



**THE SCHOOL DISTRICT OF
ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS**

FINANCIAL STATEMENT AND
SUPPLEMENTAL SCHEDULE

As of and for the Year Ended June 30, 2016

And Report of Independent Auditor

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS
TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT AUDITOR	1 - 2
BASIC FINANCIAL STATEMENT	
Statement of Changes in Fiduciary Assets and Liabilities.....	3
Note to Financial Statement.....	4
SUPPLEMENTAL SCHEDULE	
Combining Schedule of Changes in Internal Account Balances by School.....	5 - 13
Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14 - 15
Management Letter.....	16 - 18

Report of Independent Auditor

Honorable Members of the School Board
The School District of St. Lucie County, Florida
Ft. Pierce, Florida

Report on the Financial Statement

We have audited the accompanying financial statement of the School District of St. Lucie County, Florida School Internal Accounts ("School Internal Accounts"), which consists of the statement of changes of fiduciary assets and liabilities as of and for the year ended June 30, 2016 and the related note to the financial statement, which comprise the basic financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *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 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 risk 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 fiduciary assets and liabilities of the School District of St. Lucie County, Florida School Internal Accounts as of June 30, 2016, and the related changes in fiduciary assets and liabilities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the School Internal Accounts and does not purport to, and does not, present fairly the financial position of the School District of St. Lucie County, Florida as of June 30, 2016, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the School Internal Accounts' basic financial statement. The accompanying combining schedule of changes in internal account balances by school for the year ended June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statement.

The combining schedule of changes in internal account balances by school is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic 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 basic 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 November 9, 2016, on our consideration of the School Internal Accounts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and 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 the 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 Internal Accounts' overall financial reporting and compliance.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
November 9, 2016

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
Assets				
Cash and cash equivalents	\$ 2,357,429	\$ 8,406,698	\$ 8,277,685	\$ 2,486,442
Accounts receivable	110	1,494	110	1,494
Inventory	91,699	98,252	91,699	98,252
Total assets	<u>\$ 2,449,238</u>	<u>\$ 8,506,444</u>	<u>\$ 8,369,494</u>	<u>\$ 2,586,188</u>
Liabilities				
Accounts payable	\$ 2,442	\$ 9,571	\$ 2,442	\$ 9,571
Due to Board	509	4,412	509	4,412
Internal accounts payable	2,446,287	8,492,461	8,366,543	2,572,205
Total liabilities	<u>\$ 2,449,238</u>	<u>\$ 8,506,444</u>	<u>\$ 8,369,494</u>	<u>\$ 2,586,188</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS
NOTE TO FINANCIAL STATEMENT

JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies

Reporting Entity - The School District of St. Lucie County, Florida, School Internal Accounts ("School Internal Accounts") are comprised of individual account balances of the 39 public schools (the "Schools") and centers located within the geographical boundaries of the St. Lucie County, Florida.

The School District of St. Lucie County, Florida, (the "District") is the governing body of the Schools, and is composed of five elected members. The Superintendent of Schools is the executive officer of the District. The District is part of the State of Florida system of public education under the general direction and control of the State Board of Education.

The School Internal Accounts are included as agency funds in the District's annual financial report. The accompanying financial statement presents only the School Internal Accounts and is not intended to present fairly the financial position and results of operations of the School District of St. Lucie County, Florida, in conformity with accounting principles generally accepted in the United States of America

Fund Accounting - In accordance with Florida Statutes, the District accounts for its School Internal Accounts as an agency fund. This fund is organized into sub-funds to account for each School in the District. The operations of each sub-fund are accounted for with a separate set of self-balancing accounts that comprise each School's assets and liabilities, additions and deductions. Each sub-fund is divided into seven student activity/project classifications. These classifications are athletics, music, classes, clubs, department, trust, and general.

Because the receipts collected by these sub-funds are not available for unrestricted use, these sub-funds are temporarily restricted in nature. Disbursements are made in accordance with their designated purposes.

