

School District of Flagler County



District School Internal Activity Funds

Financial Statements And Independent Accountants' Report

June 30, 2016

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SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' REPORT
June 30, 2016

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INDEPENDENT ACCOUNTANTS' REPORT

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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, 2016, 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 policies 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, 2016, 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, 2016 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 October 31, 2016, 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

October 31, 2016

FINANCIAL SECTION

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DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION -
ALL DISTRICT SCHOOLS
June 30, 2016

Statement 1

Assets:		
Cash and Cash Equivalents:		
Demand Deposits.....	\$	1,900,239
Total Assets.....		<u>\$ 1,900,239</u>
Liabilities and Net Position		
Liabilities:		
Due to student/teacher/parent groups.....	\$	1,900,239
Total Liabilities.....		1,900,239
Net Position.....		<u> -</u>
Total Liabilities and Net Position.....		<u>\$ 1,900,239</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, 2016

Statement 2

	July 1, 2015	Additions	Deletions	June 30, 2016
Assets:				
Cash and cash equivalents.....	\$ 1,679,235	2,712,951	2,491,947	1,900,239
Total assets.....	1,679,235	2,712,951	2,491,947	1,900,239
Liabilities and Net Position:				
Liabilities:				
Due to student/teacher/parent groups.....	1,679,235	2,712,951	2,491,947	1,900,239
Total liabilities.....	1,679,235	2,712,951	2,491,947	1,900,239
Net Position.....	\$ -	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

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DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

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, 2016, the District operated 17 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 Education, Palm Coast, FL
- Belle Terre Elementary School, Palm Coast, FL
- Buddy Taylor Middle School, Palm Coast, FL
- Bunnell Elementary School, Bunnell, FL
- Community Education, Palm Coast, FL
- Early Childhood Education, Bunnell, FL
- Everest Alternative 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, 2016

Exceptional Student Education (ESE), Bunnell, FL
Flagler Palm Coast High School, Palm Coast, FL
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, 2016, the carrying value of the District's cash deposit accounts totaled \$1,900,239 and the bank balance totaled \$1,953,699. 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
For the Fiscal Year Ended June 30, 2016

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 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, 2016, all of the District's deposits were adequately covered by a combination of federal depository insurance and the statutory provisions of the Act.

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SUPPLEMENTAL INFORMATION

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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, 2016

Schedule 1

	July 1, 2015	Additions	Deductions	June 30, 2016
Assets:				
Cash and Cash Equivalents:				
Administrative Office.....	\$ 45,904	57,314	49,264	53,954
Adult Education.....	275,458	143,799	134,753	284,504
Belle Terre Elementary School.....	97,245	214,678	209,559	102,364
Buddy Taylor Middle School.....	99,235	161,106	117,802	142,539
Bunnell Elementary School.....	30,056	114,086	105,681	38,461
Community Education.....	26,979	2,188	104	29,063
Early Childhood Education.....	1,032	200	655	577
Everest Alternative School	17,379	-	17,379	-
Exceptional Student Education (ESE).....	6,526	350	6,876	-
Flagler Palm Coast High School.....	297,637	907,775	857,199	348,213
Indian Trails K-8 School.....	167,624	134,642	123,102	179,164
Matanzas High School.....	321,720	557,372	499,425	379,667
Old Kings Elementary School.....	127,010	176,805	140,463	163,352
Phoenix Academy.....	4,854	12	4,866	-
Rymfire Elementary School.....	61,990	114,845	108,940	67,895
Student Services.....	9,323	26,708	24,967	11,064
Wadsworth Elementary School.....	89,263	101,071	90,912	99,422
Total assets.....	1,679,235	2,712,951	2,491,947	1,900,239
Liabilities and Net Position:				
Liabilities:				
Due to student/teacher/parent groups.....	1,679,235	2,712,951	2,491,947	1,900,239
Net Position.....	\$ -	-	-	-

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, 2016

Schedule 2

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 9,895	35,725	30,776	-	14,844
General.....	<u>36,009</u>	<u>21,589</u>	<u>18,488</u>	<u>-</u>	<u>39,110</u>
Total assets.....	<u>45,904</u>	<u>57,314</u>	<u>49,264</u>	<u>-</u>	<u>53,954</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>45,904</u>	<u>57,314</u>	<u>49,264</u>	<u>-</u>	<u>53,954</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 EDUCATION
For the Fiscal Year Ended June 30, 2016

