

September 26, 2016

To the Honorable Members of the District School  
Board of Osceola County, Florida

We have audited the financial statements of the District School Board of Osceola County, Florida School Internal Funds (School Internal Funds) for the year ended June 30, 2016. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards***

As stated in our engagement letter dated March 7, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the School Internal Funds. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the School Internal Funds compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated March 7, 2016.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School Internal Funds are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 26, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the honorable members and management of the District School Board of Osceola County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Cheryl Behrman" followed by a stylized flourish.



**THE SCHOOL DISTRICT OF  
OSCEOLA COUNTY, FLORIDA  
SCHOOL INTERNAL FUNDS**

FINANCIAL STATEMENT AND  
SUPPLEMENTAL SCHEDULE

*For the Year Ended June 30, 2016*

*And Report of Independent Auditor*

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**  
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## **Report of Independent Auditor**

The School Board of Osceola County, Florida  
Kissimmee, Florida

### **Report on the Financial Statements**

We have audited the accompanying statement of changes in fiduciary assets and liabilities of the School District of Osceola County, Florida (the "District") School Internal Funds 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 Statements**

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 are 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. 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 statements 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 Osceola County, Florida School Internal Funds as of June 30, 2016, and the 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 District's School Internal Funds and does not purport to, and does not, present fairly the financial position and results of operations of the District as of June 30, 2016, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement that comprises the District's School Internal Funds basic financial statement. The accompanying supplemental combining schedule of changes in internal accounts payable 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 supplemental combining schedule of changes in internal accounts payable 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 financial statement. The 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 September 26, 2016 on our consideration of the District's School Internal Funds internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Orlando, Florida  
September 26, 2016

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**

YEAR ENDED JUNE 30, 2016

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	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,851,436	\$ 11,462,657	\$ 11,227,183	\$ 4,086,910
Accounts receivable	14,403	25,925	14,403	25,925
Due from School District	<u>15,677</u>	<u>7,319</u>	<u>15,677</u>	<u>7,319</u>
<b>Total assets</b>	<u>\$ 3,881,516</u>	<u>\$ 11,495,901</u>	<u>\$ 11,257,263</u>	<u>\$ 4,120,154</u>
<b>Liabilities</b>				
Due to School District	\$ 99,704	\$ 315,661	\$ 99,704	\$ 315,661
Internal accounts payable	<u>3,781,812</u>	<u>11,180,240</u>	<u>11,157,559</u>	<u>3,804,493</u>
<b>Total liabilities</b>	<u>\$ 3,881,516</u>	<u>\$ 11,495,901</u>	<u>\$ 11,257,263</u>	<u>\$ 4,120,154</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**  
**NOTE TO THE FINANCIAL STATEMENT**

*JUNE 30, 2016*

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**Note 1 - Summary of significant accounting policies**

**Reporting Entity** - The School District of Osceola County, Florida (the "District"), School Internal Funds are comprised of individual account balances of the 50 public schools and centers located within the geographical boundaries of the Osceola County School District (the "Schools").

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

The District's School Internal Funds are included as agency funds in the District's annual financial report. The accompanying financial statement presents only the School Internal Funds and is not intended to present fairly the financial position and results of operations of the District, 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 Funds 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.

**Recognition** - The District's School Internal Funds at the individual School level recognize revenues and expenditures using the cash basis of accounting during the year, and 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 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 collateralized by securities held in Florida's multiple financial institution collateral pool required by Section 280 of the Florida Statutes.

