

School District of Flagler County



District School Internal Activity Funds

*Financial Statements
And
Independent Accountants' Report*

June 30, 2017

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SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' REPORT
 June 30, 2017

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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, 2017, 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 opinions.

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, 2017, 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, 2017 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 the 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 5, 2017, 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 5, 2017

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, 2017

Statement 1

Assets:

Cash and Cash Equivalents:

Demand Deposits..... \$ 2,063,351

Total Assets..... \$ 2,063,351

Liabilities and Net Position

Liabilities:

Due to student/teacher/parent groups..... \$ 2,063,351

Total Liabilities..... 2,063,351

Net Position..... -

Total Liabilities and Net Position..... \$ 2,063,351

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, 2017

Statement 2

	July 1, 2016	Additions	Deletions	June 30, 2017
Assets:				
Cash and cash equivalents.....	\$ 1,900,239	2,686,057	2,522,945	2,063,351
Total assets.....	1,900,239	2,686,057	2,522,945	2,063,351
Liabilities and Net Position:				
Liabilities:				
Due to student/teacher/parent groups.....	1,900,239	2,686,057	2,522,945	2,063,351
Total liabilities.....	1,900,239	2,686,057	2,522,945	2,063,351
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, 2017

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, 2017, the District operated 14 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
- Flagler Palm Coast High School, Palm Coast, FL

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
For the Fiscal Year Ended June 30, 2017

Indian Trails K-8 School, Palm Coast, FL
Matanzas High School, Palm Coast, FL
Old Kings Elementary School, 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, 2017, the carrying value of the District's cash deposit accounts totaled \$2,063,351 and the bank balances totaled \$2,120,764. 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 will be minimized. The District's Investment Policy (Fiscal Management Policy Number 719) limits its

DISTRICT SCHOOL INTERNAL ACTIVITY FUNDS
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS - (Continued)
For the Fiscal Year Ended June 30, 2017

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, 2017, 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, 2017

Schedule 1

	July 1, 2016	Additions	Deductions	June 30, 2017
Assets:				
Cash and Cash Equivalents:				
Administrative Office.....	\$ 53,954	94,764	71,006	77,712
Adult Education.....	284,504	159,087	159,710	283,881
Belle Terre Elementary School.....	102,364	197,794	181,387	118,771
Buddy Taylor Middle School.....	142,539	150,749	107,092	186,196
Bunnell Elementary School.....	38,461	109,362	104,632	43,191
Community Education.....	29,063	270	5,058	24,275
Early Childhood Education.....	577	50	139	488
Flagler Palm Coast High School.....	348,213	802,429	809,426	341,216
Indian Trails K-8 School.....	179,164	125,956	123,834	181,286
Matanzas High School.....	379,667	575,397	489,015	466,049
Old Kings Elementary School.....	163,352	168,017	190,608	140,761
Rymfire Elementary School.....	67,895	148,496	131,997	84,394
Student Services.....	11,064	37,361	34,444	13,981
Wadsworth Elementary School.....	99,422	116,325	114,597	101,150
Total assets.....	<u>1,900,239</u>	<u>2,686,057</u>	<u>2,522,945</u>	<u>2,063,351</u>
Liabilities and Net Position:				
Liabilities:				
Due to student/teacher/parent groups.....	<u>1,900,239</u>	<u>2,686,057</u>	<u>2,522,945</u>	<u>2,063,351</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, 2017

Schedule 2

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 14,844	54,110	31,494	-	37,460
General.....	<u>39,110</u>	<u>40,654</u>	<u>39,512</u>	<u>-</u>	<u>40,252</u>
Total assets.....	<u>53,954</u>	<u>94,764</u>	<u>71,006</u>	<u>-</u>	<u>77,712</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>53,954</u>	<u>94,764</u>	<u>71,006</u>	<u>-</u>	<u>77,712</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, 2017

Schedule 3

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Classes.....	\$ 13,145	3,405	2,029	-	14,521
Trusts.....	50,759	30,203	34,749	63	46,276
General.....	<u>220,600</u>	<u>125,479</u>	<u>122,932</u>	<u>(63)</u>	<u>223,084</u>
Total assets.....	<u>284,504</u>	<u>159,087</u>	<u>159,710</u>	<u>-</u>	<u>283,881</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>284,504</u>	<u>159,087</u>	<u>159,710</u>	<u>-</u>	<u>283,881</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, 2017

