

School District of Flagler County



School Board Members

Andy Dance, Chair Person

Colleen Conklin
Sue Dickinson
John Fischer
Trevor Tucker

Superintendent of Schools

Jacob Olivia

District School Internal Activity Funds

*Financial Statements
And
Independent Accountants' Report*

June 30, 2014

This Page Intentionally Left Blank.

TABLE OF CONTENTS
DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' REPORT
 June 30, 2014

INTRODUCTORY SECTION

| | |
|-------------------------|---|
| Title Page..... | 1 |
| Table of Contents | 3 |

FINANCIAL SECTION

| | |
|---|----------------|
| Combined Financial Statements: | |
| Independent Accountants' Report | 7 |
| Statement of Fiduciary Net Position - All District Schools | Statement 1 11 |
| Statement of Changes in Fiduciary Net Position - All District Schools | Statement 2 12 |
| Notes to the Financial Statements | 15 |
| Supplemental Information: | |
| Combining Schedule of Changes in Fiduciary Net Position-All | |
| District Schools..... | Schedule 1 21 |
| Schedules of Changes in Fiduciary Net Position: | |
| Administrative Office, Bunnell, FL..... | Schedule 2 22 |
| Adult & Community Education, Palm Coast, FL..... | Schedule 3 23 |
| Belle Terre Elementary School, Palm Coast, FL..... | Schedule 4 24 |
| Buddy Taylor Middle School, Palm Coast, FL | Schedule 5 25 |
| Bunnell Elementary School, Bunnell, FL..... | Schedule 6 26 |
| Everest Alternative School, Palm Coast, FL..... | Schedule 7 27 |
| Exceptional Student Education (ESE), Bunnell, FL..... | Schedule 8 28 |
| Flagler Palm Coast High School, Palm Coast, FL..... | Schedule 9 29 |
| Indian Trails K-8 School, Palm Coast, FL..... | Schedule 10 30 |
| Matanzas High School, Palm Coast, FL | Schedule 11 31 |
| Old Kings Elementary School, Palm Coast, FL | Schedule 12 32 |
| Phoenix Academy, Palm Coast, FL | Schedule 13 33 |
| Rymfire Elementary School, Palm Coast, FL..... | Schedule 14 34 |
| Student Services, Bunnell, FL..... | Schedule 15 35 |
| Wadsworth Elementary School, Palm Coast, FL | Schedule 16 36 |

COMPLIANCE SECTION

| | |
|---|----|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 39 |
| Schedule of Findings and Responses..... | 41 |

This Page Intentionally Left Blank.

INDEPENDENT ACCOUNTANTS' REPORT

This Page Intentionally Left Blank.

INDEPENDENT AUDITORS' REPORT

The Honorable Chair Person, District School
Board Members and Superintendent
School District of Flagler County, Florida
Bunnell, Florida

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the District School Internal Activity Funds of the School District of Flagler County, Florida, as of and for the year ended June 30, 2014, and the related statement of changes in fiduciary net position, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the District School Internal Activity Funds of the School District of Flagler County, Florida, as of June 30, 2014, and the respective changes in fiduciary net position on the basis of accounting described in Note 1.

Emphasis of Matter

As described more fully in Note 1, the accompanying financial statements present only the District School Internal Activity Funds of the School District of Flagler County, Florida, and do not purport to, and do not, present fairly the financial position of the School District of Flagler County, Florida, as of June 30, 2014 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted inclusion of Management Discussion and Analysis (MD&A) in these financial statements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the statements of fiduciary net position and changes in fiduciary net position of the District School Internal Activity Funds of the School District of Flagler County, Florida, taken as a whole. The accompanying combining and individual schedules of changes in fiduciary net position are presented for purposes of additional analysis and are not part of the basic financial statements.

The combining and individual schedules of changes in fiduciary net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual schedules of changes in fiduciary net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2014, on our consideration of the School District of Flagler County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Flagler County, Florida's internal control over financial reporting and compliance.

BMC CPAs

August 14, 2014

FINANCIAL SECTION

This Page Intentionally Left Blank.

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION -
ALL DISTRICT SCHOOLS
June 30, 2014

Statement 1

| | | |
|---|----|----------------------------|
| Assets: | | |
| Cash and Cash Equivalents: | | |
| Demand Deposits..... | \$ | 1,583,505 |
| Total Assets..... | | <u>\$ 1,583,505</u> |
| Liabilities and Net Position | | |
| Liabilities: | | |
| Due to student/teacher/parent groups..... | \$ | 1,583,505 |
| Total Liabilities..... | | 1,583,505 |
| Net Position..... | | <u> -</u> |
| Total Liabilities and Net Position..... | | <u>\$ 1,583,505</u> |

The accompanying notes are an integral part of the financial statements.

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGER COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
ALL DISTRICT SCHOOLS
For the Fiscal Year Ended June 30, 2014

Statement 2

| | July 1, 2013 | Additions | Deletions | June 30, 2014 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Assets: | | | | |
| Cash and cash equivalents..... | \$ <u>1,508,768</u> | <u>2,423,832</u> | <u>2,349,095</u> | <u>1,583,505</u> |
| Total assets..... | <u>1,508,768</u> | <u>2,423,832</u> | <u>2,349,095</u> | <u>1,583,505</u> |
| Liabilities and Net Position: | | | | |
| Liabilities: | | | | |
| Due to student/teacher/parent groups..... | <u>1,508,768</u> | <u>2,423,832</u> | <u>2,349,095</u> | <u>1,583,505</u> |
| Total liabilities..... | <u>1,508,768</u> | <u>2,423,832</u> | <u>2,349,095</u> | <u>1,583,505</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

This Page Intentionally Left Blank.

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District School Internal Activity Funds of the School District of Flagler County, Florida, have been prepared in conformance with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies:

Reporting Entity

The School District of Flagler County (the "District") was established pursuant to Section 230.01, Florida Statutes, to provide public educational services for the residents of Flagler County, Florida. Those services are provided primarily to students attending kindergarten through high school, but also to adults seeking vocational training.