**Estimates** – The preparation of financial statements 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 OSCEOLA COUNTY, FLORIDA  
SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Boggy Creek Elementary</u>	<u>Central Avenue Elementary</u>	<u>Chestnut Elementary School for Science and Engineering</u>	<u>Cypress Elementary</u>	<u>Deerwood Elementary</u>
<b>Internal accounts payable - beginning of year</b>	\$ 22,477	\$ 28,254	\$ 36,542	\$ 11,917	\$ 20,927
<b>Additions:</b>					
Athletics	-	-	5,570	-	-
Music	108	-	-	1,152	5,222
Classes	-	513	27,170	35	-
Clubs	810	349	2,349	1,304	3,219
Department	59,526	44,433	40,614	45,454	26,984
Trust	60	(18)	27	-	(987)
General	20,480	5,211	13,335	11,315	5,285
<b>Total additions</b>	<u>80,984</u>	<u>50,488</u>	<u>89,065</u>	<u>59,260</u>	<u>39,723</u>
<b>Deductions:</b>					
Athletics	-	-	4,224	-	-
Music	170	-	-	724	3,983
Classes	-	-	30,346	-	-
Clubs	1,279	86	2,042	1,839	2,871
Department	57,911	48,410	38,101	47,548	28,375
Trust	-	-	27	-	-
General	14,380	10,399	17,215	8,674	4,380
<b>Total deductions</b>	<u>73,740</u>	<u>58,895</u>	<u>91,955</u>	<u>58,785</u>	<u>39,609</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 29,721</u>	<u>\$ 19,847</u>	<u>\$ 33,652</u>	<u>\$ 12,392</u>	<u>\$ 21,041</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA  
SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>East Lake Elementary</u>	<u>Flora Ridge Elementary</u>	<u>Hickory Tree Elementary</u>	<u>Highlands Elementary</u>	<u>Kissimmee Elementary</u>
<b>Internal accounts payable - beginning of year</b>	\$ 23,111	\$ 36,228	\$ 67,706	\$ 23,191	\$ 21,182
<b>Additions:</b>					
Athletics	-	1,179	-	-	-
Music	3,990	5,226	20	8,735	167
Classes	6,759	323	-	743	2,194
Clubs	3,476	2,271	-	-	-
Department	83,838	48,126	95,355	41,820	37,739
Trust	1,549	-	-	6	4,685
General	32,517	29,811	39,879	19,950	17,736
<b>Total additions</b>	<u>132,129</u>	<u>86,936</u>	<u>135,254</u>	<u>71,254</u>	<u>62,521</u>
<b>Deductions:</b>					
Athletics	-	44	-	-	-
Music	3,320	6,107	3,165	9,018	146
Classes	8,430	-	-	486	5,803
Clubs	2,287	2,378	-	263	-
Department	86,236	57,185	86,354	41,974	48,625
Trust	1,680	-	-	2,542	1,566
General	31,529	22,733	26,975	16,845	11,602
<b>Total deductions</b>	<u>133,482</u>	<u>88,447</u>	<u>116,494</u>	<u>71,128</u>	<u>67,742</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 21,758</u>	<u>\$ 34,717</u>	<u>\$ 86,466</u>	<u>\$ 23,317</u>	<u>\$ 15,961</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA  
SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Koa Elementary</u>	<u>Lakeview Elementary</u>	<u>Michigan Avenue Elementary</u>	<u>Mill Creek Elementary</u>	<u>Narcoossee Elementary</u>
<b>Internal accounts payable - beginning of year</b>	\$ 25,203	\$ 44,696	\$ 20,390	\$ 19,784	\$ 29,046
<b>Additions:</b>					
Athletics	-	-	369	-	-
Music	2,374	4,817	1,409	292	-
Classes	183	-	-	-	7,474
Clubs	-	3,343	-	302	1,000
Department	53,055	68,597	71,085	66,185	88,190
Trust	1,194	20	3,520	(1,062)	5,394
General	16,096	28,877	11,979	9,290	47,084
<b>Total additions</b>	<u>72,902</u>	<u>105,654</u>	<u>88,362</u>	<u>75,007</u>	<u>149,142</u>
<b>Deductions:</b>					
Athletics	-	-	1,725	-	-
Music	1,826	5,204	1,052	2,508	267
Classes	183	-	211	-	7,389
Clubs	-	4,468	-	463	90
Department	52,267	71,923	68,980	63,923	95,842
Trust	488	-	1,831	320	6,089
General	16,351	30,234	13,576	9,487	42,133
<b>Total deductions</b>	<u>71,115</u>	<u>111,829</u>	<u>87,375</u>	<u>76,701</u>	<u>151,810</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 26,990</u>	<u>\$ 38,521</u>	<u>\$ 21,377</u>	<u>\$ 18,090</u>	<u>\$ 26,378</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Neptune Elementary</u>	<u>Partin Settlement Elementary</u>	<u>Pleasant Hill Elementary</u>	<u>Poinciana Academy of Fine Arts</u>	<u>Reedy Creek Elementary</u>
<b>Internal accounts payable - beginning of year</b>	\$ 77,477	\$ 32,030	\$ 34,291	\$ 11,244	\$ 52,035
<b>Additions:</b>					
Athletics	-	-	-	4,600	-
Music	3,623	1,856	932	-	5,755
Classes	-	-	2,541	433	1,419
Clubs	1,611	400	1,459	3,348	3,120
Department	74,426	38,838	56,778	61,614	68,569
Trust	-	2,504	768	(185)	16
General	21,248	86,983	35,453	12,429	29,153