Schedule 4

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 1,045	1,443	1,864	283	907
Classes.....	12,955	63,242	51,416	(2,243)	22,538
Clubs.....	12,057	17,274	20,338	2,082	11,075
Departments.....	38,750	49,084	47,276	-	40,558
Trusts.....	7,060	33,847	42,845	16,229	14,291
General.....	<u>30,497</u>	<u>32,904</u>	<u>17,648</u>	<u>(16,351)</u>	<u>29,402</u>
Total assets.....	<u>102,364</u>	<u>197,794</u>	<u>181,387</u>	<u>-</u>	<u>118,771</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>102,364</u>	<u>197,794</u>	<u>181,387</u>	<u>-</u>	<u>118,771</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, 2017

Schedule 5

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 6,145	16,685	14,468	227	8,589
Classes.....	9,373	8,591	11,840	(91)	6,033
Clubs.....	17,168	16,500	12,727	(1,638)	19,303
Departments.....	20,200	5,839	14,381	14,895	26,553
Trusts.....	81,127	84,706	34,981	(15,636)	115,216
General.....	<u>8,526</u>	<u>18,428</u>	<u>18,695</u>	<u>2,243</u>	<u>10,502</u>
Total assets.....	<u>142,539</u>	<u>150,749</u>	<u>107,092</u>	<u>-</u>	<u>186,196</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>142,539</u>	<u>150,749</u>	<u>107,092</u>	<u>-</u>	<u>186,196</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, 2017

Schedule 6

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 1,096	7,947	8,595	-	448
Classes.....	4,689	6,162	6,225	-	4,626
Clubs.....	1,602	27,550	25,706	1,250	4,696
Departments.....	9,383	24,797	21,742	(250)	12,188
Trusts.....	20,757	37,330	37,198	(1,000)	19,889
General.....	<u>934</u>	<u>5,576</u>	<u>5,166</u>	<u>-</u>	<u>1,344</u>
Total assets.....	<u>38,461</u>	<u>109,362</u>	<u>104,632</u>	<u>-</u>	<u>43,191</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>38,461</u>	<u>109,362</u>	<u>104,632</u>	<u>-</u>	<u>43,191</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, 2017

Schedule 7

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 29,063	270	5,058	-	24,275
Total assets.....	29,063	270	5,058	-	24,275
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	\$ 29,063	270	5,058	-	24,275
Net Position.....	\$ -	-	-	-	-

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, 2017

Schedule 8

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Clubs.....	\$ 60	-	-	-	60
General.....	<u>517</u>	<u>50</u>	<u>139</u>	<u>-</u>	<u>428</u>
Total assets.....	<u>577</u>	<u>50</u>	<u>139</u>	<u>-</u>	<u>488</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>577</u>	<u>50</u>	<u>139</u>	<u>-</u>	<u>488</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, 2017

Schedule 9

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Athletics.....	\$ 83,505	346,675	370,928	(3,875)	55,377
Music.....	15,871	26,652	28,866	442	14,099
Classes.....	13,743	16,907	13,066	(853)	16,731
Clubs.....	123,595	186,594	178,732	373	131,830
Departments.....	40,324	71,944	51,828	(7,882)	52,558
Trusts.....	57,075	138,537	148,102	2,360	49,870
General.....	<u>14,100</u>	<u>15,120</u>	<u>17,904</u>	<u>9,435</u>	<u>20,751</u>
Total assets.....	<u>348,213</u>	<u>802,429</u>	<u>809,426</u>	<u>-</u>	<u>341,216</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>348,213</u>	<u>802,429</u>	<u>809,426</u>	<u>-</u>	<u>341,216</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, 2017

