

**SCHOOL DISTRICT OF
MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

For the Year Ended June 30, 2018

**SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Chair and Members of the School Board
School District of Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the School District of Manatee County, Florida's (the "District") School Internal Funds as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's School Internal Funds' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the 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 statements.

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 statements referred to in the first paragraph present fairly, in all material respects, the fiduciary assets and liabilities of the District's School Internal Funds as of June 30, 2018, and the related changes in fiduciary assets and liabilities for the year then ended in accordance with the cash basis of accounting as described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis-of-Matter

As discussed in Note 1, the financial statements present only the School Internal Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2018, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's School Internal Funds' basic financial statements as a whole. The accompanying supplemental combining schedule of cash receipts and disbursements by school, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The combining schedule of cash receipts and disbursements 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 statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the District's 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 District's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
December 19, 2018

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2018

ASSETS

Cash and cash equivalents	\$ 3,725,202
Investments	<u>3,373,753</u>
Total assets	<u><u>\$ 7,098,955</u></u>

LIABILITIES

Internal accounts payable	<u><u>\$ 7,098,955</u></u>
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The accompanying notes are an integral part of this financial statement.

**SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

Year Ended June 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
ASSETS				
Cash and cash equivalents	\$ 4,936,709	\$ 16,176,800	\$ 17,388,307	\$ 3,725,202
Investments	2,346,491	1,027,262	-	3,373,753
Total assets	<u>\$ 7,283,200</u>	<u>\$ 17,204,062</u>	<u>\$ 17,388,307</u>	<u>\$ 7,098,955</u>
 LIABILITIES				
Internal accounts payable	<u>\$ 7,283,200</u>	<u>\$ 17,204,062</u>	<u>\$ 17,388,307</u>	<u>\$ 7,098,955</u>

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

**SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The School District of Manatee County, Florida (the “District”) School Internal Funds are comprised of individual account balances of the 51 public schools and centers located within the geographical boundaries of the Manatee County School District (the “Schools”).

The governing body of the District is the Manatee County District School Board and is composed of five elected members. The appointed 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 District’s School Internal Funds are included as an agency fund in the District’s annual financial report. The accompanying financial statements present only the School Internal Funds and are not intended to present fairly the financial position and results of operation of the District in conformity with accounting principles generally accepted in the United States of America.

Basis of 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 District’s School Internal Funds at the individual school level recognize cash receipts and cash disbursements using the cash basis of accounting.

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 collateralized by securities held in federal depository insurance or by Florida’s multiple financial institution collateral pool required by Section 280 of the Florida Statutes.

Investments - Investments consist of certificates of deposit, amounts placed with the Florida Fixed Income Trust (“FL FIT”), and amounts placed with the State Board of Administration (“SBA”) for participation in Florida PRIME, formerly known as the Local Government Surplus Trust Fund created by Section 218.405, Florida Statutes. The Florida PRIME investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. Certificates of deposit and amounts with Florida PRIME are reported at amortized cost, investments in FL FIT are measured at net asset value and investments in equities are measured at fair value. The District maintains common cash and investment pools for the use of all funds. As of the year ended June 30, 2018, the District’s School Internal Funds had \$3,060,870 in funds of the District reported as investments.

Internal Accounts Payable - Internal accounts payable consists of funds held on behalf of school-sponsored or related activities which supplement those activities provided from school district funds.

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. Actual results could differ from those estimates.

NOTE 2 - INVESTMENTS

As of June 30, 2018, the District's School Internal Funds has the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Equities	N/A	\$ 28,886
Florida PRIME	76 Days Avg.	102,712
Florida Fixed Income Trust (FL FIT)	95 Days Avg.	2,958,157
Certificates of Deposit	150 Days Avg.	<u>283,998</u>
Total investments		<u>\$ 3,373,753</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they become due.

Florida PRIME, FL FIT and the certificates of deposit use a weighted-average days to maturity ("WAM"). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the monies in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days. As of June 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk - The District's investment policy authorizes the following investments, which are limited to credit quality ratings from nationally recognized rating agencies, as follows:

- Florida PRIME when rated at least AAAM by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Rating Organization ("NRSRO")
- United States Government Securities
- United States Government Agencies
- Federal Instrumentalities (United States Government Sponsored Enterprise)
- Interest-Bearing Time Deposit or Savings Accounts
- Repurchase Agreements

NOTE 2 - INVESTMENTS *(Continued)*

- Commercial Paper of any United States company that is rated, at the time of purchase, Prime 1 by Moody's and A-1 by Standard & Poor's (prime commercial paper)
- Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum single A category by any two NRSROs
- State and/or Local Government Taxable and/or Tax-Exempt Debt, general obligation and/or revenue bonds, rated at the time of purchase, at a minimum single A category by any two NRSROs for long-term debt, or rated at least MIG-1 by Moody's or SP-1 by Standard & Poor's for short-term debt
- Money Market Mutual Funds rated AAAM by Standard & Poor's or the equivalent by another NRSRO
- Short-Term Bonds rated AAf or better by Standard & Poor's or the equivalent by another NRSRO
- Intergovernmental Investment Pools rated AAAM/AAf by Standard & Poor's or the equivalent by another NRSRO

The District's Internal Funds investment in Florida PRIME was rated AAAM by Standard & Poor's.