<b>Total additions</b>	<u>100,908</u>	<u>130,581</u>	<u>97,931</u>	<u>82,239</u>	<u>108,032</u>
<b>Deductions:</b>					
Athletics	-	-	-	5,512	-
Music	6,403	247	1,224	-	3,835
Classes	165	211	2,534	445	1,341
Clubs	1,819	397	831	3,214	2,864
Department	85,162	39,845	55,031	60,640	66,541
Trust	1,000	3,237	768	-	-
General	17,436	82,706	38,548	10,535	30,502
<b>Total deductions</b>	<u>111,985</u>	<u>126,643</u>	<u>98,936</u>	<u>80,346</u>	<u>105,083</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 66,400</u>	<u>\$ 35,968</u>	<u>\$ 33,286</u>	<u>\$ 13,137</u>	<u>\$ 54,984</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA  
SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>St. Cloud Elementary</u>	<u>Sunrise Elementary</u>	<u>Thacker Avenue Elementary for International Studies</u>	<u>Ventura Elementary</u>	<u>Denn John Middle</u>
<b>Internal accounts payable - beginning of year</b>	\$ 44,363	\$ 43,244	\$ 19,201	\$ 23,363	\$ 63,999
<b>Additions:</b>					
Athletics	-	-	-	-	4,406
Music	1,284	978	-	2,881	28,814
Classes	1,486	2,713	-	1,513	4,271
Clubs	3,550	3,070	1,556	4,084	55
Department	98,122	54,322	76,979	62,835	41,038
Trust	5	-	-	7	363
General	36,767	13,746	5,478	23,845	21,853
<b>Total additions</b>	<u>141,214</u>	<u>74,829</u>	<u>84,013</u>	<u>95,165</u>	<u>100,800</u>
<b>Deductions:</b>					
Athletics	-	-	-	-	4,620
Music	1,179	831	195	3,170	30,177
Classes	35	2,649	-	1,964	5,618
Clubs	3,332	3,012	2,106	3,789	398
Department	89,242	52,462	73,826	60,104	37,305
Trust	74	-	-	32	845
General	35,913	23,195	4,333	20,003	28,973
<b>Total deductions</b>	<u>129,775</u>	<u>82,149</u>	<u>80,460</u>	<u>89,062</u>	<u>107,936</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 55,802</u>	<u>\$ 35,924</u>	<u>\$ 22,754</u>	<u>\$ 29,466</u>	<u>\$ 56,863</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Horizon Middle</u>	<u>Kissimmee Middle</u>	<u>Narcoossee Middle</u>	<u>Neptune Middle</u>	<u>Parkway Middle</u>
<b>Internal accounts payable - beginning of year</b>	\$ 28,087	\$ 18,544	\$ 85,544	\$ 50,862	\$ 38,803
<b>Additions:</b>					
Athletics	7,798	9,857	13,322	10,968	343
Music	11,305	8,024	29,915	21,370	7,481
Classes	12,839	2,900	-	4,028	907
Clubs	14,039	800	35,028	2,150	7,747
Department	72,704	34,139	103,757	94,075	60,910
Trust	2,697	50	(112)	1,372	609
General	26,192	12,736	8,280	32,746	16,289
<b>Total additions</b>	<u>147,574</u>	<u>68,506</u>	<u>190,190</u>	<u>166,709</u>	<u>94,286</u>
<b>Deductions:</b>					
Athletics	6,619	8,320	19,025	13,455	1,287
Music	10,200	8,038	26,606	21,320	6,640
Classes	11,191	3,397	-	3,171	1,023
Clubs	14,542	-	40,355	4,097	7,548
Department	72,297	34,636	98,883	95,253	56,555
Trust	900	-	500	1,821	1,256
General	31,878	13,094	13,166	26,248	16,613
<b>Total deductions</b>	<u>147,627</u>	<u>67,485</u>	<u>198,535</u>	<u>165,365</u>	<u>90,922</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 28,034</u>	<u>\$ 19,565</u>	<u>\$ 77,199</u>	<u>\$ 52,206</u>	<u>\$ 42,167</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>St. Cloud Middle</u>	<u>Celebration High</u>	<u>Gateway High</u>	<u>Harmony High</u>	<u>Liberty High</u>
<b>Internal accounts payable - beginning of year</b>	\$ 39,191	\$ 338,500	\$ 169,158	\$ 293,382	\$ 117,841
<b>Additions:</b>					
Athletics	18,185	253,942	157,343	327,513	87,202
Music	33,445	101,029	26,817	28,598	13,756
Classes	-	55,712	15,961	25,005	43,657
Clubs	6,061	86,832	38,317	88,694	26,468
Department	58,173	128,306	97,178	131,928	126,064
Trust	757	17,818	(21)	10,624	5,714
General	17,329	81,688	63,974	38,696	33,783
<b>Total additions</b>	<u>133,950</u>	<u>725,327</u>	<u>399,569</u>	<u>651,058</u>	<u>336,644</u>
<b>Deductions:</b>					
Athletics	14,692	207,965	157,771	347,392	90,612
Music	34,836	93,188	24,943	24,357	13,946
Classes	-	47,507	13,127	23,204	46,700
Clubs	6,302	90,713	42,130	79,080	23,894
Department	57,200	103,926	106,724	115,459	128,087
Trust	757	11,141	-	17,477	5,207
General	14,792	72,741	70,497	38,040	34,197
<b>Total deductions</b>	<u>128,579</u>	<u>627,181</u>	<u>415,192</u>	<u>645,009</u>	<u>342,643</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 44,562</u>	<u>\$ 436,646</u>	<u>\$ 153,535</u>	<u>\$ 299,431</u>	<u>\$ 111,842</u>



