The School District of Palm Beach County, Florida

Single Audit Reports in Accordance with the Uniform Guidance
Year Ended June 30, 2017
## Contents

Independent auditor’s report on:
- 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*  
  1-2

- Report on compliance for each major federal program; report on internal control over compliance and report on the schedule of expenditures of federal awards as required by the Uniform Guidance  
  3-4

Schedule of expenditures of federal awards  
  5-6

Notes to schedule of expenditures of federal awards  
  7

Schedule of findings and questioned costs  
  8-9

Summary schedule of prior audit findings  
  10
Independent Auditor’s Report

To the Chairperson and Members
The School District of Palm Beach County, Florida
West Palm Beach 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 governmental activities, each major fund, and the aggregate remaining fund information of The School District of Palm Beach County, Florida (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 29, 2017.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.

PricewaterhouseCoopers LLP
West Palm Beach, Florida
November 29, 2017
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance

Independent Auditor’s Report

To the Chairperson and Members
The School District of Palm Beach County, Florida
Palm Beach County, Florida

Report on Compliance for Each Major Federal Program

We have audited The School District of Palm Beach County, Florida’s (the District) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2017. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.
Report on Internal Control Over Compliance
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 29, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP
West Palm Beach, Florida
November 29, 2017
The School District of Palm Beach County, Florida  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Pass-through Number</th>
<th>Federal Expenditures</th>
<th>Amount Provided to Sub-Recipients</th>
</tr>
</thead>
</table>
| United States Department of Agriculture  
Indirect:  
Child Nutrition Cluster:  
Florida Department of Agriculture and Consumer Services:  
  School Breakfast Program 10.553 16002 $14,544,893 $-  
  National School Lunch Program 10.555 16001, 16003 $55,308,707 $-  
  Summer Food Service Program 10.559 16006, 16007 $2,182,062 $-  
  Total Child Nutrition Cluster 72,035,662 $-  
Florida Department of Health:  
  Child and Adult Care Food Program 10.558 16004 $2,592,369 $-  
Florida Department of Agriculture and Consumer Services:  
  Fresh Fruit and Vegetable Program 10.582 None $559,501 $-  
  Total United States Department of Agriculture 75,187,532 $-  
United States Department of Commerce  
Direct:  
  Science, Technology, Business and/or Education Outreach 11.620 None $15,249 $-  
  Total United State of Department of Commerce $15,249 $-  
United States Department of Justice  
Direct:  
  National Institute of Justice Research, Evaluation and Development Project Grant 16.560 None $983,537 $-  
  Equitable Sharing Program 16.922 None $2,085 $-  
  Total United States Department of Justice $985,622 $-  
United States General Services Administration  
Indirect:  
  Florida Department of Management Services:  
    Donation of Federal Surplus Personal Property 39.003 None $31,284 $-  
  Total United States General Services Administration $31,284 $-  
United States Department of Education  
Direct:  
  Impact Aid 84.041 None $6,772 $-  
  Magnet Schools Assistance 84.165 None $1,689,086 $-  
  Fund for Improvement of Education 84.215 None $360,608 $-  
  Transition to Teaching 84.350 None $318,041 $2,328  
  Arts in Education 84.351 None $434,482 $-  
  High School Graduation Initiative 84.360 None $6,466 $-  
  Total Direct $2,815,455 $2,328  
(Continued)
## The School District of Palm Beach County, Florida
### Schedule of Expenditures of Federal Awards
#### Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Entity</th>
<th>CFDA Number</th>
<th>Pass-through Grantor Number</th>
<th>Expenditures</th>
<th>Amount Provided to Sub-Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pass-through Amount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal Grantor/Pass-Through Entity</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Program Title</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Special Education Cluster:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education – Grants to States:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Education</td>
<td>84.027</td>
<td>262,263</td>
<td>$39,435,272</td>
<td>$2,782,833</td>
</tr>
<tr>
<td>Putman County District School Board</td>
<td>84.027</td>
<td>None</td>
<td>13,840</td>
<td>-</td>
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<tr>
<td>University of South Florida</td>
<td>84.027</td>
<td>None</td>
<td>86</td>
<td>-</td>
</tr>
<tr>
<td>Special Education – Preschool Grants</td>
<td>84.173</td>
<td>266,267</td>
<td>1,186,340</td>
<td>83,015</td>
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<tr>
<td><strong>Total Special Education Cluster</strong></td>
<td></td>
<td></td>
<td>40,635,338</td>