Schedule 10

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Athletics.....	9,458	11,765	9,937	-	11,286
Music.....	15,266	22,618	21,446	-	16,438
Classes.....	39,202	27,334	30,039	50	36,547
Clubs.....	4,857	16,433	17,118	1,595	5,767
Departments.....	43,847	16,780	11,258	-	49,369
Trusts.....	16,331	18,053	19,644	(1,365)	13,375
General.....	<u>50,203</u>	<u>12,973</u>	<u>14,392</u>	<u>(280)</u>	<u>48,504</u>
Total assets.....	<u>179,164</u>	<u>125,956</u>	<u>123,834</u>	<u>-</u>	<u>181,286</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>179,164</u>	<u>125,956</u>	<u>123,834</u>	<u>-</u>	<u>181,286</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, 2017

Schedule 11

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Athletics.....	\$ 52,940	258,013	250,585	(4,709)	55,659
Music.....	4,117	11,663	9,915	639	6,504
Classes.....	33,123	55,374	48,340	(6,184)	33,973
Clubs.....	93,607	86,196	87,030	6,765	99,538
Departments.....	56,632	35,679	24,922	44,793	112,182
Trusts.....	63,480	96,448	44,964	(41,279)	73,685
General.....	<u>75,768</u>	<u>32,024</u>	<u>23,259</u>	<u>(25)</u>	<u>84,508</u>
Total assets.....	<u>379,667</u>	<u>575,397</u>	<u>489,015</u>	<u>-</u>	<u>466,049</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>379,667</u>	<u>575,397</u>	<u>489,015</u>	<u>-</u>	<u>466,049</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, 2017

Schedule 12

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 3,567	4,152	2,868	-	4,851
Classes.....	3,486	51,408	56,803	4,931	3,022
Clubs.....	6,948	12,095	14,135	5,550	10,458
Departments.....	32,683	32,789	41,371	197	24,298
Trusts.....	25,093	48,307	52,867	(731)	19,802
General.....	<u>91,575</u>	<u>19,266</u>	<u>22,564</u>	<u>(9,947)</u>	<u>78,330</u>
Total assets.....	<u>163,352</u>	<u>168,017</u>	<u>190,608</u>	<u>-</u>	<u>140,761</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>163,352</u>	<u>168,017</u>	<u>190,608</u>	<u>-</u>	<u>140,761</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, 2017

Schedule 13

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 41	-	-	-	41
Classes.....	7,009	27,099	25,973	3,317	11,452
Clubs.....	8,802	49,692	39,157	(3,287)	16,050
Departments.....	5,563	15,506	12,536	-	8,533
Trusts.....	7,988	46,960	39,017	-	15,931
General.....	<u>38,492</u>	<u>9,239</u>	<u>15,314</u>	<u>(30)</u>	<u>32,387</u>
Total assets.....	<u>67,895</u>	<u>148,496</u>	<u>131,997</u>	<u>-</u>	<u>84,394</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>67,895</u>	<u>148,496</u>	<u>131,997</u>	<u>-</u>	<u>84,394</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, 2017

Schedule 14

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Trusts.....	\$ 6,369	11,095	11,820	-	5,644
General.....	<u>4,695</u>	<u>26,266</u>	<u>22,624</u>	-	<u>8,337</u>
Total assets.....	<u>11,064</u>	<u>37,361</u>	<u>34,444</u>	-	<u>13,981</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>11,064</u>	<u>37,361</u>	<u>34,444</u>	-	<u>13,981</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, 2017

Schedule 15

	July 1, 2016	Additions	Deductions	Interfund Transfers In (Out)	June 30, 2017
Assets:					
Cash and Cash Equivalents:					
Music.....	\$ 1,391	4,835	3,261	(1,534)	1,431
Classes.....	8,273	20,514	22,174	10,770	17,383
Clubs.....	3,095	6,852	9,832	1,483	1,598
Departments.....	17,317	23,003	25,405	3,053	17,968
Trusts.....	59,574	48,379	46,108	(9,499)	52,346
General.....	<u>9,772</u>	<u>12,742</u>	<u>7,817</u>	<u>(4,273)</u>	<u>10,424</u>
Total assets.....	<u>99,422</u>	<u>116,325</u>	<u>114,597</u>	<u>-</u>	<u>101,150</u>
Liabilities and Net Position:					
Liabilities:					
Due to internal accounts.....	<u>99,422</u>	<u>116,325</u>	<u>114,597</u>	<u>-</u>	<u>101,150</u>
Net Position.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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, 2017, and have issued our report thereon dated October 5, 2017.