**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**  
**SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Osceola High</u>	<u>Poinciana High</u>	<u>St. Cloud High</u>	<u>Bellalago Academy</u>	<u>Celebration School</u>
<b>Internal accounts payable - beginning of year</b>	\$ 137,794	\$ 125,573	\$ 439,542	\$ 73,891	\$ 82,230
<b>Additions:</b>					
Athletics	504,636	84,606	473,323	13,389	24,256
Music	15,586	26,869	28,341	12,930	39,197
Classes	45,836	64,216	112,010	569	5,031
Clubs	81,114	42,347	106,774	26,275	6,077
Department	91,042	35,591	98,247	97,217	235,043
Trust	23,076	5,242	23,318	-	-
General	67,360	33,794	53,761	11,202	32,251
<b>Total additions</b>	<u>828,650</u>	<u>292,665</u>	<u>895,774</u>	<u>161,582</u>	<u>341,855</u>
<b>Deductions:</b>					
Athletics	500,487	77,516	465,863	15,748	26,275
Music	15,353	27,678	24,468	10,838	35,534
Classes	67,654	64,546	100,371	669	7,311
Clubs	75,366	40,081	87,047	26,328	5,574
Department	98,695	37,657	106,532	96,354	230,431
Trust	18,584	486	19,425	104	-
General	53,785	35,179	52,309	9,164	34,844
<b>Total deductions</b>	<u>829,924</u>	<u>283,143</u>	<u>856,015</u>	<u>159,205</u>	<u>339,969</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 136,520</u>	<u>\$ 135,095</u>	<u>\$ 479,301</u>	<u>\$ 76,268</u>	<u>\$ 84,116</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**

**SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Discovery Intermediate</u>	<u>Harmony Community</u>	<u>Westside School</u>	<u>Adult Learning Center Osceola</u>	<u>County Office Staff</u>
<b>Internal accounts payable - beginning of year</b>	\$ 12,969	\$ 21,880	\$ 43,846	\$ 10,409	\$ 206,144
<b>Additions:</b>					
Athletics	2,223	4,499	7,698	-	77,956
Music	11,570	2,245	13,408	-	14,551
Classes	5,763	1,542	13,395	-	-
Clubs	688	4,878	-	1,218	64
Department	11,885	99,652	58,476	2,714	140,244
Trust	420	935	-	283,397	148
General	1,260	25,540	35,623	1,446	(2,616)
<b>Total additions</b>	<u>33,809</u>	<u>139,291</u>	<u>128,600</u>	<u>288,775</u>	<u>230,347</u>
<b>Deductions:</b>					
Athletics	1,624	3,827	4,931	-	59,956
Music	12,381	2,429	14,329	-	17,332
Classes	4,583	2,462	11,257	-	-
Clubs	866	4,430	-	423	260
Department	11,853	98,622	55,415	3,515	120,071
Trust	394	935	-	287,116	289
General	3,052	15,420	34,426	(6,847)	1,264
<b>Total deductions</b>	<u>34,753</u>	<u>128,125</u>	<u>120,358</u>	<u>284,207</u>	<u>199,172</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 12,025</u>	<u>\$ 33,046</u>	<u>\$ 52,088</u>	<u>\$ 14,977</u>	<u>\$ 237,319</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA  
SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>New Beginnings Education Center</u>	<u>Osceola County School for the Arts</u>	<u>Professional and Technical High (PATHS)</u>	<u>Technology Educational Center (TECO)</u>	<u>Zenith School</u>
<b>Internal accounts payable - beginning of year</b>	\$ 13,707	\$ 212,153	\$ 85,077	\$ 278,406	\$ 26,378
<b>Additions:</b>					
Athletics	500	-	-	-	-
Music	-	166,290	-	-	-
Classes	-	4,591	-	20,283	5,103
Clubs	-	22,139	10,243	403	147
Department	1,072	100,239	37,779	23,384	17,902
Trust	-	1,116	6,825	1,809,034	826
General	6,428	78,895	31,785	256,057	9,645
<b>Total additions</b>	<u>8,000</u>	<u>373,270</u>	<u>86,632</u>	<u>2,109,161</u>	<u>33,623</u>
<b>Deductions:</b>					
Athletics	1,030	-	-	-	-
Music	-	184,178	-	-	-
Classes	-	4,710	-	12,650	6,015
Clubs	-	23,069	9,356	4,195	-
Department	700	103,714	33,879	20,839	15,923
Trust	-	1,575	2,557	1,780,649	159
General	4,653	63,691	29,564	469,109	10,453
<b>Total deductions</b>	<u>6,383</u>	<u>380,937</u>	<u>75,356</u>	<u>2,287,442</u>	<u>32,550</u>
<b>Internal accounts payable - end of year</b>	<u>\$ 15,324</u>	<u>\$ 204,486</u>	<u>\$ 96,353</u>	<u>\$ 100,125</u>	<u>\$ 27,451</u>