Recognition - The School Internal Accounts at the individual School level recognize receipts and disbursements using the cash basis of accounting during the year, which are adjusted to the accrual basis at year-end in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents - Cash and cash equivalents consists of deposits and other highly liquid cash equivalents held by banks qualified as public depositories under the laws of the State of Florida. All deposits are insured by federal depository insurance and/or by Florida's multiple financial institution collateral pool required by Section 280.07 and 280.08 of the Florida Statutes.

Accounts Receivable - The School Internal Accounts use the allowance method of accounting for doubtful accounts, which is based upon the estimated collectability of receivables based on management's analysis of historical collections. The allowance is charged when management determines a specific account receivable has become uncollectible.

Inventory - Inventory consists of books, supplies, and clothes purchased for resale to students during the ordinary course of business. Inventories are stated at cost.

Estimates - The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUPPLEMENTAL SCHEDULE

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Bayshore Elementary</u>	<u>Dale Cassens Education Complex</u>	<u>Fairlawn Elementary</u>	<u>Floresta Elementary</u>	<u>Frances K. Sweet Elementary</u>
Internal accounts payable - beginning of year	\$ 28,003	\$ 7,801	\$ 47,176	\$ 21,696	\$ 27,035
Additions:					
Athletics	-	-	-	-	-
Music	-	-	1,381	3,716	-
Classes	21,578	3,761	24,922	19,065	28,343
Clubs	661	-	1,933	-	18,231
Department	14,424	534	33,388	18,338	17,801
Trust	30,398	914	121,707	35,814	48,779
General	11,486	6,574	9,914	12,439	4,570
Total additions	<u>78,547</u>	<u>11,783</u>	<u>193,245</u>	<u>89,372</u>	<u>117,724</u>
Deductions:					
Athletics	-	-	-	-	-
Music	-	-	1,366	1,831	132
Classes	22,260	3,318	22,897	19,097	27,555
Clubs	438	-	1,856	154	18,318
Department	12,738	534	31,218	14,753	18,664
Trust	29,655	1,874	125,963	34,146	47,586
General	10,612	7,360	7,964	12,160	5,474
Total deductions	<u>75,703</u>	<u>13,086</u>	<u>191,264</u>	<u>82,141</u>	<u>117,729</u>
Internal accounts payable - end of year	<u>\$ 30,847</u>	<u>\$ 6,498</u>	<u>\$ 49,157</u>	<u>\$ 28,927</u>	<u>\$ 27,030</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Lakewood Park Elementary</u>	<u>Lawnwood Elementary</u>	<u>Mariposa Elementary</u>	<u>Morningside Elementary</u>	<u>Parkway Elementary</u>
Internal accounts payable - beginning of year	\$ 21,234	\$ 30,529	\$ 28,804	\$ 35,540	\$ 42,897
Additions:					
Athletics	-	-	-	-	-
Music	1,716	55	846	655	-
Classes	13,886	11,636	41,786	31,904	14,290
Clubs	5,925	2,091	2,346	364	-
Department	1,554	11,865	17,281	18,229	10,277
Trust	24,019	29,003	38,365	74,139	20,226
General	12,455	9,336	2,515	19,469	11,483
Total additions	<u>59,555</u>	<u>63,986</u>	<u>103,139</u>	<u>144,760</u>	<u>56,276</u>
Deductions:					
Athletics	-	-	-	-	-
Music	1,678	81	808	1,314	-
Classes	13,146	11,506	42,606	28,659	13,987
Clubs	4,721	2,484	1,779	370	-
Department	-	12,485	17,306	15,998	9,446
Trust	28,512	31,318	34,963	76,251	17,969
General	13,713	11,858	4,688	19,692	16,318
Total deductions	<u>61,770</u>	<u>69,732</u>	<u>102,150</u>	<u>142,284</u>	<u>57,720</u>
