

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS**

**FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
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JUNE 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Flagler County District School Board:

Report on the Financial Statement

We have audited the accompanying financial statements of the Flagler County District School Board Internal Accounts (the Internal Accounts), which comprises the statement of fiduciary net position as of June 30, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose 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 audit opinion.

Opinion

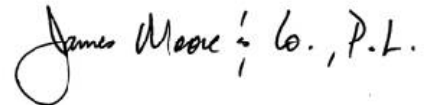
In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Flagler County District School Board Internal Accounts as of June 30, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, on our consideration of the Flagler County District School Board Internal Accounts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Flagler County District School Board Internal Accounts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
August 29, 2019

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	<u>Total Schools</u>
ASSETS	
Cash and cash equivalents	<u><u>\$ 2,357,460</u></u>
NET POSITION	
Restricted for internal accounts	<u><u>\$ 2,357,460</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Total Schools</u>
Additions:	
Athletics	\$ 605,581
Music	118,673
Classes	392,802
Clubs	533,171
Departments	280,547
Trusts	695,523
General	246,222
Total revenues	<u>2,872,519</u>
Deductions:	
Athletics	589,684
Music	115,583
Classes	383,080
Clubs	518,748
Departments	299,311
Trusts	560,885
General	213,942
Total expenses	<u>2,681,233</u>
Change in net position	<u>191,286</u>
Net position , beginning of year	2,166,174
Net position , end of year	<u><u>\$ 2,357,460</u></u>

The accompanying notes to financial statements are an integral part of this statement.

FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of the Flagler County District School Board Internal Accounts (the Internal Accounts), which affect significant elements of the accompanying financial statements.

(a) **Organization**—The Flagler County District School Board Internal Accounts represent assets collected and expended for providing necessary and proper services and materials for school activities as established and approved by the Flagler County District School Board. Support comes primarily from activity revenue. 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/custodial funds in the School Board's comprehensive annual financial report.

(b) **Basis of accounting**—The accompanying statements have been prepared on the accrual basis of accounting. Under this basis, additions are recorded when earned and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

(c) **Cash and cash equivalents**—The Board's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

(d) **New accounting pronouncements**—Effective for the fiscal year ended September 30, 2019, the Internal Accounts' financial statements are adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*.

(2) **Concentrations of Credit Risk:**

All Flagler County District School Board Internal Accounts cash balances were covered by Federal depository insurance or by collateral held by the Board's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

SUPPLEMENTARY INFORMATION

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - ALL SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Administrative Office</u>	<u>Adult Education</u>	<u>Community Education</u>	<u>Early Childhood Education</u>	<u>Student Services</u>	<u>Total Administrative</u>	<u>Belle Terre Elementary</u>	<u>Bunnell Elementary</u>	<u>Old Kings Elementary</u>
Additions:									
Athletics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Music	-	-	-	-	-	-	3,542	106	2,041
Classes	-	5,973	-	-	-	5,973	121,342	27,448	63,963
Clubs	-	-	-	-	-	-	20,491	4,358	19,984
Departments	-	-	-	-	-	-	50,088	23,471	39,435
Trusts	100,060	131,114	3,748	-	38,189	273,111	3,379	14,709	32,722
General	3,388	115,412	-	576	3,910	123,286	20,895	1,997	11,390
Total revenues	<u>103,448</u>	<u>252,499</u>	<u>3,748</u>	<u>576</u>	<u>42,099</u>	<u>402,370</u>	<u>219,737</u>	<u>72,089</u>	<u>169,535</u>
Deductions:									
Athletics	-	-	-	-	-	-	-	-	-
Music	-	-	-	-	-	-	2,453	-	2,582
Classes	-	914	-	-	-	914	107,126	25,933	73,169
Clubs	-	-	-	-	-	-	16,000	3,937	22,464
Departments	-	-	-	-	-	-	57,263	29,787	40,024
Trusts	42,887	95,833	8,459	-	34,383	181,562	1,360	11,754	32,109
General	30,350	65,590	-	422	3,879	100,241	18,537	1,046	12,023
Total expenses	<u>73,237</u>	<u>162,337</u>	<u>8,459</u>	<u>422</u>	<u>38,262</u>	<u>282,717</u>	<u>202,739</u>	<u>72,457</u>	<u>182,371</u>
Change in net position	30,211	90,162	(4,711)	154	3,837	119,653	16,998	(368)	(12,836)
Net position, beginning of year	125,072	288,228	14,761	99	9,260	437,420	107,793	35,682	154,215
Net position, end of year	<u>\$ 155,283</u>	<u>\$ 378,390</u>	<u>\$ 10,050</u>	<u>\$ 253</u>	<u>\$ 13,097</u>	<u>\$ 557,073</u>	<u>\$ 124,791</u>	<u>\$ 35,314</u>	<u>\$ 141,379</u>

See accompanying notes to financial statements.