As of the year ended June 30, 2014, the District operated 15 schools and education centers which maintained a separate district school internal activity fund established pursuant to District policies and State statutes. The internal activity funds of the District schools and education centers include monies collected and expended within a school which are used for financing the normal program of school activities not otherwise financed by District funds; for providing necessary and proper services and materials for school activities; and for other purposes consistent with the school program as established and approved by the District school board. The District school internal activity funds are the responsibility of the District school board, which is also responsible for developing the necessary systems to ensure that all funds are properly accounted for through use of generally recognized accounting procedures and effectively administered through adherence to internal funds policies of the school board, applicable Florida Statutes, and the provisions of "Financial and Program Cost Accounting and Reporting for Florida Schools" developed by the Florida Department of Education.

Based upon policies adopted by the District, funds collected in connection with summer program activities; funds derived from school athletic events; gifts and contributions made by band or athletic booster clubs, civic organizations, parent-teacher organizations, and commercial agencies; and all other similar monies, properties, or benefits may be included in internal funds of the school. The cash funds included in the internal activity funds are the property of the various departments, clubs, and projects, and not that of the District. However, once these funds are collected by District personnel and subsequently deposited into the respective internal activity fund bank accounts, the cash receipts and subsequent disposition of all funds must comply with the guidelines and requirements of the Florida Department of Education and the District. The combined balances of all schools and education centers' internal activity accounts are included as agency funds in the School Board's comprehensive annual financial report.

The internal activity funds of the following schools and education centers are included herein:

- Administrative Office, Bunnell, FL
- Adult & Community Education, Palm Coast, FL
- Belle Terre Elementary School, Palm Coast, FL
- Buddy Taylor Middle School, Palm Coast, FL
- Bunnell Elementary School, Bunnell, FL
- Everest Alternative School, Palm Coast, FL
- Exceptional Student Education (ESE), Bunnell, FL
- Flagler Palm Coast High School, Palm Coast, FL

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
For the Fiscal Year Ended June 30, 2014

Indian Trails K-8 School, Palm Coast, FL
Matanzas High School, Palm Coast, FL
Old Kings Elementary School, Palm Coast, FL
Phoenix Academy, Palm Coast, FL
Rymfire Elementary School, Palm Coast, FL
Student Services, Bunnell, FL
Wadsworth Elementary School, Palm Coast, FL

The cash transactions and balances relating to petty cash and school lunch funds are not included in the accompanying financial statements because they are accounted for by the District.

Basis of Presentation

In accordance with Florida Statutes, the District's financial records account for its student activity accounts as an agency fund. This fund is composed of separate sub-funds to account for each District school's internal activity fund account. The operations of each sub-fund are accounted for with a separate set of self-balancing accounts that comprise each school's assets, liabilities and net position. The statement of changes in fiduciary net position is prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in checking and money market accounts and include all highly liquid investments with initial maturities of three months or less. Cash deposits of the District are held in banks qualified as public depositories under Florida Statute Chapter 280. All such deposits are insured by Federal depository insurance.

Fixed Assets

All qualifying fixed assets acquired with the proceeds of internal activity funds are reported as cash disbursements in the statements of changes in cash balances arising from cash transactions. All personal property acquired with internal activity funds becomes the property of the District.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2014, the carrying value of the District's cash deposit accounts totaled \$1,583,505 and the bank balance totaled \$1,636,253. The cash deposits are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act (mentioned below) as required by Chapter 280, Florida Statutes and are fully insured.

Interest Rate Risk. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The District shall endeavor to mitigate the risk of loss due to interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities.

Credit Risk. Credit risk is the risk of loss due to the failure of the security issuer or backer. The District shall endeavor to mitigate the risk of loss due to credit risk by limiting investments to the safest types of securities; pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which an entity will do business; and by diversifying the investment portfolio so that potential losses on individual securities

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
For the Fiscal Year Ended June 30, 2014

will be minimized. The District's Investment Policy (Fiscal Management Policy Number 719) limits its investments to 1) bids from qualified depositories; 2) financial deposit instruments insured by the Federal Deposit Insurance Corporation (FDIC); 3) time deposits; 4) securities of the United States Government; 5) state managed cooperative investment plans, or 6) other forms of authorized investments. Should the District choose to enter into third-party custodial agreements, master purchase agreements or security purchase agreements, it shall do so in accordance with section 218.415 Florida Statutes. The District does not invest in derivative products.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State's Chief Financial Officer as eligible to receive deposits from qualifying depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State's Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125%, may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government, and any state thereof, and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

At June 30, 2014, all of the District's deposits were adequately covered by a combination of federal depository insurance and the statutory provisions of the Act.

This Page Intentionally Left Blank.

SUPPLEMENTAL INFORMATION

This Page Intentionally Left Blank.

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
 ALL DISTRICT SCHOOLS
 For the Fiscal Year Ended June 30, 2014

Schedule 1

| | July 1, 2013 | Additions | Deductions | June 30, 2014 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents: | | | | |
| Administrative Office..... | \$ 36,788 | 52,224 | 53,291 | 35,721 |
| Adult & Community Education..... | 248,448 | 196,327 | 178,259 | 266,516 |
| Belle Terre Elementary School..... | 72,758 | 151,142 | 142,556 | 81,344 |
| Buddy Taylor Middle School..... | 73,243 | 135,753 | 125,558 | 83,438 |
| Bunnell Elementary School..... | 23,917 | 107,651 | 98,845 | 32,723 |
| Everest Alternative School | 20,662 | 698 | 2,434 | 18,926 |
| Exceptional Student Education (ESE)..... | 5,069 | 59 | 900 | 4,228 |
| Flagler Palm Coast High School..... | 323,321 | 812,896 | 827,879 | 308,338 |
| Indian Trails K-8 School..... | 169,752 | 120,112 | 122,245 | 167,619 |
| Matanzas High School..... | 219,113 | 520,774 | 463,054 | 276,833 |
| Old Kings Elementary School..... | 130,938 | 120,707 | 126,114 | 125,531 |
| Phoenix Academy..... | 2,961 | 15,390 | 10,569 | 7,782 |
| Rymfire Elementary School..... | 86,263 | 81,840 | 91,241 | 76,862 |
| Student Services..... | 12,285 | 16,998 | 15,998 | 13,285 |
| Wadsworth Elementary School..... | <u>83,250</u> | <u>91,261</u> | <u>90,152</u> | <u>84,359</u> |
| Total assets..... | <u>1,508,768</u> | <u>2,423,832</u> | <u>2,349,095</u> | <u>1,583,505</u> |
| Liabilities and Net Position: | | | | |
| Liabilities: | | | | |
| Due to student/teacher/parent groups..... | <u>1,508,768</u> | <u>2,423,832</u> | <u>2,349,095</u> | <u>1,583,505</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
ADMINISTRATIVE OFFICE
For the Fiscal Year Ended June 30, 2014