Internal accounts payable - end of year	<u>\$ 19,019</u>	<u>\$ 24,783</u>	<u>\$ 29,793</u>	<u>\$ 38,016</u>	<u>\$ 41,453</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Rivers Edge Elementary</u>	<u>Savanna Ridge Elementary</u>	<u>St. Lucie Elementary</u>	<u>Village Green Elementary</u>	<u>Weatherbee Elementary</u>
Internal accounts payable - beginning of year	\$ 28,782	\$ 10,749	\$ 15,062	\$ 36,358	\$ 17,358
Additions:					
Athletics	-	-	-	-	-
Music	3,968	-	-	417	-
Classes	31,207	12,803	6,470	21,920	9,177
Clubs	-	-	71	215	1,410
Department	19,320	2,234	6,178	13,933	7,160
Trust	72,743	26,309	19,464	43,699	15,893
General	2,718	11,411	1,752	14,302	17,343
Total additions	<u>129,956</u>	<u>52,757</u>	<u>33,935</u>	<u>94,486</u>	<u>50,983</u>
Deductions:					
Athletics	-	-	-	-	-
Music	1,706	528	-	796	-
Classes	31,060	13,444	5,455	22,267	11,582
Clubs	-	-	-	250	1,600
Department	17,806	1,840	6,602	20,957	7,930
Trust	68,400	25,004	23,597	43,327	16,132
General	4,326	10,982	4,612	20,576	16,199
Total deductions	<u>123,298</u>	<u>51,798</u>	<u>40,266</u>	<u>108,173</u>	<u>53,443</u>
Internal accounts payable - end of year	<u>\$ 35,440</u>	<u>\$ 11,708</u>	<u>\$ 8,731</u>	<u>\$ 22,671</u>	<u>\$ 14,898</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>White City Elementary</u>	<u>Windmill Point Elementary</u>	<u>Allapattah Flats</u>	<u>C.A. Moore</u>	<u>Ft. Pierce Magnet School of the Arts</u>
Internal accounts payable - beginning of year	\$ 23,535	\$ 24,915	\$ 40,461	\$ 18,616	\$ 8,247
Additions:					
Athletics	-	3,663	1,720	-	-
Music	-	2,542	13,790	-	4,581
Classes	11,898	-	33,807	392	3,048
Clubs	-	846	918	832	2,367
Department	8,740	14,586	12,354	8,200	4,994
Trust	2,603	41,996	25,642	13,926	12,917
General	2,707	50,858	10,401	5,818	4,762
Total additions	<u>25,948</u>	<u>114,491</u>	<u>98,632</u>	<u>29,168</u>	<u>32,669</u>
Deductions:					
Athletics	-	3,521	1,720	-	103
Music	-	4,147	13,528	-	3,737
Classes	11,290	-	34,917	306	2,811
Clubs	-	2,477	529	2,441	2,361
Department	14,382	18,323	13,316	9,806	4,564
Trust	5,301	45,284	26,623	9,277	11,247
General	4,211	46,788	9,275	8,595	3,636
Total deductions	<u>35,184</u>	<u>120,540</u>	<u>99,908</u>	<u>30,425</u>	<u>28,459</u>
Internal accounts payable - end of year	<u>\$ 14,299</u>	<u>\$ 18,866</u>	<u>\$ 39,185</u>	<u>\$ 17,359</u>	<u>\$ 12,457</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Manatee Academy</u>	<u>Mosaic Digital Academy</u>	<u>Northport</u>	<u>Oak Hammock</u>	<u>Palm Pointe Educational Research School</u>
Internal accounts payable - beginning of year	\$ 44,657	\$ 1,437	\$ 15,977	\$ 78,029	\$ 45,043
Additions:					
Athletics	3,631	-	1,885	4,492	2,020
Music	9,050	-	34,032	35,061	25,895
Classes	47,011	-	27,636	31,262	80,793
Clubs	10,039	-	6,508	869	26,442
Department	14,446	-	14,253	17,859	42,523
Trust	35,906	3,320	34,550	27,947	105,028
General	19,837	78	12,835	4,986	27,821
Total additions	<u>139,920</u>	<u>3,398</u>	<u>131,699</u>	<u>122,476</u>	<u>310,522</u>
Deductions:					
Athletics	3,538	-	2,085	4,316	2,550
Music	8,373	-	34,095	29,810	26,645
Classes	51,346	-	28,465	33,926	80,097
Clubs	11,568	-	5,025	1,668	23,987
Department	12,307	-	14,799	19,793	36,141
Trust	33,915	3,172	38,714	34,598	104,806
General	19,596	-	13,191	5,579	27,768
Total deductions	<u>140,643</u>	<u>3,172</u>	<u>136,374</u>	<u>129,690</u>	<u>301,994</u>