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - ALL SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

	<u>Rymfire Elementary</u>	<u>Wadsworth Elementary</u>	<u>Total Elementary</u>	<u>Buddy Taylor Middle</u>	<u>Indian Trials Middle</u>	<u>Total Middle</u>	<u>Flagler Palm Coast High</u>	<u>Matanzas High</u>	<u>Total High</u>	<u>District Total</u>
Additions:										
Athletics	\$ -	\$ -	\$ -	\$ -	\$ 232	\$ 232	\$ 363,376	\$ 241,973	\$ 605,349	\$ 605,581
Music	-	-	5,689	12,394	19,099	31,493	57,460	24,031	81,491	118,673
Classes	34,761	38,277	285,791	6,814	24,092	30,906	15,679	54,453	70,132	392,802
Clubs	57,365	7,265	109,463	18,323	45,838	64,161	244,491	115,056	359,547	533,171
Departments	15,542	33,458	161,994	25,712	14,512	40,224	53,812	24,517	78,329	280,547
Trusts	21,730	49,289	121,829	44,263	37,148	81,411	153,055	66,117	219,172	695,523
General	13,130	21,593	69,005	24,831	7,954	32,785	8,976	12,170	21,146	246,222
Total revenues	<u>142,528</u>	<u>149,882</u>	<u>753,771</u>	<u>132,337</u>	<u>148,875</u>	<u>281,212</u>	<u>896,849</u>	<u>538,317</u>	<u>1,435,166</u>	<u>2,872,519</u>
Deductions:										
Athletics	-	-	-	-	644	644	376,255	212,785	589,040	589,684
Music	-	457	5,492	12,676	24,937	37,613	49,288	23,190	72,478	115,583
Classes	40,835	44,074	291,137	4,493	20,301	24,794	15,555	50,680	66,235	383,080
Clubs	59,125	7,439	108,965	15,491	52,297	67,788	229,483	112,512	341,995	518,748
Departments	15,485	34,098	176,657	27,745	12,197	39,942	47,268	35,444	82,712	299,311
Trusts	22,616	43,271	111,110	29,038	30,118	59,156	160,944	48,113	209,057	560,885
General	8,454	18,272	58,332	24,746	10,849	35,595	4,948	14,826	19,774	213,942
Total expenses	<u>146,515</u>	<u>147,611</u>	<u>751,693</u>	<u>114,189</u>	<u>151,343</u>	<u>265,532</u>	<u>883,741</u>	<u>497,550</u>	<u>1,381,291</u>	<u>2,681,233</u>
Change in net position	(3,987)	2,271	2,078	18,148	(2,468)	15,680	13,108	40,767	53,875	191,286
Net position, beginning of year	77,790	116,141	491,621	210,643	170,799	381,442	413,758	441,933	855,691	2,166,174
Net position, end of year	<u>\$ 73,803</u>	<u>\$ 118,412</u>	<u>\$ 493,699</u>	<u>\$ 228,791</u>	<u>\$ 168,331</u>	<u>\$ 397,122</u>	<u>\$ 426,866</u>	<u>\$ 482,700</u>	<u>\$ 909,566</u>	<u>\$ 2,357,460</u>

See accompanying notes to financial statements.

INDEPENDENT AUDITORS' 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

To the Flagler County District School Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of fiduciary net position as of June 30, 2019, and changes in fiduciary net position for the year then ended, and the related notes to the financial statement, which collectively comprise the Flagler County District School Board Internal Accounts' basic financial statements, and have issued our report thereon dated August 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Flagler County District School Board Internal Accounts' 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 Flagler County District School Board internal accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Flagler County District School Board Internal Accounts' 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2018-001 and 2018-002, which we consider to be significant deficiencies.

Compliance and Other Matters

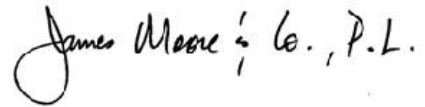
As part of obtaining reasonable assurance about whether the Flagler County District School Board Internal Accounts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

Management's responses to the findings identified in our audit are described starting on page 14. The 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 results 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
August 29, 2019

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

The following is a summary of all findings and recommendations related to the audit of the Internal Accounts for the year ended June 30, 2019.