Schedule 3

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Classes.....	\$ 18,569	5,850	11,274	-	13,145
Trusts.....	52,880	16,905	18,818	(208)	50,759
General.....	<u>204,009</u>	<u>121,044</u>	<u>104,661</u>	<u>208</u>	<u>220,600</u>
Total assets.....	<u>275,458</u>	<u>143,799</u>	<u>134,753</u>	<u>-</u>	<u>284,504</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>275,458</u>	<u>143,799</u>	<u>134,753</u>	<u>-</u>	<u>284,504</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, 2016

Schedule 4

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 583	2,693	2,231	-	1,045
Classes.....	12,507	85,723	85,545	270	12,955
Clubs.....	9,582	9,102	6,579	(48)	12,057
Departments.....	27,198	62,904	51,650	298	38,750
Trusts.....	6,784	30,874	30,598	-	7,060
General.....	<u>40,591</u>	<u>23,382</u>	<u>32,956</u>	<u>(520)</u>	<u>30,497</u>
Total assets.....	<u>97,245</u>	<u>214,678</u>	<u>209,559</u>	<u>-</u>	<u>102,364</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>97,245</u>	<u>214,678</u>	<u>209,559</u>	<u>-</u>	<u>102,364</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, 2016

Schedule 5

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 6,367	18,200	18,422	-	6,145
Classes.....	7,786	14,610	13,791	768	9,373
Clubs.....	13,414	13,816	10,104	42	17,168
Departments.....	13,184	10,361	13,345	10,000	20,200
Trusts.....	49,412	78,664	35,609	(11,340)	81,127
General.....	<u>9,072</u>	<u>25,455</u>	<u>26,531</u>	<u>530</u>	<u>8,526</u>
Total assets.....	<u>99,235</u>	<u>161,106</u>	<u>117,802</u>	<u>-</u>	<u>142,539</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>99,235</u>	<u>161,106</u>	<u>117,802</u>	<u>-</u>	<u>142,539</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, 2016

Schedule 6

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Athletics.....	\$ 628	16	748	104	-
Music.....	299	3,363	2,582	16	1,096
Classes.....	3,648	4,594	3,345	(208)	4,689
Clubs.....	4,352	37,560	40,158	(152)	1,602
Departments.....	9,575	21,176	21,119	(249)	9,383
Trusts.....	10,494	45,613	34,894	(456)	20,757
General.....	<u>1,060</u>	<u>1,764</u>	<u>2,835</u>	<u>945</u>	<u>934</u>
Total assets.....	<u>30,056</u>	<u>114,086</u>	<u>105,681</u>	<u>-</u>	<u>38,461</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>30,056</u>	<u>114,086</u>	<u>105,681</u>	<u>-</u>	<u>38,461</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 -
COMMUNITY EDUCATION
For the Fiscal Year Ended June 30, 2016

Schedule 7

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 26,979	2,188	104	-	29,063
Total assets.....	<u>26,979</u>	<u>2,188</u>	<u>104</u>	<u>-</u>	<u>29,063</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>26,979</u>	<u>2,188</u>	<u>104</u>	<u>-</u>	<u>29,063</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 -
EARLY CHILDHOOD EDUCATION
For the Fiscal Year Ended June 30, 2016

Schedule 8

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Clubs.....	\$ 60	-	-	-	60
General.....	<u>972</u>	<u>200</u>	<u>655</u>	<u>-</u>	<u>517</u>
Total assets.....	<u>1,032</u>	<u>200</u>	<u>655</u>	<u>-</u>	<u>577</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>1,032</u>	<u>200</u>	<u>655</u>	<u>-</u>	<u>577</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, 2016

Schedule 9

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Departments.....	3,204.04	-	3,204.04	-	-
Trusts.....	10,810.83	-	10,810.83	-	-
General.....	<u>3,364.33</u>	<u>-</u>	<u>3,364.33</u>	<u>-</u>	<u>-</u>
Total assets.....	<u>17,379.20</u>	<u>-</u>	<u>17,379.20</u>	<u>-</u>	<u>-</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>17,379.20</u>	<u>-</u>	<u>17,379.20</u>	<u>-</u>	<u>-</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, 2016

Schedule 10

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 6,526	350	6,876	-	-
Total assets.....	<u>6,526</u>	<u>350</u>	<u>6,876</u>	-	-
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>6,526</u>	<u>350</u>	<u>6,876</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, 2016