Schedule 2

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|---------------|---------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Trusts..... | \$ 3,754 | 22,796 | 25,512 | - | 1,038 |
| General..... | <u>33,034</u> | <u>29,428</u> | <u>27,779</u> | <u>-</u> | <u>34,683</u> |
| Total assets..... | <u>36,788</u> | <u>52,224</u> | <u>53,291</u> | <u>-</u> | <u>35,721</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>36,788</u> | <u>52,224</u> | <u>53,291</u> | <u>-</u> | <u>35,721</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
ADULT & COMMUNITY EDUCATION
For the Fiscal Year Ended June 30, 2014

Schedule 3

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|----------------|----------------|----------------|------------------------------------|----------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Classes..... | \$ 21,388 | 10,051 | 10,847 | (181) | 20,411 |
| Trusts..... | 94,357 | 34,058 | 56,165 | (329) | 71,921 |
| General..... | <u>132,703</u> | <u>152,218</u> | <u>111,247</u> | <u>510</u> | <u>174,184</u> |
| Total assets..... | <u>248,448</u> | <u>196,327</u> | <u>178,259</u> | <u>-</u> | <u>266,516</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>248,448</u> | <u>196,327</u> | <u>178,259</u> | <u>-</u> | <u>266,516</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BELLE TERRE ELEMENTARY SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 4

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|----------------|----------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Music..... | \$ 842 | 1,256 | 1,528 | - | 570 |
| Classes..... | 9,139 | 14,440 | 18,327 | 866 | 6,118 |
| Clubs..... | 5,995 | 23,822 | 23,005 | 842 | 7,654 |
| Departments..... | 12,049 | 41,607 | 30,385 | (1,300) | 21,971 |
| Trusts..... | 2,481 | 44,081 | 50,000 | 6,491 | 3,053 |
| General..... | <u>42,252</u> | <u>25,936</u> | <u>19,311</u> | <u>(6,899)</u> | <u>41,978</u> |
| Total assets..... | <u>72,758</u> | <u>151,142</u> | <u>142,556</u> | <u>-</u> | <u>81,344</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>72,758</u> | <u>151,142</u> | <u>142,556</u> | <u>-</u> | <u>81,344</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDDY TAYLOR MIDDLE SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 5

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|----------------|----------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Music..... | \$ 8,334 | 21,858 | 22,615 | - | 7,577 |
| Classes..... | 5,952 | 10,802 | 9,074 | - | 7,680 |
| Clubs..... | 10,714 | 10,524 | 11,010 | - | 10,228 |
| Departments..... | 38,315 | 42,728 | 30,326 | - | 50,717 |
| Trusts..... | 612 | 19,333 | 19,391 | - | 554 |
| General..... | <u>9,316</u> | <u>30,508</u> | <u>33,142</u> | <u>-</u> | <u>6,682</u> |
| Total assets..... | <u>73,243</u> | <u>135,753</u> | <u>125,558</u> | <u>-</u> | <u>83,438</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>73,243</u> | <u>135,753</u> | <u>125,558</u> | <u>-</u> | <u>83,438</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUNNELL ELEMENTARY SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 6

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|----------------|---------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Athletics..... | \$ - | 5,849 | 6,163 | 448 | 134 |
| Music..... | 297 | 1,846 | 1,924 | - | 219 |
| Classes..... | 3,440 | 5,637 | 4,029 | - | 5,048 |
| Clubs..... | 1,904 | 18,097 | 15,687 | (553) | 3,761 |
| Departments..... | 13,555 | 29,124 | 28,416 | (4,301) | 9,962 |
| Trusts..... | 2,069 | 45,539 | 39,529 | 3,780 | 11,859 |
| General..... | <u>2,652</u> | <u>1,559</u> | <u>3,097</u> | <u>626</u> | <u>1,740</u> |
| Total assets..... | <u>23,917</u> | <u>107,651</u> | <u>98,845</u> | <u>-</u> | <u>32,723</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>23,917</u> | <u>107,651</u> | <u>98,845</u> | <u>-</u> | <u>32,723</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
EVEREST ALTERNATIVE SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 7

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|------------|--------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Classes..... | \$ 1,382 | - | - | (1,382) | - |
| Clubs..... | 111 | - | - | (111) | - |
| Departments..... | 4,159 | - | 1,803 | 1,493 | 3,849 |
| Trusts..... | 14,019 | 698 | 69 | (3,365) | 11,283 |
| General..... | 991 | - | 562 | 3,365 | 3,794 |
| Total assets..... | <u>20,662</u> | <u>698</u> | <u>2,434</u> | <u>-</u> | <u>18,926</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>20,662</u> | <u>698</u> | <u>2,434</u> | <u>-</u> | <u>18,926</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
EXCEPTIONAL STUDENT EDUCATION (ESE)
For the Fiscal Year Ended June 30, 2014

Schedule 8

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|--------------|-----------|------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Trusts..... | \$ 5,069 | 59 | 900 | - | 4,228 |
| Total assets..... | <u>5,069</u> | <u>59</u> | <u>900</u> | <u>-</u> | <u>4,228</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>5,069</u> | <u>59</u> | <u>900</u> | <u>-</u> | <u>4,228</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
FLAGLER PALM COAST HIGH SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 9

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|----------------|----------------|----------------|------------------------------------|----------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Athletics..... | \$ 86,587 | 331,014 | 351,585 | (6,020) | 59,996 |
| Music..... | 13,931 | 29,701 | 29,795 | (3,388) | 10,449 |
| Classes..... | 15,651 | 11,326 | 9,316 | (120) | 17,541 |
| Clubs..... | 99,244 | 196,771 | 188,815 | 4,118 | 111,318 |
| Departments..... | 35,331 | 72,587 | 72,483 | (1,040) | 34,395 |
| Trusts..... | 44,223 | 144,345 | 149,369 | 7,494 | 46,693 |
| General..... | <u>28,354</u> | <u>27,152</u> | <u>26,516</u> | <u>(1,044)</u> | <u>27,946</u> |
| Total assets..... | <u>323,321</u> | <u>812,896</u> | <u>827,879</u> | <u>-</u> | <u>308,338</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>323,321</u> | <u>812,896</u> | <u>827,879</u> | <u>-</u> | <u>308,338</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
INDIAN TRAILS K-8 SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 10

