

Hardee County School Board Agenda Analysis



6.02

Author:

Greg Harrelson, Finance Director

Date:

September 21, 2017

Subject:

Hardee County Education Foundation audit report for FY 2016-17

Background Information:

The Hardee County Education Foundation is considered a "direct support organization" of Hardee School Board because the Foundation (1) is approved by the School Board, (2) is a Florida corporation not for profit and (3) is organized and operated exclusively to receive, hold, invest and administer property and to make expenditures for the benefit of public kindergarten through 12th grade education and adult career and community education.

CliftonLarsonAllen, CPA's, have completed their audit of the Hardee County Education Foundation for fiscal year 2016-17 and issued their report. The audit report and management letter are 18 pages long; they are available for review with Ms. McCray.

There was one audit finding related to financial reporting. In June 2017, the Foundation's bookkeeper printed scholarship checks totaling \$33,900 and adjusted the Foundation's general ledger to reduce cash and reduce scholarships payable by \$33,900. Because the Foundation's Board members did not sign the checks before June 30th, the general ledger should have still included the cash and scholarships payable. This won't happen again.

The Education Foundation's Board is scheduled to meet on October 9th to review the audit report.

Administrative Consideration:

Section 1001.453(4), Florida Statutes- Each direct support organization with more than \$100,000 in expenditures shall have an annual financial audit conducted by an independent certified public accountant. The annual audit report shall be submitted within 9 months after the fiscal year's end to the district school board.

Fiscal Impact:

The Education Foundation's net position increased by \$8,475 in 2016-17 to \$204,032.

Proposed Recommendation to School Board:

Recommend approval of Hardee County Education Foundation's audit report for FY 2016-17.

Action Required:

Consent Agenda

BOARD ACTION

9/28/17 8 of 9

Approved



CLAPP# 100

CliftonLarsonAllen LLP
CLAconnect.com

Board of Directors
Hardee County Education Foundation, Inc.
Wauchula, Florida

We have audited the financial statements of the Hardee County Education Foundation, Inc., (Foundation) (a nonprofit organization), a component unit of the School District of Hardee County, Florida, for the year ended June 30, 2017, and have issued our report thereon dated August 28, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Hardee County Education Foundation, Inc. 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 2017.

We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Certain scholarship checks were written prior to fiscal year-end; however, Board members were unable to sign the checks until after year-end. Therefore, scholarships payable and cash were understated by \$33,900.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 28, 2017.

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 Foundation's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

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

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * * * *

This communication is intended solely for the information and use of the board of directors and management of the Hardee County Education Foundation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sebring, Florida
August 28, 2017