Schedule 11

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Athletics.....	\$ 38,554	411,385	359,847	(6,587)	83,505
Music.....	6,970	34,871	25,694	(276)	15,871
Classes.....	15,457	8,821	6,035	(4,500)	13,743
Clubs.....	120,205	204,624	204,933	3,699	123,595
Departments.....	43,413	71,135	73,040	(1,184)	40,324
Trusts.....	52,282	149,861	153,916	8,848	57,075
General.....	<u>20,756</u>	<u>27,078</u>	<u>33,734</u>	<u>-</u>	<u>14,100</u>
Total assets.....	<u>297,637</u>	<u>907,775</u>	<u>857,199</u>	<u>-</u>	<u>348,213</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>297,637</u>	<u>907,775</u>	<u>857,199</u>	<u>-</u>	<u>348,213</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, 2016

Schedule 12

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Athletics.....	\$ 9,296	12,566	12,374	(30)	9,458
Music.....	17,294	27,211	29,239	-	15,266
Classes.....	38,684	22,756	22,733	495	39,202
Clubs.....	4,612	3,729	3,484	-	4,857
Departments.....	37,278	26,764	19,973	(222)	43,847
Trusts.....	6,577	38,306	28,057	(495)	16,331
General.....	<u>53,883</u>	<u>3,310</u>	<u>7,242</u>	<u>252</u>	<u>50,203</u>
Total assets.....	<u>167,624</u>	<u>134,642</u>	<u>123,102</u>	<u>-</u>	<u>179,164</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>167,624</u>	<u>134,642</u>	<u>123,102</u>	<u>-</u>	<u>179,164</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, 2016

Schedule 13

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Athletics.....	\$ 53,570	222,832	228,971	5,509	52,940
Music.....	7,399	18,497	21,153	(627)	4,116
Classes.....	31,283	40,408	38,315	(254)	33,123
Clubs.....	86,570	124,795	121,699	3,942	93,607
Departments.....	20,207	39,226	18,595	15,794	56,632
Trusts.....	52,943	86,210	53,134	(22,539)	63,480
General.....	<u>69,748</u>	<u>25,404</u>	<u>17,558</u>	<u>(1,825)</u>	<u>75,768</u>
Total assets.....	<u>321,720</u>	<u>557,372</u>	<u>499,425</u>	<u>-</u>	<u>379,667</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>321,720</u>	<u>557,372</u>	<u>499,425</u>	<u>-</u>	<u>379,667</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, 2016

Schedule 14

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 3,840	4,551	4,824	-	3,567
Classes.....	2,522	25,374	25,862	1,452	3,486
Clubs.....	9,011	10,025	12,390	302	6,948
Departments.....	24,738	35,626	31,607	3,926	32,683
Trusts.....	4,859	72,395	41,743	(10,418)	25,093
General.....	<u>82,040</u>	<u>28,834</u>	<u>24,037</u>	<u>4,738</u>	<u>91,575</u>
Total assets.....	<u>127,010</u>	<u>176,805</u>	<u>140,463</u>	<u>-</u>	<u>163,352</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>127,010</u>	<u>176,805</u>	<u>140,463</u>	<u>-</u>	<u>163,352</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, 2016

Schedule 15

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Departments.....	1,822.08	-	1,822.08	-	-
Trusts.....	1,314.20	-	1,314.20	-	-
General.....	<u>1,717.28</u>	<u>12.15</u>	<u>1,729.43</u>	-	<u>0.00</u>
Total assets.....	<u>4,853.56</u>	<u>12.15</u>	<u>4,865.71</u>	-	<u>0.00</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>4,853.56</u>	<u>12.15</u>	<u>4,865.71</u>	-	<u>0.00</u>
Net Position.....	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</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, 2016

Schedule 16

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 41	-	-	-	41
Classes.....	4,938	15,966	16,065	2,170	7,009
Clubs.....	2,797	24,783	17,047	(1,731)	8,802
Departments.....	7,311	17,015	18,688	(75)	5,563
Trusts.....	3,776	37,004	32,857	65	7,988
General.....	<u>43,127</u>	<u>20,077</u>	<u>24,283</u>	<u>(429)</u>	<u>38,492</u>
Total assets.....	<u>61,990</u>	<u>114,845</u>	<u>108,940</u>	<u>-</u>	<u>67,895</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>61,990</u>	<u>114,845</u>	<u>108,940</u>	<u>-</u>	<u>67,895</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, 2016