Internal accounts payable - end of year	<u>\$ 43,934</u>	<u>\$ 1,663</u>	<u>\$ 11,302</u>	<u>\$ 70,815</u>	<u>\$ 53,571</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Performance Based Prep Academy</u>	<u>Samual S. Gaines Academy</u>	<u>St. Lucie West</u>	<u>West Gate</u>	<u>Dan McCarty Middle</u>
Internal accounts payable - beginning of year	\$ 2,267	\$ 12,598	\$ 95,021	\$ 82,969	\$ 5,279
Additions:					
Athletics	-	4,325	3,851	4,322	4,093
Music	-	837	15,008	8,550	9,268
Classes	7,511	24,757	108,450	195,561	7,500
Clubs	-	1,809	22,503	1,843	-
Department	260	8,734	17,568	19,716	1,146
Trust	2,114	9,267	24,478	36,754	3,024
General	1,890	4,368	65,971	49,841	33,495
Total additions	<u>11,775</u>	<u>54,097</u>	<u>257,829</u>	<u>316,587</u>	<u>58,526</u>
Deductions:					
Athletics	-	4,106	3,857	5,107	4,189
Music	-	655	11,377	9,514	9,401
Classes	5,085	23,184	110,540	195,790	7,309
Clubs	-	1,773	20,073	1,599	-
Department	1	6,766	17,533	20,935	68
Trust	1,608	10,389	26,390	40,216	2,457
General	1,625	6,267	62,788	40,409	35,143
Total deductions	<u>8,319</u>	<u>53,140</u>	<u>252,558</u>	<u>313,570</u>	<u>58,567</u>
Internal accounts payable - end of year	<u>\$ 5,723</u>	<u>\$ 13,555</u>	<u>\$ 100,292</u>	<u>\$ 85,986</u>	<u>\$ 5,238</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Forest Grove Middle</u>	<u>Southern Oaks Middle</u>	<u>Southport Middle</u>	<u>Ft. Pierce Central High</u>	<u>Ft. Pierce Westwood High</u>
Internal accounts payable - beginning of year	\$ 23,849	\$ 14,530	\$ 17,260	\$ 272,195	\$ 213,694
Additions:					
Athletics	3,729	14,098	1,121	362,014	152,223
Music	29,226	2,056	43,761	71,780	19,054
Classes	17,410	14,754	5,255	213,031	85,662
Clubs	12,454	-	6,912	60,971	130,671
Department	2,690	12,171	8,830	18,522	17,179
Trust	7,845	11,872	60,335	90,545	120,157
General	4,765	34,347	33,040	562,036	145,420
Total additions	<u>78,119</u>	<u>89,298</u>	<u>159,254</u>	<u>1,378,899</u>	<u>670,366</u>
Deductions:					
Athletics	3,705	16,856	961	356,282	146,431
Music	27,450	1,993	40,336	80,181	19,242
Classes	18,840	10,026	4,603	195,375	70,667
Clubs	13,053	315	7,022	69,639	119,557
Department	4,260	12,921	6,466	22,828	13,776
Trust	8,922	11,211	58,471	97,326	89,086
General	3,716	35,987	28,913	557,810	155,552
Total deductions	<u>79,946</u>	<u>89,309</u>	<u>146,772</u>	<u>1,379,441</u>	<u>614,311</u>
Internal accounts payable - end of year	<u>\$ 22,022</u>	<u>\$ 14,519</u>	<u>\$ 29,742</u>	<u>\$ 271,653</u>	<u>\$ 269,749</u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Lincoln Park Academy</u>	<u>Port St. Lucie High</u>	<u>St. Lucie West Centennial High</u>	<u>Treasure Coast High</u>
Internal accounts payable - beginning of year	\$ 212,426	\$ 285,088	\$ 208,312	\$ 211,998
Additions:				
Athletics	209,116	239,332	255,356	286,534
Music	247,286	38,828	39,003	65,610
Classes	98,978	67,603	204,569	191,098
Clubs	50,185	334,440	78,878	15,949
Department	32,205	5,563	15,903	32,463
Trust	12,442	44,051	4,814	32,561
General	166,169	204,566	41,746	13,290
Total additions	<u>816,381</u>	<u>934,383</u>	<u>640,269</u>	<u>637,505</u>
Deductions:				
Athletics	198,723	241,693	246,103	249,013
Music	253,821	35,951	39,871	63,393
Classes	109,893	84,107	234,249	166,497
Clubs	48,575	329,430	61,769	9,559
Department	29,402	6,538	16,787	35,638
Trust	12,078	6,934	3,541	30,514
General	161,704	209,013	35,341	30,684
Total deductions	<u>814,196</u>	<u>913,666</u>	<u>637,661</u>	<u>585,298</u>
Internal accounts payable - end of year	<u><u>\$ 214,611</u></u>	<u><u>\$ 305,805</u></u>	<u><u>\$ 210,920</u></u>	<u><u>\$ 264,205</u></u>

THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA
SCHOOL INTERNAL ACCOUNTS
COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNT BALANCES BY SCHOOL

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Total</u>	<u>Cash to Accrual Adjustment</u>	<u>Adjusted Total</u>
Internal accounts payable - beginning of year	\$ 2,357,427	\$ 88,860	\$ 2,446,287
Additions:			
Athletics	1,557,525	-	1,557,525
Music	727,972	-	727,972
Classes	1,770,734	-	1,770,734
Clubs	798,683	-	798,683
Department	523,421	-	523,421
Trust	1,365,566	-	1,365,566
General	1,648,814	99,746	1,748,560
Total additions	<u>8,392,715</u>	<u>99,746</u>	<u>8,492,461</u>
Deductions:			
Athletics	1,494,859	-	1,494,859
Music	723,760	-	723,760
Classes	1,768,162	-	1,768,162
Clubs	764,390	-	764,390
Department	525,627	-	525,627
Trust	1,316,777	-	1,316,777
General	1,670,125	102,843	1,772,968
Total deductions	<u>8,263,700</u>	<u>102,843</u>	<u>8,366,543</u>
Internal accounts payable - end of year	<u>\$ 2,486,442</u>	<u>\$ 85,763</u>	<u>\$ 2,572,205</u>

**Report of Independent Auditor 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 Members of the School Board
The School District of St. Lucie County, Florida
Ft. Pierce, 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 financial statement of the School District of St. Lucie County, Florida ("District") School Internal Accounts ("School Internal Accounts"), as of and for the year ended June 30, 2016 and the related note to the financial statement, which comprises the School Internal Accounts' basic financial statement, and have issued our report thereon dated November 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Internal Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Internal Accounts' financial statement is free of 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*.

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 "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
November 9, 2016

Management Letter

The School District of St. Lucie County, Florida
Ft. Pierce, Florida

In planning and performing our audit of the financial statement of the School District of St. Lucie County, Florida (the "District") School Internal Accounts ("School Internal Accounts") as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the School Internal Accounts' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Internal Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the School Internal Accounts' internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening internal control and operating efficiency. A summary of our comments and suggestions regarding these matters are shown below. We previously reported on the School Internal Accounts' internal control in our report dated November 9, 2016. This letter does not affect our report dated November 9, 2016, on the financial statement of the School Internal Accounts.

Cash Collections

Cash collected by teachers and sponsors is not always being remitted to the bookkeeper in a timely manner. School Board Policy (A Principal's Manual for Internal Accounting) states that collections made outside of the school office must be turned in to the school office no later than the next business day. This matter was noted at twelve schools this year. We recommend additional training be provided by the school principals and bookkeepers to teachers and sponsors to reiterate that collections made outside the school office must be turned in to the bookkeeper no later than the next business day and that funds are not to be left in classrooms overnight. This is a repeat finding from June 30, 2015.