<td>2,865,848</td>
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<tr>
<td>Florida Department of Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education-State Grant Program</td>
<td>84.002</td>
<td>191,193</td>
<td>2,373,506</td>
<td>-</td>
</tr>
<tr>
<td>Title I Grants to Local Educational Agencies</td>
<td>84.010</td>
<td>212,222,223,226,228</td>
<td>48,615,271</td>
<td>2,042,088</td>
</tr>
<tr>
<td>Migrant Education-State Grant Program</td>
<td>84.011</td>
<td>217</td>
<td>1,677,602</td>
<td>-</td>
</tr>
<tr>
<td>Career &amp; Technical Education-Basic Grant to States</td>
<td>84.048</td>
<td>161</td>
<td>1,784,330</td>
<td>18,963</td>
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<tr>
<td>Education for Homeless Children &amp; Youth</td>
<td>84.196</td>
<td>127</td>
<td>99,952</td>
<td>-</td>
</tr>
<tr>
<td>Charter Schools</td>
<td>84.282</td>
<td>298</td>
<td>780,495</td>
<td>780,262</td>
</tr>
<tr>
<td>Twenty-First Century Community Learning Centers</td>
<td>84.287</td>
<td>244</td>
<td>4,202,380</td>
<td>448,978</td>
</tr>
<tr>
<td>English Language Acquisition Grants</td>
<td>84.365</td>
<td>102</td>
<td>3,893,405</td>
<td>-</td>
</tr>
<tr>
<td>School Improvements Grants</td>
<td>84.377</td>
<td>126</td>
<td>877,156</td>
<td>-</td>
</tr>
<tr>
<td>Improving Teacher Quality State Grants:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Education</td>
<td>84.367</td>
<td>224</td>
<td>5,299,013</td>
<td>14,657</td>
</tr>
<tr>
<td>Florida Atlantic University</td>
<td>84.367</td>
<td>None</td>
<td>95,779</td>
<td>-</td>
</tr>
<tr>
<td>University of Florida:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing in Innovation Fund</td>
<td>84.411</td>
<td>None</td>
<td>132,731</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Indirect</strong></td>
<td></td>
<td></td>
<td>110,466,958</td>
<td>6,170,796</td>
</tr>
<tr>
<td><strong>Total United States Department of Education</strong></td>
<td></td>
<td></td>
<td>113,282,413</td>
<td>6,173,124</td>
</tr>
<tr>
<td><strong>United States Department of Health &amp; Human Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance</td>
<td>93.079</td>
<td>None</td>
<td>394,208</td>
<td>-</td>
</tr>
<tr>
<td>Substance Abuse &amp; Mental Health Services Projects of Regional and National Significance</td>
<td>93.243</td>
<td>None</td>
<td>99,112</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td></td>
<td></td>
<td>493,320</td>
<td>-</td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-through from the Florida Department of Children &amp; Families:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refugee and Entrant Assistance-State Administered Programs</td>
<td>93.566</td>
<td>XK041</td>
<td>519,822</td>
<td>-</td>
</tr>
<tr>
<td>Refugee &amp; Entrant Assistance-Discretionary Grant</td>
<td>93.576</td>
<td>XK041</td>
<td>192,263</td>
<td>-</td>
</tr>
<tr>
<td>Pass-through Department of Community Services Division of Head Start &amp; Children Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Start</td>
<td>93.600 (5)</td>
<td>04CH4702/04</td>
<td>3,357,817</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Indirect</strong></td>
<td></td>
<td></td>
<td>4,069,902</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total United States Department of Health &amp; Human Services</strong></td>
<td></td>
<td></td>
<td>4,563,222</td>
<td>-</td>
</tr>
<tr>
<td><strong>United States Department of Defense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Officers Training Corps (ROTC)</td>
<td>12.Unknown</td>
<td>None</td>
<td>1,039,379</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total United States Department of Defense</strong></td>
<td></td>
<td></td>
<td>1,039,379</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES OF FEDERAL AWARDS</strong></td>
<td></td>
<td></td>
<td>$195,104,701</td>
<td>$6,173,124</td>
</tr>
</tbody>
</table>
Note 1. General and Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) presents the expenditure activity of all federal awards of The School District of Palm Beach County, Florida (the District), for the year ended June 30, 2017. The District’s reporting entity is defined in Note 1 of the District’s basic financial statements. All federal awards received directly from federal and indirectly through state agencies, as well as amounts passed through other government agencies are included in the accompanying schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the expenditures of the District, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the District. Some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Basis of Accounting
The accompanying schedule is presented using the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note 3. Indirect Cost Recovery
The District did not recover its indirect costs using the 10% de minis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Note 4. Noncash Awards
The National School Lunch Program for CFDA Number 10.555 includes $5,545,429 of donated food used during the fiscal year. Donated foods are recorded at fair value as determined at the time of the donation.
I. Summary of Independent Auditor's Results