The District's Internal Funds investment in FL FIT was rated AAf/S1+2 by Standard & Poor's.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

The District's investment policy requires that all investment securities purchased by the District shall be held by third-party custodians and be properly designated as an asset of the District. All investments, except for investments in Florida PRIME, and all local government investment pools, will be held in third-party custodial accounts in the District's name.

Concentration of Credit Risk - The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of the District's investment portfolio.

NOTE 2 - INVESTMENTS (Continued)

Fair Value Disclosures - The District categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs; and
- Level 3 inputs are significant unobservable inputs.

The District's Internal Funds investments in equities are Level 1 inputs and are measured at their fair value level as of June 30, 2018.

Florida PRIME and certificates of deposits are measured at amortized cost. FL FIT is measured at fair value using the net asset value per share (or its equivalent). The investments in Florida Prime, certificates of deposits and FL FIT have not been classified in the fair value hierarchy. All investments may be redeemed without advance notice and there are no limitations as to the frequency of redemptions for any investment pool. The District has no unfunded commitments to invest in any investment pool.

SUPPLEMENTAL INFORMATION

**SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

COMBINING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS BY SCHOOL

Year Ended June 30, 2018

	July 1, 2017				June 30, 2018
	Total		Receipts	Disbursements	Total
	Assets				Assets
ELEMENTARY					
ABEL	\$ 45,058	\$	67,956	\$ 63,479	\$ 49,535
ANNA MARIA	34,089		51,148	53,054	32,183
BALLARD	50,765		53,140	54,578	49,327
BASHAW	26,359		92,170	76,238	42,291
BAYSHORE	22,875		66,983	62,897	26,961
BLACKBURN	42,951		52,289	63,813	31,427
BRADEN RIVER	59,135		224,600	218,063	65,672
DAUGHTREY	33,321		25,091	34,418	23,994
FREEDOM	150,797		121,321	176,491	95,627
GULLETT	56,433		184,692	173,102	68,023
KINNAN	79,887		71,057	87,992	62,952
MANATEE	8,081		24,828	24,497	8,412
McNEAL	67,813		146,087	168,164	45,736
MILLER	42,043		106,963	109,050	39,956
MILLS	65,452		210,873	206,705	69,620
MOODY	31,463		57,841	61,546	27,758
MYAKKA	26,891		110,036	115,916	21,011
ONECO	32,543		34,030	33,053	33,520
ORANGE RIDGE	5,036		-	-	5,036
PALM VIEW	10,317		24,605	26,103	8,819
PALMA SOLA	39,691		118,745	126,617	31,819
PALMETTO	38,083		67,103	63,837	41,349
PRINE	32,727		74,727	70,542	36,912
ROGERS GARDEN	15,621		34,326	30,970	18,977
SAMOSET	30,191		71,755	72,300	29,646
SEA BREEZE	78,468		177,863	164,118	92,213
STEWART	49,709		54,106	65,804	38,011
TARA	61,396		116,567	107,381	70,582
TILLMAN	11,649		17,695	17,751	11,593
WAKELAND	36,114		76,293	59,131	53,276
WILLIAMS	104,663		289,568	250,412	143,819
WILLIS	35,134		51,697	65,856	20,975
WITT	155,232		225,202	225,429	155,005
TOTAL	1,579,987		3,101,357	3,129,307	1,552,037

(Continued)

**SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

**COMBINING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS BY SCHOOL
(Continued)**

Year Ended June 30, 2018

	July 1, 2017			June 30, 2018
	Total			Total
	Assets	Receipts	Disbursements	Assets
MIDDLE SCHOOLS				
BRADEN RIVER	\$ 72,159	\$ 188,171	\$ 165,906	\$ 94,424
BUFFALO CREEK	126,731	198,304	194,857	130,178
HAILE	112,154	302,084	271,165	143,073
HARLLEE	5,054	1,566	1,796	4,824
JOHNSON	23,155	166,861	158,806	31,210
KING	44,263	157,040	140,187	61,116
LEE	53,564	240,600	247,360	46,804
LINCOLN	28,697	58,047	70,288	16,456
NOLAN	100,855	284,500	289,523	95,832
SUGG	28,083	110,622	109,826	28,879
TOTAL	594,715	1,707,795	1,649,714	652,796
HIGH SCHOOLS				
BAYSHORE	118,689	426,084	385,926	158,847
BRADEN RIVER	161,808	782,430	781,444	162,794
HORIZONS	7,245	15,084	16,784	5,545
LAKWOOD RANCH	406,430	1,161,105	1,139,151	428,384
MANATEE	533,838	883,698	848,036	569,500
PALMETTO	174,384	705,412	684,447	195,349
SOUTHEAST	209,524	505,517	554,698	160,343
TOTAL	1,611,918	4,479,330	4,410,486	1,680,762
OTHER				
MTC	3,496,580	7,915,580	8,198,800	3,213,360
TOTAL	3,496,580	7,915,580	8,198,800	3,213,360
GRAND TOTAL	\$ 7,283,200	\$ 17,204,062	\$ 17,388,307	\$ 7,098,955

OTHER REPORT



Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Chair and Members of the School Board
School District of Manatee County, 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 statements of the School District of Manatee County, Florida (the "District") School Internal Funds as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's School Internal Funds' basic financial statements and have issued our report thereon dated December 19, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 District's School Internal Funds' financial statements are 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*.

We noted certain other matters that we reported to management in a separate letter dated December 19, 2018.

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 blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
December 19, 2018