2019-001 Segregation of Duties (All Schools)

Internal account funds are generally administered by a small number of personnel. It is not uncommon to find weaknesses in internal controls due to the small number of personnel performing multiple tasks. For example, school bookkeepers generally handle cash collections, co-sign checks, reconcile bank statements and post the accounting records. Vending machines, school store and concession receipts are usually handled by one individual. An ideal system of internal controls would segregate cash collections from posting of accounting records. The individual responsible for performing reconciliations should not have access to cash collections.

2019-002 Compliance with Policies and Procedures (School-Specific)

We noted various instances of School Board policies not being followed with regard to certain cash receipt and/or disbursement activity at various schools. We recommend the School Board and all individual schools continue to work toward ensuring that all policies and procedures are consistently followed. The items identified in our testing are summarized by school as follows:

ADULT EDUCATION

No current year findings.

BUNNELL ELEMENTARY SCHOOL

Timeliness of Deposits

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(c), all money collected by the school must be deposited within 5 working days after receipt. During our test of 25 cash receipts, we noted 5 instances where funds were not deposited within 5 days after receipt.

Support for Receipts

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(a), all money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold, or other auditable records. During our test of 25 receipts, we noted 3 instances where there was missing or incomplete supporting documentation.

BELLE TERRE ELEMENTARY SCHOOL

Approval of Purchases

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 3.2(a), a signed commitment from the principal or designee(s) must be on file before any purchase is made. During our test of 25 disbursements, we noted 11 instance where the purchase request was missing or incomplete.

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

Timeliness of Deposits

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(c), all money collected by the school must be deposited within 5 working days after receipt. During our test of 25 cash receipts, we noted 11 instances where funds were not deposited within 5 days after receipt.

Timeliness of Collections Submitted to School Office

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(b), collections made outside of the school office must be turned in to the school office no later than the next business day. During our test of 25 cash receipts, we noted 4 instances where money was not turned into the bookkeeper within one business day after receipt.

Support for Receipts

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(a), all money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold, or other auditable records. During our test of 25 receipts, we noted 5 instances where there was missing or incomplete supporting documentation.

BUDDY TAYLOR MIDDLE SCHOOL

No current year findings.

EARLY CHILDHOOD EDUCATION

Timeliness of Collections Submitted to School Office

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(b), collections made outside of the school office must be turned in to the school office no later than the next business day. During our test of 25 cash receipts, we noted 2 instances where money was not turned into the bookkeeper within one business day after receipt.

FLAGLER PALM COAST HIGH SCHOOL

Approval of Purchases

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 3.2(a), a signed commitment from the principal or designee(s) must be on file before any purchase is made. During our test of 25 disbursements, we noted 4 instances where the purchase request was missing or incomplete.

Support for Receipts

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(a), all money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold, or other auditable records. During our test of 25 receipts, we noted 7 instances where there was missing or incomplete supporting documentation.

**FLAGLER COUNTY DISTRICT SCHOOL BOARD
INTERNAL ACCOUNTS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019**

INDIAN TRAILS MIDDLE SCHOOL

Timeliness of Deposits

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(c), all money collected by the school must be deposited within 5 working days after receipt. During our test of 25 cash receipts, we noted 9 instances where funds were not deposited within 5 days after receipt.

MATANZAS HIGH SCHOOL

No current year findings.

OLD KINGS ELEMENTARY SCHOOL

Timeliness of Deposits

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(c), all money collected by the school must be deposited within 5 working days after receipt. During our test of 25 cash receipts, we noted 4 instances where funds were not deposited within 5 days after receipt.

RYMFIRE ELEMENTARY SCHOOL

Approval of Purchases

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 3.2(a), a signed commitment from the principal or designee(s) must be on file before any purchase is made. During our test of 17 disbursements, we noted 15 instances where the purchase request was missing or incomplete.

WADSWORTH ELEMENTARY SCHOOL

Approval of Purchases

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 3.2(a), a signed commitment from the principal or designee(s) must be on file before any purchase is made. During our test of 25 disbursements, we noted 2 instances where the purchase request was missing or incomplete.

Support for Receipts

In accordance with Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools, Chapter 8, Section III, 1.4(a), all money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold, or other auditable records. During our test of 25 receipts, we noted 2 instances where there was missing or incomplete supporting documentation.

MANAGEMENT'S RESPONSE TO FINDINGS

2019-001 Segregation of Duties (All Schools)

The School Board will continue to review and monitor internal control procedures currently in place to mitigate any potential issues that may arise.

2019-002 Compliance with Policies and Procedures (School-Specific)

The School Board and all individual schools will continue to work toward ensuring that all policies and procedures are consistently followed.