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|----------------|----------------|----------------|------------------------------------|----------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Athletics..... | \$ 9,970 | 10,273 | 7,627 | (550) | 12,066 |
| Music..... | 17,586 | 21,672 | 22,163 | - | 17,095 |
| Classes..... | 37,038 | 32,871 | 33,398 | (335) | 36,176 |
| Clubs..... | 2,897 | 5,825 | 6,312 | 876 | 3,286 |
| Departments..... | 44,645 | 14,247 | 24,551 | (883) | 33,458 |
| Trusts..... | 766 | 25,275 | 19,115 | 500 | 7,426 |
| General..... | <u>56,850</u> | <u>9,949</u> | <u>9,079</u> | <u>392</u> | <u>58,112</u> |
| Total assets..... | <u>169,752</u> | <u>120,112</u> | <u>122,245</u> | <u>-</u> | <u>167,619</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>169,752</u> | <u>120,112</u> | <u>122,245</u> | <u>-</u> | <u>167,619</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
MATANZAS HIGH SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 11

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|----------------|----------------|----------------|------------------------------------|----------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Athletics..... | \$ 42,615 | 165,026 | 168,827 | (2,393) | 36,421 |
| Music..... | 7,443 | 24,340 | 20,089 | (1,303) | 10,391 |
| Classes..... | 12,388 | 49,908 | 32,590 | (1,321) | 28,385 |
| Clubs..... | 61,577 | 113,406 | 108,308 | 8,283 | 74,958 |
| Departments..... | 38,798 | 61,391 | 46,052 | (14,168) | 39,969 |
| Trusts..... | 5,046 | 92,828 | 81,533 | 12,038 | 28,379 |
| General..... | <u>51,246</u> | <u>13,875</u> | <u>5,655</u> | <u>(1,136)</u> | <u>58,330</u> |
| Total assets..... | <u>219,113</u> | <u>520,774</u> | <u>463,054</u> | <u>-</u> | <u>276,833</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>219,113</u> | <u>520,774</u> | <u>463,054</u> | <u>-</u> | <u>276,833</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
OLD KINGS ELEMENTARY SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 12

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|----------------|----------------|----------------|------------------------------------|----------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Music..... | \$ 8,349 | 6,306 | 6,899 | - | 7,756 |
| Classes..... | 2,860 | 3,341 | 3,752 | - | 2,449 |
| Clubs..... | 10,247 | 8,024 | 7,181 | (4,000) | 7,090 |
| Departments..... | 18,555 | 43,264 | 42,287 | (1) | 19,531 |
| Trusts..... | 2,527 | 31,390 | 31,886 | (248) | 1,783 |
| General..... | <u>88,400</u> | <u>28,382</u> | <u>34,109</u> | <u>4,249</u> | <u>86,922</u> |
| Total assets..... | <u>130,938</u> | <u>120,707</u> | <u>126,114</u> | <u>-</u> | <u>125,531</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>130,938</u> | <u>120,707</u> | <u>126,114</u> | <u>-</u> | <u>125,531</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
PHOENIX ACADEMY
For the Fiscal Year Ended June 30, 2014

Schedule 13

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|--------------|---------------|---------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Departments..... | \$ 1,004 | 2,177 | 192 | (1,168) | 1,821 |
| Trusts..... | 314 | 1,102 | 1,102 | - | 314 |
| General..... | <u>1,643</u> | <u>12,111</u> | <u>9,275</u> | <u>1,168</u> | <u>5,647</u> |
| Total assets..... | <u>2,961</u> | <u>15,390</u> | <u>10,569</u> | <u>-</u> | <u>7,782</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>2,961</u> | <u>15,390</u> | <u>10,569</u> | <u>-</u> | <u>7,782</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
RYMFIRE ELEMENTARY SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 14

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|---------------|---------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Music..... | \$ 41 | - | - | - | 41 |
| Classes..... | 4,355 | 3,979 | 3,690 | - | 4,644 |
| Clubs..... | 5,867 | 11,333 | 13,338 | - | 3,862 |
| Departments..... | 13,293 | 12,652 | 17,671 | (932) | 7,342 |
| Trusts..... | 2,826 | 31,703 | 30,764 | 932 | 4,697 |
| General..... | <u>59,881</u> | <u>22,173</u> | <u>25,778</u> | <u>-</u> | <u>56,276</u> |
| Total assets..... | <u>86,263</u> | <u>81,840</u> | <u>91,241</u> | <u>-</u> | <u>76,862</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>86,263</u> | <u>81,840</u> | <u>91,241</u> | <u>-</u> | <u>76,862</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSTION -
STUDENT SERVICES
For the Fiscal Year Ended June 30, 2014

Schedule 15

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|---------------|---------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Trusts..... | \$ 4,093 | 6,053 | 7,386 | - | 2,760 |
| General..... | <u>8,192</u> | <u>10,945</u> | <u>8,612</u> | <u>-</u> | <u>10,525</u> |
| Total assets..... | <u>12,285</u> | <u>16,998</u> | <u>15,998</u> | <u>-</u> | <u>13,285</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>12,285</u> | <u>16,998</u> | <u>15,998</u> | <u>-</u> | <u>13,285</u> |
| Net Position..... | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
WADSWORTH ELEMENTARY SCHOOL
For the Fiscal Year Ended June 30, 2014