Schedule 17

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 3,538	17,086	14,255	-	6,369
General.....	<u>5,785</u>	<u>9,622</u>	<u>10,712</u>	-	<u>4,695</u>
Total assets.....	<u>9,323</u>	<u>26,708</u>	<u>24,967</u>	-	<u>11,064</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>9,323</u>	<u>26,708</u>	<u>24,967</u>	-	<u>11,064</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, 2016

Schedule 18

	July 1, 2015	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2016
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 761	-	533	1,163	1,391
Classes.....	6,393	8,518	17,400	10,762	8,273
Clubs.....	1,361	3,720	3,761	1,775	3,095
Departments.....	16,585	17,873	21,401	4,260	17,317
Trusts.....	52,973	56,666	41,550	(8,515)	59,574
General.....	<u>11,190</u>	<u>14,294</u>	<u>6,267</u>	<u>(9,445)</u>	<u>9,772</u>
Total assets.....	<u>89,263</u>	<u>101,071</u>	<u>90,912</u>	<u>-</u>	<u>99,422</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>89,263</u>	<u>101,071</u>	<u>90,912</u>	<u>-</u>	<u>99,422</u>
Net Position.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

COMPLIANCE SECTION

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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, 2016, and have issued our report thereon dated October 31, 2016.

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. 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.3.

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

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

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.3 and items B.1 through B.17.

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

October 31, 2016

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

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, 2016

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 most individual school cash receipts systems are being maintained in compliance with the District's *Internal Accounts Procedure Manual*, which outlines the District's formal policies and procedures over the collection and use of internal activity funds. However, we noted instances where some of the individual school cash receipt systems are not being maintained in compliance with District policies.

Florida Department of Education (Red Book) rules and District 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 collections for deposit 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. Report of Monies Collected form is required to accompany all funds being remitted to the bookkeeper for deposit. Upon receipt of these funds, the bookkeeper should then verify the monies collected in the presence of the submitting party. Pursuant to Red Book rules, all collected monies are required to be presented to the bookkeeper within one (1) business day of receipt, and subsequently deposited into the school's internal activity fund bank account within five (5) working days of collection. During the audit we continued to note the following compliance issues, listed in order of frequency:

- Teachers and sponsors do not always submit their collections of internal activity funds to the bookkeeper for deposit within the required one (1) business day of receipt. This compliance issue was noted at 53% of the schools, as reported on individual school comments in Section B of this Schedule of Findings and Responses.
- Teachers and sponsors do not always prepare, issue, and retain the required pre-numbered cash receipt forms to participants in order to substantiate and document receipt of internal activity funds. This issue was noted at 30% of the schools, as reported on individual school comments in Section B of this Schedule of Findings and Responses.
- Teachers and sponsors do not always submit their daily collections to the bookkeeper intact for deposit into the school's internal activity bank account. This finding is noted on individual school comments in Section B of this Schedule of Findings and Responses.

Recommendation: We recommend that sufficient emphasis be placed on the continuing education and training for all teachers and sponsors who collect cash funds destined to be deposited into their respective school's internal activities fund bank account.

We are aware that the District has created a revised *Report of Monies Collected* form which includes additional columns for: 1) listing individual receipt numbers, and 2) noting whether the individual payment was made by cash, or if by check, to list the check number. The District is currently phasing in the new forms as the individual schools run out of the old forms. These form changes should result in a more effective cash receipts system, and will provide management with an audit trail necessary to ensure that District-wide procedures for monies collected are being followed.

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, 2016

3. *Cash Disbursements System and Accounting Procedures*

The District currently has an *Internal Accounts Procedure Manual* which provides a narrative summary of the specific policies and procedures required to be followed by each school in the receipt and disbursement of internal activity account funds. Florida Department of Education (Red Book) rules and District policies currently require that no activity account should incur an expense or liability without first seeing 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 approval.

During our review of the District's individual school control systems for internal activity fund cash disbursements, we noted the following matters listed in order of frequency:

- There were instances where purchases were not pre-approved prior to the obligation of funds. This compliance issue was noted at 36% of the schools, as reported on individual school comments in Section B of this Schedule of Findings and Responses.
- Supporting documentation for expenditures was not always available for examination and/or the documentation provided did not always reconcile to the check issued. This finding is noted on individual school comments in Section B of this Schedule of Findings and Responses.