Financial Statements

A. Type of auditor's report issued: Unmodified Opinion

B. Internal Controls over financial reporting:
   - Material weakness(es) identified? Yes X No
   - Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

C. Noncompliance material to financial statements noted? Yes X No

Federal Awards

D. Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion

E. Internal control over major federal programs:
   - Material weakness(es) identified? Yes X No
   - Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

G. Identification of major federal programs:

<table>
<thead>
<tr>
<th>CFDA Numbers</th>
<th>Name of Federal Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.553, 10.555, 10.559</td>
<td>United States Department of Agriculture: Child Nutrition Cluster</td>
</tr>
<tr>
<td>84.165</td>
<td>United States Department of Education: Magnet Schools Assistance</td>
</tr>
<tr>
<td>84.287</td>
<td>Twenty-First Century Community Learning Centers</td>
</tr>
</tbody>
</table>

H. Dollar threshold used to distinguish between type A and type B program: $3,000,000

I. Auditee qualified as a low-risk auditee? Yes X No

(Continued)
The School District of Palm Beach County, Florida

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

Section II. Financial Statements Findings

No matters to report

Section III. Federal Award Findings and Questioned Costs

No matters to report
I – Financial Statement Findings

Finding Number 2016-001

Condition – Pursuant to guidance from the FDOE, the District was responsible for reporting 47, 53 and 50 charter schools as DPCUs on the District’s financial statements for the 2013-14, 2014-15, and 2015-16 fiscal years, respectively. However, for those fiscal years, the District did not report the charter schools as DPCUs on the District’s Comprehensive Annual Financial Report (CAFR).

Additionally, financial information for 35 of the District’s 50 charter schools was available at the time of the District’s AFR publication and the District reported the financial information for the 35 charter schools in a column titled “Charter Schools” on the 2015-16 fiscal year AFR presented for audit. However, the AFR notes to financial statements indicated that charter schools no longer qualify as part of the District’s Reporting Entity and should not be reported as DPCUs.

Corrective Action Plan – Management disagrees with the comment. The District assessed and concluded in fiscal year 2013, that charter schools do not meet the criterion to be considered component units. No facts or circumstances have changed to alter the District’s position. The District’s assessment was based upon extensive review of the standards in collaboration with the District’s independent external auditor and multiple discussions with Governmental Accounting Standards Board (GASB) staff in fiscal years ended June 30, 2012, 2013 and October, 2015. The District has received and continues to receive unmodified opinions from the independent auditors since the first year of implementation fiscal year ended June 30, 2013 up to and including June 30, 2017. The District’s independent external auditor opined that District financial statements present fairly, in all material respects, the respective financial position in accordance with accounting principles generally accepted in the United States of America (GAAP). A change to the presentation of charter schools would potentially put the District at risk for a modification of opinion and noncompliance with GAAP.

II – Federal Awards Findings and Questioned Costs

No material weaknesses or significant deficiencies reported.