Schedule 16

| | July 1, 2013 | Additions | Deductions | Interfund Transfers In (Out) | June 30, 2014 |
|--------------------------------------|---------------|---------------|---------------|------------------------------------|---------------|
| Assets: | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Music..... | \$ 1,233 | - | 472 | - | 761 |
| Classes..... | 284 | 6,181 | 11,319 | 8,188 | 3,334 |
| Clubs..... | 704 | 1,165 | 1,090 | 1,009 | 1,788 |
| Departments..... | 60,033 | 22,851 | 25,156 | (42,802) | 14,926 |
| Trusts..... | 5,476 | 45,808 | 38,809 | 36,959 | 49,434 |
| General..... | <u>15,520</u> | <u>15,256</u> | <u>13,306</u> | <u>(3,354)</u> | <u>14,116</u> |
| Total assets..... | <u>83,250</u> | <u>91,261</u> | <u>90,152</u> | <u>-</u> | <u>84,359</u> |
| Liabilities and Net Position: | | | | | |
| Liabilities: | | | | | |
| Due to internal accounts..... | <u>83,250</u> | <u>91,261</u> | <u>90,152</u> | <u>-</u> | <u>84,359</u> |
| Net Position..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

COMPLIANCE SECTION

This Page Intentionally Left Blank.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Chair Person, District School
Board Members and Superintendent
School District of Flagler County, Florida
Bunnell, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined statement of fiduciary net position and statement of changes in fiduciary net position arising from cash transactions of the District School Internal Activity Funds of the School District of Flagler County, Florida as of and for the year ended June 30, 2014, and have issued our report thereon dated August 14, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District of Flagler County, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District of Flagler County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of Flagler County, Florida's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be *significant deficiencies*, which are listed as items A.1 through A.6.

The Honorable Chair Person, District School
Board Members and Superintendent
School District of Flagler County, Florida
Page 2 of 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District of Flagler County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items A.7 and items B.1 through B.15.

The School District of Flagler County, Florida's Response to Findings

The School District of Flagler County, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The School District of Flagler County, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

BMC CPAs

August 14, 2014

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

Our findings, recommendations and auditee responses are specifically segregated into two separate categories for reporting herein. The first category (item A) represents our district-wide findings and recommendations for District School Internal Activity Funds taken as a whole. The second category (item B) represents our specific findings and recommendations for District School Internal Activity Funds at each of the District's individual schools and education centers.

A. District-Wide Findings, Recommendations and Auditee Responses

1. Segregation of Duties and Internal Control Environment

The general stewardship responsibilities of the Flagler County District School Board (the "District") include the development and utilization of management and internal control systems for the individual school internal activity funds. These systems are in place to provide reasonable assurance to management and the District's elected officials that the receipt and disposition of its individual school internal activity account funds are effectively and efficiently safeguarded against loss, and are being appropriately managed in accordance with applicable federal, state, and district laws and requirements. During our individual school on-site audits, we noted that the District's ability to implement managerial oversight on a uniform District-wide basis is hampered by limited personnel staffing at the District's individual schools and education centers.

Currently, most job duties and responsibilities associated with the receiving and disbursing of internal activity account funds, the preparation of bank deposits, the recording of internal activity fund transactions in the District's financial reporting systems, the maintenance of appropriate supporting documentation, and the reconciliation of all related accounts and bank statements are typically delegated to a single individual at each school. The ultimate *fiduciary* responsibility for all internal activity funds is formally delegated by the District to its individual school principals.

Recommendation: When conditions exist that indicate a lack of physical segregation of key financial duties at the school level, i.e., a lack of documented school principal oversight and delegation of check-signing privileges to the internal accounts bookkeeper, we continue to recommend that consideration should be given to the monthly independent preparation (preferably by District Finance Department personnel) of all internal activity fund bank account reconciliations, as is recommended by the Florida Department of Education's *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section II(8).

To further reduce risk associated with the inability of each school to have physical segregation of duties, we also continue to recommend that recording of all adjustments to cash accounts in each school's accounting system be performed by District Finance Department personnel.

We continue to suggest that actions be considered to mitigate and/or lessen the inherent risks associated with the appointment of authorized account signatories by limiting all check-signing authority and bank debit card use to the school principal and assistant principal(s). Additionally, we recommend that use of store and bank credit cards be controlled by a formal requisition form, to be approved by the Principal prior to the card being checked-out by the requestor. At no time should the employee responsible for writing checks or reconciliation of accounts have authorization to use these credit cards.

Auditee Response: *The District's finance personnel will continue to monitor and recommend improvements with the schools' principals and bookkeepers.*

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

2. Cash Receipts System and Accounting Procedures

During our review of the control environment associated with the District's individual schools' established internal control systems for internal activity fund cash receipts, we found that many individual school cash receipts systems are being maintained in compliance with the District's *Fiscal Management Policies*, which outlines the District's formal policies over the collection and use of internal activity funds. However, we did note instances where some of the individual school cash receipt systems are not being maintained in compliance with District policies.

Florida Department of Education and the District's policies currently require all teachers and sponsors to prepare and issue a pre-numbered cash receipt form to document the receipt of individual participant cash or check payments to be deposited into the school's internal activity fund bank account. Subsequent to the collection of these funds, teachers and sponsors are required to accurately complete and submit a *Report of Monies Collected* form to accompany all funds being remitted to the bookkeeper for deposit. Upon receipt of these funds, the bookkeeper should always verify the monies collected in the presence of the submitting party. Pursuant to District requirements [Policy 705(VII)], all collected monies are required to be presented to the bookkeeper within one (1) business day of receipt, and subsequently deposited intact into the school's internal activity fund bank account within five (5) working days of collection.

However, during our random testing of cash receipts we noted three instances (District-wide) where refunds to students, payments to vendors, or purchases of items needed for a specific collection event, was remitted directly from cash collections; thus, collections for the event were not deposited *intact* as is required by the Florida Department of Education's *Redbook 2012*, Section III(1.4)(c), which states that "all money must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices." Section V defines Intact, or Deposit Intact as "The practice in which money is presented to a bank or bookkeeper for the credit of the school's internal fund in the same form as received. This means that any receipt of funds in the form of cash shall be deposited as cash." The *Redbook 2012* further directs in Section II(2) that "Purchases from internal funds must be authorized in writing by the principal or designee." In one instance, a temporary employee receipted monies collected from a teacher's classroom collections, then subsequently took cash funds from that collection and paid a vendor for items order by another teacher.

Recommendation: We continue to suggest that adherence to the following items will help to ensure that the District's cash receipts system will be in compliance with Florida Department of Education and Flagler County School Board policies and procedures.