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

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 B.1 through B.14.

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 5, 2017

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

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, 2017

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 36% 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 22% of the schools, as reported on individual school comments in Section B of this Schedule of Findings and Responses.
- Monies collected by a teacher and submitted to the bookkeeper were not timely deposited in the school's Internal Funds bank account, within the required five (5) business days of collection. This issue was noted at 8% of the schools, as reported 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.

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, 2017

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 43% of the schools, as reported on individual school comments in Section B of this Schedule of Findings and Responses.
- One instance was noted where a check cleared the Internal Funds bank account with only one authorized signature, opposed to the two required. This finding is reported on the 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.*

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

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, 2017

2. *Adult Community Education, 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

3. Belle Terre Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 30% 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. This finding was noted on the prior year audit report.
- 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. This finding was noted on the prior year audit report.
- e. We noted 46% 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.
- f. While performing our examination, we noted purchase orders were being approved using a stamp with the principal's signature. As a better business practice, we would recommend that an actual signature be used to approve all items, which in turn, will help to reduce the risk of an unauthorized individual gaining access to the stamp and being able to approve purchases.

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, 2017

4. *Buddy Taylor Middle 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.

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, 2017

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. This finding was noted on the prior year audit report.
- c. During our random testing of *Fundraising Forms*, we noted various instances where Fundraising Forms were not being approved prior to the fundraising event. In accordance with Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 4.4(b) and Flagler County School Board's Policy No. 706 (III) requirements, all fundraisers are to have approval of the organization sponsor and the principal. We 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*.
- d. 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.*

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

6. *Community Education, Palm Coast, FL*

- a. See summary of District-wide comments in Section A, attached.
- b. While performing our examination, we noted one instance where a cleared check had only one authorized signature. In accordance with the Flagler County School Board's Policy No. 705 (VII) requirements, each check is to have two authorized signatures.

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, 2017

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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

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

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 12% 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. This finding was noted on the prior year audit report.
- d. During our random testing of *Fundraising Forms*, we noted various instances where Fundraising Forms were not being approved prior to the fundraising event. In accordance with Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 8, Section III, 4.4(b) and Flagler County School Board's Policy No. 706 (III) requirements, all fundraisers are to have approval of the organization sponsor and the principal. We 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*.
- e. We noted 10% 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. 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

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

- a. See summary of District-wide comments in Section A, attached.
- b. We noted that 5% 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

10. Matanzas High School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. We noted 6% 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, 2017

11. Old Kings Elementary 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

12. Rymfire 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 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 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

13. 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.

DISTRICT SCHOOL INTERNAL ACTIVITY FUND
SCHOOL DISTRICT OF FLAGLER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

14. Wadsworth Elementary School, Palm Coast, FL

- a. See summary of District-wide comments in Section A, attached.
- b. During our audit and examination of fundraisers, we noted instances where tickets were sold for chances to win various donated items; wherein, these tickets were sold for a specific price, and random drawings were held to determine the winners. According to the Florida Department of Education *Financial and Program Cost Accounting and Reporting for Florida Schools*, Chapter 7, Section III, 4.4 (c): “The principal shall control the fundraising activities conducted in the name of the school, and assure that the purposes are worthwhile. Raffles and other activities of chance shall not be conducted for school connected activities.” Further, the Flagler County Public Schools *Internal Account Procedures Manual*, dated July, 2010 (amended July 1, 2013), states that: “Raffles and other activities of chance cannot be conducted for a school fundraising activity.” We recommend that future fundraisers, which may seem appropriate on the surface, be better scrutinized to determine if they may not actually be games of chance or raffles, which are prohibited.
- 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.
- d. We noted one instance where classroom supplies ordered by a teacher were delivered to a home address instead of to the school. The Flagler County Public Schools *Internal Account Procedures Manual*, dated July, 2010 (amended July 1, 2013), states that: “Having merchandise shipped to a home address is strictly prohibited.” All purchases of merchandise made with Internal Account’s funds need to be shipped and delivered to the school’s address.

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

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