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA**

**SCHOOL INTERNAL FUNDS**

**SUPPLEMENTAL COMBINING SCHEDULE OF CHANGES IN INTERNAL ACCOUNTS PAYABLE BALANCES BY SCHOOL**

*FOR THE YEAR ENDED JUNE 30, 2016*

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	<u>Total</u>
<b>Internal accounts payable - beginning of year</b>	\$ 3,781,812
<b>Additions:</b>	
Athletics	2,095,683
Music	692,362
Classes	499,118
Clubs	649,179
Department	3,462,243
Trust	2,211,711
General	<u>1,569,944</u>
<b>Total additions</b>	<u>11,180,240</u>
<b>Deductions:</b>	
Athletics	2,040,520
Music	693,345
Classes	499,358
Clubs	625,484
Department	3,417,032
Trust	2,171,831
General	<u>1,709,989</u>
<b>Total deductions</b>	<u>11,157,559</u>
<b>Internal accounts payable - end of year</b>	<u><u>\$ 3,804,493</u></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 School Board of Osceola County, Florida  
Kissimmee, 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 statement of changes in fiduciary assets and liabilities of the School District of Osceola County, Florida (the "District") School Internal Funds, as of and for the year ended June 30, 2016 and the related note to the financial statement, which comprise the School District of Osceola County, FL School Internal Funds' basic financial statement, and have issued our report thereon dated September 26, 2016.

**Internal Control Over Financial Reporting**

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

*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, as defined above. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's School Internal Funds 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 "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida  
September 26, 2016

The School Board of Osceola County, Florida  
Kissimmee, Florida

In planning and performing our audit of the financial statement of the School District of Osceola County, Florida (the "District) School Internal Funds 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 District's 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The paragraph below summarizes our comment and suggestion regarding this matter. We previously reported on the District's internal control in our report dated September 26, 2016. This letter does not affect our report dated September 26, 2016, on the financial statement of the School District of Osceola County, Florida School Internal Funds.

#### **Cash Collections**

Cash collected by teachers and sponsors is not always being remitted to the bookkeepers in a timely manner, as required by Section 3.01.11(2) of the Internal Funds Procedure Manual. This matter was noted at seventeen schools this year and eighteen schools in the prior year. We recommend additional training be provided 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.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Management's response to the finding from our audit is included on page 19. We did not audit the response and, accordingly, we express no opinion on it.

We have also issued a separate management letter detailing additional findings, if any, for each school.

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



Orlando, Florida  
September 26, 2016

# THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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## SCHOOL BOARD MEMBERS

District 1 – Jay Wheeler  
407-973-4141  
District 2 – Kelvin Soto  
407-361-2462  
District 3 – Tim Weisheyer  
407-361-0235  
District 4 – Clarence Thacker - Chair  
407-361-7906  
District 5 – Ricky Booth – Vice Chair  
407-818-9464

Superintendent of Schools  
Dr. Debra P. Pace



September 26, 2016

Cherry, Bekaert & Holland, L.L.P.  
800 North Magnolia Avenue, Suite 1300  
Orlando, FL 32803-3255

Re: Audit of School Internal Funds Management Letter Response, Year Ended June 30, 2016

To Whom It May Concern:

I wish to express my appreciation to your staff for their professionalism, courtesy and thoroughness in conducting this audit.

My response to the internal control finding noted in the management letter is as follows:

Cash collections not remitted to the bookkeeper in a timely manner, as required by District policy.

This situation arises when cash collected by teachers and sponsors is not remitted to the bookkeeper for deposit within the next business day. We will emphasize this requirement at bookkeeper training sessions. However, principals are ultimately responsible for enforcing this policy. We will continue to remind the principals of this policy and their responsibility to educate all teachers/sponsors and enforce the timely remittance of all cash collections to the bookkeeper for deposit. Violations of this policy will be taken into consideration as part of each principal's annual evaluation. Activity sponsors with multiple offenses should be relieved of their duties related to the activity for which they are collecting internal accounts cash.

Sincerely,

A handwritten signature in blue ink, appearing to read "Debra P. Pace".

Dr. Debra P. Pace  
Superintendent