- Teachers and sponsors should be required to submit their collections of internal activity funds to the bookkeeper for deposit within the required one (1) business day of receipt;
- Teachers and sponsors should be required to prepare and retain copies of formal pre-numbered cash receipt forms for all monies collected throughout the year, and that sufficient reference be made on the *Report of Monies Collected* form of all individual cash receipts issued, which should support the total amount submitted to the bookkeeper. Used cash receipt books should be retained by the bookkeeper until completion of the fiscal year's audit, and any incomplete forms or exceptions should be reported to the school Principal upon discovery;
- Internal accounts bookkeepers should continue to document whether all pre-numbered cash receipts issued to teachers/sponsors are numerically controlled (i.e. numerical sequence of

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

cash receipts is accounted for on an ongoing basis). Likewise, in order to ensure that collections associated with completed pre-numbered cash receipt forms have been appropriately submitted to the bookkeeper, procedures should be implemented to verify that total monies receipted can be reconciled to the funds actually submitted for deposit (i.e., review of receipt books by the bookkeeper during the receipting/verification process);

- Routine examination of dates and amounts on individual pre-numbered cash receipt forms should be compared to the accompanying *Report of Monies Collected* form's verification date (date received by the bookkeeper), and amounts listed, to obtain assurance that all teacher/sponsor collections are remitted intact to the bookkeeper for deposit within one business day, and subsequently deposited into the internal activity fund bank account within five days of receipt, as required by District policies;
- Use of cash collections, prior to deposit, for refunds, purchases or other uses should always be prohibited, per *Redbook* guidelines and District policies, and all collections should be remitted intact to the bookkeeper for deposit.
- Substitute or temporary employees that will be responsible for handling and recording internal funds financial transactions should be bonded through the District, as directed by the *Redbook* [Section II(1)], and properly trained in order to be in compliance with State and District laws and policies; and
- Any detected violations of these requirements should be reported to the Principal in writing for follow-up action.

Auditee Response: The District will continue to monitor and recommend improvements to school principals and bookkeepers.

3. Purchase Order and Encumbrance Systems

The Florida Department of Education's *Redbook 2012* requires that no activity account shall incur an expense or liability without first securing written approval of the principal, or, in his/her absence, a duly authorized representative. Further, these standards require that no teacher or other school personnel shall obligate school funds by purchasing materials or services without obtaining proper prior approval.

During our tests of the District's individual school control systems for internal activity fund cash disbursements, we noted improvement with regards to pre-approval of specific orders to vendors, although there is not always a pre-approval form completed for use of store and bank credit cards. Formal procedures for credit purchases should be practiced, as is mandated by the District's *Internal Accounts Procedures Manual*.

Recommendation: We recommend continued development and implementation of formal District-wide uniform standards, policies and procedures for the disbursement of internal activities account funds. The implementation and enforcement of these uniform standards should strengthen management's control over internal activity funds disbursements, which would reduce risks associated with potentially unapproved, restricted, or fraudulent purchases, and further ensure compliance with the Florida Department of Education requirements regarding purchases and obligation of funds.

The District's integrated accounting software module was activated for internal activity accounts during the 2012-2013 school year; however, the activation of the software's purchase order system has not yet been implemented. Once this new accounting software system is fully in place, these

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

processes should facilitate compliance with pre-encumbrance/pre-approval requirements for effective internal control of cash disbursements.

Auditee Response: The District will continue to monitor compliance with policies and procedures for the disbursement of internal activities account funds and make recommendations as deemed necessary.

The District is currently implementing the purchase order system at some schools during the 2014/15 fiscal year. We anticipate that all locations will be fully utilizing the purchase order system at the start of the 2015/16 fiscal year.

4. Use of Bank Debit Cards, Store and Bank Credit Cards

During our testing of cash disbursements at the individual schools, we continued to note instances where revolving credit accounts were being used for internal activities account purchases, as well as increased use of the individual schools' bank account debit cards. However, with the guidelines set forth for use of debit and store credit cards in the *Internal Accounts Procedures Manual (July, 2010)*, adherence to these procedures should help to reduce the risk of unauthorized purchases.

Recommendation: In order to minimize risks involved with these practices, we continue to suggest that a District-wide internal accounts purchasing card system, with policies and procedures specifically related to its use, be implemented to eliminate the need for individual store and bank credit accounts, as well as the use of schools' bank account debit cards. The State of Florida Administrative Code 6A-1.021 states that "Insofar as practicable, all purchases shall be based on contracts, purchasing card systems, electronic procurements, or purchase orders." Each of these methods should require pre-approval by the school's principal or designee, which should facilitate compliance with requirements for effective internal control of cash disbursements.

We continue to suggest the discontinuance of school bank account debit cards, considering the inherent risks associated with theft or loss to the school's internal activity bank account. Discontinuing their use would also greatly reduce risk associated with unapproved purchases and fraud. We also recommend that until a formal government purchasing card control system is implemented, all use of store and bank credit cards be closely monitored by school Principals or their administrative designee.

Auditee Response: In an effort to reduce the risk of unauthorized purchases, the District's Finance personnel will continue to monitor adherence to the guidelines set forth in the Internal Accounts Procedures Manual for use of debit and store credit card. In addition, the district has mandated copies of all credit cards be kept on file in the finance department.

5. Fundraising Activities

District procedures relating to authorized fundraising activities currently require that teachers and sponsors accurately complete a *Fundraising Form* to document specifics of the fundraiser, estimated sales, and upon completion of the fundraiser the total sales and actual net profit realized. A *Sales Item Inventory Report* is required to be completed when items are obtained and distributed for resale, which documents the beginning and ending inventory of items sold, original cost per item, sales price of the item, and total collections from sales. These forms should be completed and signed by the

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

person in charge of the fundraiser, and then submitted for review to the principal or designee. During the audit, we noted the following matters, listed in order of frequency:

- Teachers and sponsors do not always submit their fundraising collections of internal activity funds to the bookkeeper for deposit within the required one (1) business day of receipt;
- Teachers and sponsors do not always accurately complete the information required on the *Fundraising Form* (i.e., total collections listed on the form do not always reconcile to the total monies submitted for deposit);
- Teachers and sponsors do not always prepare a *Fundraising Form* showing actual sales and net profit, or a *Sales Item Inventory Report* to document the specifics of items sold;
- Teachers and sponsors do not always obtain pre-approval of fundraising activities from the Principal or designee; and
- Teachers and sponsors do not always deposit fundraising collections intact. We noted instances where cash collections, prior to deposit, were distributed for refunds, purchases or other items needed for the fundraising event before collections were submitted to the bookkeeper for deposit.