Management Response:

As noted above, the School Board Policy (A Principal's Manual for Internal Accounting) specifies rules and time limits for cash collections. Rules and guidelines for cash collections were discussed in the Bookkeepers' Internal Account Audit Workshop training on August 4, 2015. The District will continue to provide training and communication with principals and bookkeepers through meetings, correspondence and workshops to review money handling procedures. The school's bookkeeper/executive secretary will inform the teachers and sponsors of the "Quick Reference Guide for Internal Accounts". Also, this guide is going to be made available on the District's Website. It is for anyone wishing to fund-raise or collect internal accounts money and will ensure that everyone is informed of the policies and procedures prior to handling internal account funds.

Fundraisers

Fundraiser Financial Forms were not completed for all fundraising activities. We noted the Fundraiser Financial Forms were not completed at ten of the schools. School Board Policy (A Principal's Manual for Internal Accounting) states that a financial report must be filed with the principal after each fundraising activity. This is a repeat finding from June 30, 2015.

We recommend the sponsors and principals at each school be reminded of the above policies to ensure fundraising activities are pre-approved and the financial outcome of the fundraisers are properly accounted for by those involved in the activities.

Management Response:

As noted above, rules and procedures governing fundraising activities are included in School Board Policy (A Principal's Manual for Internal Accounting). Rules and guidelines for fundraising activities were discussed during the Bookkeepers' Internal Account Audit Workshop training on August 4, 2015. A "Quick Reference Guide for Internal Accounts", which includes guidelines for fundraising activities, was sent to principals, on July 30, 2015, to further reinforce these procedures. A Permit/Fund-Raiser Log has been developed and was implemented for use at all schools/sites to track and monitor fund-raising activities. The use of this form will help to ensure that a final accounting of each approved fundraiser has been completed.

Principal Reports and Bank Reconciliations

Not all monthly Principal Reports and bank reconciliations were completed and authorized timely. We noted this matter at ten schools. School Board Policy (A Principal's Manual for Internal Accounting) states that Principal's Reports and bank reconciliation reports are to be completed and reviewed by the 20th of the following month. This is a repeat finding from June 30, 2015.

We recommend the principals and bookkeepers be familiarized or reminded of the above policy, in order to ensure the monthly Principal Reports and bank reconciliations are completed and authorized timely.

Management Response:

As noted above, guidelines for submission of monthly internal account reports are included in School Board Policy (A Principal's Manual for Internal Accounting). The District's finance staff will continue to closely monitor this to ensure that completion and authorization of bank reconciliations are done timely. If a school is found not processing timely authorized monthly reports an email reminder will be sent to both the principal and bookkeeper by the District's accountant. The Administrator's Handbook that is provided to all Principals has been updated this year to include Principals' Responsibilities for Internal Account Procedures. The procedures outlined in this manual provide instruction in reviewing their schools' internal account. This information was given during the Principals Workshop at the beginning of the 2015/2016 school year. The District will continue to provide training and communication with principals and bookkeepers through meetings, correspondence and workshops to further reinforce these procedures.

Sales Tax

Sales tax was not paid related to fundraisers where various items were resold for profit. This matter was noted at fourteen of the schools. School Board Policy (A Principal's Manual for Internal Accounting) states that if items are purchased to resell, they are subject to tax. We recommend the sponsors and Principals at each school be reminded of the above policies to ensure that taxes are properly paid on items sold for profit as part of fundraising activities.

Management Response:

As noted above, guidelines for payment of sales tax or submission of unpaid sales tax are located in School Board Policy (A Principal's Manual for Internal Accounting). The District's finance staff will continue to closely monitor this to ensure that all schools are following procedure. We have updated our manual and provided a workshop on September 23, 2016 to go over sales tax issues with all bookkeepers. The District will continue to provide training and communication with Principals and bookkeepers through meetings, correspondence and workshops to further reinforce these procedures.

We have already discussed the comments and suggestions with various District personnel. Management's responses to these findings are included above. We did not audit the responses and, accordingly, we express no opinion on the responses.

We wish to thank the District's finance and accounting personnel and others involved in the conduct of the audit for their courtesy and cooperation.

The purpose of this management letter is solely to communicate certain observations that are not considered significant deficiencies or material weaknesses in internal control but which are opportunities for the District to improve internal control and operations. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
November 9, 2016