During our examination of cash disbursements systems, we noted that at most schools the internal accounts bookkeeper is listed as an authorized signatory on the school's bank account(s). Since internal accounts bookkeepers are also responsible for preparation of deposits and checks, as well as the maintenance of internal activity account records, the practice of the same employee also being a signatory on school's bank account creates a significant internal control weakness.

Recommendation: We recommend that current District procedures requiring teacher/sponsors to obtain pre-approval and to provide supporting documentation for all purchases, be regularly communicated to all teacher/sponsors.

In order to reduce risk and significantly improve the integrity of the control system for cash disbursements and segregation of duties, we continue to strongly recommend that principals and assistant principals be the only signatories allowed for schools' internal activity funds bank accounts.

Auditee Response: *Every check requires a dual signature, which includes a school administrator and bookkeeper. The District's finance personnel will continue to monitor and recommend improvements with the schools principals and bookkeepers.*

4. *The Florida Teachers Classroom Supply Assistance Program*

The Florida Legislature recognizes that most teachers spend their own money to supplement classroom supplies, so as has been the case for the past few years, money has been allocated to each qualifying Florida classroom teacher to help alleviate some of these costs via the Florida Teachers Classroom Supply Assistance Program. Pursuant to Florida Statutes 1012.71, classroom teachers are allowed to use these funds for the purchase of "classroom materials and supplies" and are required to sign a statement acknowledging receipt of the funds, keep receipts for no less than 4 years to show that funds expended meet the requirements of this section, and return any unused funds to the district

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

school board at the end of the regular school year. In addition to the Statutes the District's affidavit require all receipts to be turned into the school bookkeeper.

During our examination we noted instances where receipts retained did not support amounts expended. In addition, we also saw many cases where items other than "classroom material or supplies" were being purchased with these funds. As an example, in one instance funds were used for parking costs associated with a convention attended by the teacher.

Recommendation: We recommend that in addition to the affidavit, the District considers procedures to reconcile and verify that funds expended under the Florida Teachers Classroom Supply Assistance Program are in compliance with State Statutes. To help comply with these requirements, it may be helpful for the District to create a uniform summary sheet for the teacher's use that would contain information such as detail of purchase, amount, etc. to substantiate that the funds were utilized appropriately, with all supporting receipts attached for review by the School's bookkeeper.

Auditee Response: *The District's will monitor and recommend improvements to the schools principals and bookkeepers for the proper handling of the receipts, and additional training will be provided.*

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

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'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, 2016

2. *Adult Community Education, 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.
- c. We noted 20% of cash disbursements tested were not pre-encumbered or pre-approved prior to the obligation of funds. All purchases of goods or services must be approved in advance by the principal and encumbered by either a purchase order form or purchasing card.

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, 2016

3. Belle Terre Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 50% 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 receipt forms, or individual cash receipt forms were not available for our examination, in accordance with 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. While performing our examination, we noted an instance where monies collected by a teacher and submitted to the bookkeeper were not timely deposited in the school's Internal Funds bank account, in accordance with District policy. All money collected must be deposited in the bank within five (5) business days after collection.
- e. We noted 40% of cash disbursements tested were not pre-encumbered or pre-approved prior to the obligation of funds. All purchases of goods or services must be approved in advance by the principal and encumbered by either a purchase order form or purchasing card. This finding was noted on the prior year audit report.

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

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4. Buddy Taylor Middle School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 19% 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's finance personnel will continue to monitor and recommend improvements with the schools principals and bookkeepers.

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5. *Bunnell Elementary School, Bunnell, FL*

- a. See summary of District-wide comments in Section A, attached.
- b. We noted 10% of cash receipts tested had either incomplete individual receipt forms, or individual cash receipt forms were not available for our examination, in accordance with 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.
- c. During our examination of cash receipts, we noted one instance where the total cash receipts collected from a fundraising event were not deposited intact into the school's internal activity bank account. 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 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.
- d. We noted 14% of cash disbursements tested were not pre-encumbered or pre-approved prior to the obligation of funds. All purchases of goods or services must be approved in advance by the principal and encumbered by either a purchase order form or purchasing card.

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

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6. Community Education, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 10% of cash receipts tested were not substantiated with a report of monies collected form or any other supporting documentation, as required in accordance with 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.
- c. During our examination we noted one instance where the School's Internal Account was improperly used to refund tuitions collected and deposited into the School's General Budget Account. The tuition funds refunded to students from the Internal Account was not reimbursed by the General Budget Account, as it should have been.