Recommendation: We continue to suggest that teacher/sponsor training should take place at least bi-annually at the individual school level to better acquaint fundraiser teachers and sponsors with the policies and procedures associated with fundraising activities, to include State and District laws associated with accountability for funds collected, and further, to instruct on accurate completion of the *Fundraising Form* and the *Sales Item Inventory Report*.

Auditee Response: *The District will continue to review procedures for the proper handling of fundraiser activities, and additional training will be provided as needed.*

6. Chart of Accounts

On July 1, 2012 the District implemented the Skyward financial accounting software for internal accounts reporting. With the implementation of the Skyward software, Finance Department personnel designed a uniform Chart of Accounts, with a list of sub-accounts, to be used District-wide. We continued to note that when a school owned more than one bank account (i.e., checking and money market), the balances of these bank accounts were co-mingled into one cash account number in the accounting software, thus increasing risk of error during preparation of monthly bank account reconciliations.

During our examination of disbursements, we continued to note that whenever checks for change funds were disbursed to coaches, teachers, and sponsors for use at their various events, all change fund disbursements were charged against the fund assigned to that activity, instead of posting the check—as a cash transfer—to a Change Fund account. A Change Fund account should be created within the cash accounts section (assets) of the accounting software. This practice of posting change fund checks to an activity account as an expense, instead of a cash transfer, understates the balance of funds available for that particular activity as long as those change funds are outstanding. Also, for financial reporting purposes, total receipts and disbursements for those activities are subsequently overstated on the interim and yearend reports. Another benefit to having a separate asset account for outstanding change funds gives management a ready tool to trace unreturned change funds, as well as the ability to correct returned change funds erroneously recorded as receipts.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

Recommendation: We continue to recommend that separate accounts be created for bank, money market, and other cash and investment accounts within each school's Chart of Accounts. We further recommend that a new cash (asset) account be created -- entitled "Change Funds" -- and procedures written for its proper use, as defined in Section V of the Florida Department of Education's *Financial and Program Cost Accounting and Reporting for Florida Schools*.

Auditee Response: *The District will continue to monitor the Chart of Accounts as well as ensure there are separate general ledger accounts for each bank account. In addition, separate general ledger accounts will be set up for the change funds to ensure the accounting for these funds is properly handled.*

7. Training Programs and Expanded Procedures

During the audit we continued to note circumstances where some school faculty and staff were unfamiliar with certain regulatory requirements associated with internal activity accounts, especially in regards to fundraising activities and the roll of parent volunteers or booster organizations in the collections process. Considering the percentage of position changes at larger schools, this finding was more prevalent at middle and high schools, thus consistent communication of State and District rules, policies and the necessary procedures needed to ensure compliance can be a time-consuming task.

We also recognize that due to the nature of certain athletic and band activities, some transactions are exceptional in nature and, therefore, are not addressed by specific guidelines in the District's *Fiscal Management Policies*. In response to these unusual events, some individual schools have developed their own system for managing these exceptional activities, which may not always correspond with mandated State and District policies and procedures governing receipts and disbursements of internal funds.

The purpose of the *Internal Accounts Procedures Manual (July, 2010)* is to clarify the Board's policies, and give those responsible for receipt and disbursements of internal activity accounts a comprehensive source for guidance and training.

Recommendation: We continue to recommend the ongoing development of training sessions for all District school administrators and bookkeepers, in order to review applicable procedures needed to ensure compliance with the District's *Fiscal Management Policies*; as well as the standards listed in the Florida Department of Education's *Financial and Program Cost Accounting and Reporting for Florida Schools*.

We continue to recommend topic-specific training sessions for all teachers and sponsors who will be responsible for fundraising activities; use of store and bank credit cards or bank debit cards; as well as cash receipts and cash disbursements/purchasing policies.

Auditee Response: *We will continue to conduct meetings throughout the year to provide ongoing training.*

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

B. Individual School and Education Center Findings, Recommendation and Auditee Responses

1. Administrative Office, Bunnell, FL

- a. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

2. *Adult Community Education, Palm Coast, FL*

- a. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

3. Belle Terre Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 20% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account. This finding was noted on the prior year audit report.
- c. We noted 10% of cash receipts tested had either incomplete individual cash receipt forms, or individual cash receipt forms were not available for our examination, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(a) and the Flagler County School Board's Policy No. 705(VII) requirements. Receipts included on the *Report of Monies Collected* forms could not be traced to actual collections, thus, it was not possible for the examiner to readily determine whether all cash receipts were appropriately submitted to the bookkeeper. We recommend that faculty and staff be required to prepare and retain copies of formal pre-numbered cash receipt forms for all monies collected throughout the year. We also recommend that sufficient reference to each receipt (name, receipt number, and amount collected) be listed on the *Report of Monies Collected* form, the sum of which should always support the total amount submitted to the bookkeeper. Used cash receipt books should be retained until completion of the fiscal year's audit, and any incomplete forms or exceptions should be reported to the school Principal upon discovery.
- d. We noted that 10% of cash disbursements tested did not have a vendor's invoice or sales receipt to support the issuance of a check or the subsequent disbursement of funds. Purchase Order and Check Requisition forms should be appropriately completed and are required to be substantiated by an itemized invoice or a signed receipt, in accordance with District policies.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

4. Buddy Taylor Middle School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 27% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account. This finding was noted on the prior year audit report.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

5. *Bunnell Elementary School, Bunnell, FL*

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 10% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account. This finding was noted on the prior year audit report.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

