for Absence Dates
TERMS Homeroom Roster
Grade books

In total this alternative supporting documentation show that these students were in enrolled and in attendance during the audit period.

In a similar situation in another District, the Florida Department of Education accepted this alternative supporting documentation and restored a significant amount of the questioned FTE through the appeal process. We respectfully request that this alternative documentation be considered upon receipt of this letter and that the proposed adjustment be removed prior to the issuance of this report.

Should you choose not to accept this alternative documentation, this will serve as our intent to appeal the finding in total.

We would like to thank your staff for the manner in which the audit was conducted. We look to the audit process as a valuable tool in our continuous improvement of all areas of the school district.

Sincerely,

Lori M. Romano

Lori M. Romano, Ph.D.

LMR/lac