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

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7. *Early Childhood Education, Bunnell, FL*

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

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

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

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

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

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

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

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

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10. Flagler Palm Coast High 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.
- c. We noted 4% of cash receipts tested had either incomplete individual receipt forms, or individual cash receipt forms were not available for our examination, in accordance with 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. During our random testing of *Fundraising Forms*, we noted various 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. Inaccurate 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 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 various 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

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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*. This finding was noted on the prior year audit report.

- f. We noted 14% of cash disbursements tested were not pre-encumbered or pre-approved prior to the obligation of funds. All purchases of goods or services must be approved in advance by the principal and encumbered by either a purchase order form or purchasing card. In cases where routine and frequent purchases are made, we recommend that consideration be given to the use of a blanket purchase order, which will lessen the burden of creating and approving purchase orders for every individual transaction. A similar comment was noted on the prior year audit report.
- g. During our examination we noted various instances where leads monies received by teachers, for the purpose of the Florida Teachers Classroom Supply Assistance Program, were either not supported with proper receipts, or were used for the purchase of items not classified as classroom materials or supplies. The Florida Statutes 1012.71- *The Florida Teachers Classroom Supply Assistance Program* specifies that the funds appropriated are for classroom teachers to purchase, on behalf of the school district, classroom materials and supplies for the public school students assigned to them. Each classroom teacher must sign a statement acknowledging receipt of the funds, keep receipts for no less than 4 years to show funds expended meet the requirements, and return any unused funds to the district school board at the end of the regular school year. Further, all supporting receipts must be turned into the School's bookkeeper no later than December 31st as required by the District's affidavit.

Auditee Response: The District's finance personnel will continue to monitor and recommend improvements with the schools principals and bookkeepers. We will also provide additional training on proper handling of the FTCSAP receipts.

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11. 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.
- c. We noted that 7% of cash disbursements tested did not have a vendor's invoice or sales receipt to support the issuance of a check or subsequent disbursement of funds. Purchase Orders and Check Requisition forms should be appropriately completed and are required to be substantiated by an invoice or signed receipt, in accordance with State of Florida and District policies.

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

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12. Matanzas High School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 4% 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. During our examination of *Ticket Sellers Reports*, we noted multiple instances where an activity had a shortage shown for various ticketed events. While errors can sometimes be inevitable, additional care should be given to help reduce the likelihood and frequency of such errors.
- d. During our examination we noted an instance where funds money received by a teacher, for the purpose of the Florida Teachers Classroom Supply Assistance Program, were either not supported with proper receipts, or were used for the purchase of items not classified as classroom materials or supplies. The Florida Statutes 1012.71- *The Florida Teachers Classroom Supply Assistance Program* specifies that the funds appropriated are for classroom teachers to purchase, on behalf of the school district, classroom materials and supplies for the public school students assigned to them. Each classroom teacher must sign a statement acknowledging receipt of the funds, keep receipts for no less than 4 years to show funds expended meet the requirements, and return any unused funds to the district school board at the end of the regular school year. Further, all supporting receipts must be turned into the School's bookkeeper no later than December 31st as required by the District's affidavit.

Auditee Response: The District's finance personnel will continue to monitor and recommend improvements with the schools principals and bookkeepers. We will also provide additional training on proper handling of the FTCSAP receipts.

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13. Old Kings Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 4% 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 30% of cash disbursements tested were not pre-encumbered or pre-approved prior to the obligation of funds. All purchases of goods or services must be approved in advance by the principal and encumbered by either a purchase order form or purchasing card. This finding was noted in the prior year audit report.

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

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14. Phoenix Academy, Palm Coast, FL

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

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

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15. 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.
- c. We noted 10% of cash receipts tested had either incomplete individual receipt forms, or individual cash receipt forms were not available for our examination, in accordance with 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 30% of cash disbursements tested were not pre-encumbered or pre-approved prior to the obligation of funds. All purchases of goods or services must be approved in advance by the principal and encumbered by either a purchase order form or purchasing card.

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

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16. Student Services, Bunnell, FL

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

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

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17. Wadsworth 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.
- c. We noted 10% of cash receipts tested had either incomplete individual receipt forms, or individual cash receipt forms were not available for our examination, in accordance with 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.

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