6. *Everest Alternative School, Palm Coast, FL*

- c. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

7. *Exceptional Student Education (ESE), Bunnell, FL*

- a. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

8. *Flagler Palm Coast High School, Palm Coast, FL*

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 8% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account. This finding was noted on the prior year audit report.
- c. During our examination of cash receipts, we noted one instance where the total of cash receipts collected were not deposited intact into the school's internal activity bank account. Further investigation revealed a previously purchased ticket had been refunded from the current day's collection. Florida Department of Education *Red Book* rules state that all monies collected must be deposited intact; therefore, all collections submitted to the bookkeeper for deposit must correspond to the sum of the individual cash receipts. Teachers and sponsors who are involved with internal accounts activity collections should be made aware of the fact that total collections must be submitted to the bookkeeper for deposit intact, and the principal or designee shall be notified immediately of any errors in deposits or disbursements, per the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4 and the Flagler County School Board's Policy No. 705(VII)(H) requirements. More care should be given to daily reconciliation of funds collected.
- d. During our random testing of *Fundraising Forms*, we noted instances where Fundraising Forms were not being appropriately completed by the sponsors for fundraising activities and retained on file by the principal's designee, in accordance with District Finance Department procedures. The District's *Fundraising Form* reveals to the principal a description and date(s) of the fundraiser, sales and cost estimates, total collections (which should always correspond to deposits made to the appropriate internal activity fund), and a net profit computation. Incomplete or missing reports make it impossible for the principal and bookkeeper to determine if the fundraiser was profitable, and whether the collections were timely submitted for deposit. We continue to recommend training for all fundraising sponsors, at least bi-annually, to include Board fundraising policies, District procedures and instructions for completion of the *Fundraising Form*. This finding was noted on the prior year audit report.
- e. During our examination, we noted many instances, where items obtained for resale, were not being properly documented on a *Sales Item Inventory Report* as is required by District Finance Department Procedures. The District's *Sales Item Inventory Report* documents the beginning and ending inventory of items sold, original cost per item, sales price of item, and total collections from the sale. This report should be signed by the teacher/sponsor in charge of the particular resale/fundraiser, and then submitted for review to the principal or designee. Omission of this report makes it extremely difficult, if not impossible to properly reconcile inventory and determine whether all collections were timely submitted for deposit, intact. We recommend training for all teachers/sponsors who hold inventory for resale, at least bi-annually, to include Board policies, District procedures, and instructions for accurate completion of the *Sales Item Inventory Report*.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

- f. During our examination of *Ticket Sellers Reports*, we continued to note various instances where District-authorized forms were not always being appropriately completed in accordance with District Finance Department procedures for many non-athletic events. The District's *Ticket Sellers Report* reveals to the principal a description and date of an event, ticket color, ticket numerical sequence issued, number of tickets sold, and price per ticket (when this information is properly completed, total sales should be calculated and then reconciled to the actual cash deposited, less any gate change, with shortages or overages being explained and documented). Incomplete or missing reports make it impossible for the principal and bookkeeper to determine whether all collections were timely submitted for deposit, intact. We recommend training for all teachers/sponsors who hold events requiring sales of pre-numbered tickets, at least bi-annually, to include Board ticket selling policies, District procedures, and instructions for accurate completion of the *Ticket Sellers Report*. A similar comment was noted on the prior year audit report.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

9. *Indian Trails K-8 School, Palm Coast, FL*

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 6% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account. This finding was noted on the prior year audit report.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

10. Matanzas High School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 6% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account.
- c. We noted that *Fundraising Forms* were not always being appropriately completed by the sponsors for fundraising activities and retained on file by the principal's designee, in accordance with District Finance department procedures. The District's *Fundraising Form* reveals to the principal a description and date(s) of the fundraiser, sales and cost estimates, total collections (which should always correspond to deposits made to the appropriate internal activity fund), and a net profit computation. We also noted instances where collections were not being timely submitted to the bookkeeper for deposit. In accordance with District policies and procedures, monies collected should be promptly submitted to the bookkeeper to be deposited into the appropriate internal activity within 1 business day of the collection. Incomplete or missing reports make it impossible for the principal or bookkeeper to document and determine if the fundraiser was pre-approved, profitable, and whether the collections were timely submitted for deposit. We recommend training for fundraiser sponsors, at least bi-annually, to include Board fundraising policies, District procedures and instructions for completion of the *Fundraising Form*.
- d. During our examination of the Fundraising forms we noted one instance where the total cash receipts collected for a fundraiser were not deposited intact into the school's internal activity bank account. Further investigation revealed that actual fundraiser cash collections were used to pay for the cost of the fundraiser, leaving only the net to be deposited into the school's internal activity account. Furthermore, not all disbursement receipts were available to reconcile to the amounts collected and subsequently deposited. Florida Department of Education *Red Book* rules state that all money collected must be deposited intact; therefore, all cash collections submitted to the bookkeeper for deposit must correspond to the sum of all cash receipt collections. Teachers and sponsors who are involved with internal accounts activity collections should be made aware of the fact that total collections must be submitted to the bookkeeper for deposit intact, and the principal or designee shall be notified immediately of any errors in deposits or disbursements, per the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4 and the Flagler County School Board's Policy No. 705(VII)(H) requirements. More care should be given to reconciliation of funds collected, with short-falls or missing receipts being promptly investigated by the principal.

Auditee Response: *The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.*

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

11. Old Kings Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 20% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account.
- c. We noted that Fundraising forms were not always being appropriately completed by the sponsors for fundraising activities and retained on file by the principal's designee, in accordance with District Finance department procedures. The District's *Fundraising Form* reveals to the principal a description and date(s) of the fundraiser, sales and cost estimates, total collections (which should always correspond to deposits made to the appropriate internal activity fund), and a net profit computation. Incomplete or missing reports make it impossible for the principal or bookkeeper to document and determine if the fundraiser were pre-approved, profitable, and whether the collections were timely submitted for deposit. We recommend training for fundraiser sponsors, at least annually, to include Board fundraising policies, District procedures and instructions for completion of the Fundraising Form.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

12. Phoenix Academy, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

13. Rymfire Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 10% of cash receipts tested revealed that monies collected by teachers or sponsors were not submitted to the bookkeeper promptly, in accordance with the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 1.4(b) and the Flagler County School Board's Policy No. 705(VII) requirements. All cash receipt collections should be delivered to the bookkeeper within 1 business day of receipt for deposit in the internal activity fund bank account. This finding was noted on the prior year audit report.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

14. Student Services, Bunnell, FL

- a. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2014

15. Wadsworth Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.

Auditee Response: The District will continue to provide continuing education and specialty training to their internal accounts bookkeepers that address these matters.