

HARDEE COUNTY DISTRICT SCHOOL BOARD

**INTERNAL FUND ACCOUNTS
AUDITED FINANCIAL STATEMENT**

YEAR ENDED JUNE 30, 2013

**HARDEE COUNTY DISTRICT SCHOOL BOARD
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INDEPENDENT AUDITORS' REPORT

Hardee County District School Board
Wauchula, Florida

Report on the Financial Statement

We have audited the combined statement of cash receipts, disbursements, transfers and balances of the internal fund accounts of the Hardee County District School Board as of and for the year ended June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the regulatory basis of accounting described in Note 1 to the financial statement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 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 auditors' judgment, including the assessment of the risks 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 District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in the Note 1 to the financial statement, the financial statement is prepared by the Hardee County District School Board, on the basis of the financial reporting provisions of the Florida Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Florida Department of Education.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 to the financial statement and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the internal fund accounts of Hardee County District School Board as of June 30, 2013, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash balance of the internal fund accounts of the Hardee County District School Board as of June 30, 2013, and the receipts, disbursements and transfers for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statement.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the internal fund accounts and does not purport to, and does not, present fairly the financial position of the Hardee County District School Board as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year 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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts. The combining statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts is presented for purposes of additional analysis and is not a required part of the basic financial statement.

Other Matters (Continued)

Other Information (Continued)

The combining statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts or to the combined statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts 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, 2013, on our consideration of the Hardee County District School Board's internal fund accounts 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 result 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.



CliftonLarsonAllen LLP

Sebring, Florida
September 26, 2013

**HARDEE COUNTY DISTRICT SCHOOL BOARD
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 TRANSFERS, AND BALANCES
 OF THE INTERNAL FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2013**

CASH AND CASH EQUIVALENTS - JULY 1, 2012	\$	488,302
RECEIPTS		
Athletics		271,658
Music		107,912
Class, Club, Departments		339,763
Trust Funds		58,546
General		177,818
Total Receipts		955,697
DISBURSEMENTS		
Athletics		279,657
Music		107,104
Class, Club, Departments		345,394
Trust Funds		56,712
General		195,065
Total Disbursements		983,932
TRANSFERS		
Athletics		(197)
Music		(185)
Class, Club, Departments		1,710
Trust Funds		30
General		(1,358)
Total Transfers		-
CASH AND CASH EQUIVALENTS - JUNE 30, 2013	\$	460,067
CASH AND CASH EQUIVALENTS - CONSISTING OF:		
Checking Account	\$	390,473
Certificate of Deposit		69,594
Total	\$	460,067

See accompanying Notes to Financial Statement.

**HARDEE COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The internal fund accounts of the Hardee County District School Board (the District) are comprised of eight individual accounts. There is an account for each of the seven schools in the District and one for the Hardee Community Recreation Center. This financial statement presents only the internal fund accounts 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. The internal fund accounts are included in the District's annual financial report as fiduciary funds.

Basis of Accounting

It is the policy of the District to account for the internal fund accounts of the schools on the regulatory basis prescribed by the Florida Department of Education. Accordingly, the internal fund accounts increase when cash receipts are recorded and decrease when cash disbursements are recorded. Non-cash transactions are not recognized.

Cash and Cash Equivalents

Cash and cash equivalents are defined to include cash on hand and cash in banks. Internal funds are authorized to invest in certificates of deposit and time deposits of qualified public depositories, securities guaranteed by the U.S. government or other investments authorized by Florida Statutes.

NOTE 2 DEPOSITS AND INVESTMENTS

Hardee Senior High's internal account pooled its excess cash resources with other funds of the District for investment purposes. The excess funds are invested in demand deposits and time deposits.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of securities that are in the possession of an outside party. At June 30, 2013, the entire amount of demand deposits is deposited in State of Florida qualified depositories and is fully insured.

**HARDEE COUNTY DISTRICT SCHOOL BOARD
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 TRANSFERS, AND BALANCES
 OF THE INTERNAL FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2013**

	Hardee Senior High	Hardee Junior High	Wauchula Elementary
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS			
July 1, 2012	\$ 337,784	\$ 19,283	\$ 49,141
RECEIPTS			
Athletics	245,488	26,170	-
Music	91,196	16,716	-
Class, Club, Departments	209,306	56,342	16,493
Trust Funds	17,370	-	20,563
General	39,780	39,949	39,534
Total Receipts	<u>603,140</u>	<u>139,177</u>	<u>76,590</u>
DISBURSEMENTS			
Athletics	255,328	24,329	-
Music	94,242	12,862	-
Class, Club, Departments	210,815	51,497	18,849
Trust Funds	11,071	-	21,338
General	42,999	45,818	49,184
Total Disbursements	<u>614,455</u>	<u>134,506</u>	<u>89,371</u>
TRANSFERS			
Athletics	(197)	-	-
Music	(185)	-	-
Class, Club, Departments	1,731	(21)	-
Trust Funds	30	-	-
General	(1,379)	21	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2013	<u>\$ 326,469</u>	<u>\$ 23,954</u>	<u>\$ 36,360</u>
CASH AND CASH EQUIVALENTS - CONSISTING OF:			
Checking Account	\$ 256,875	\$ 23,954	\$ 36,360
Certificate of Deposit	69,594	-	-
Total	<u>\$ 326,469</u>	<u>\$ 23,954</u>	<u>\$ 36,360</u>

North Wauchula Elementary	Zolfo Springs Elementary	Bowling Green Elementary	Hilltop Elementary	Community Recreation Center	Total
\$ 38,064	\$ 17,668	\$ 5,376	\$ 10,181	\$ 10,805	\$ 488,302
-	-	-	-	-	271,658
-	-	-	-	-	107,912
30,327	13,868	-	13,427	-	339,763
12,218	6,598	1,797	-	-	58,546
4,940	9,589	1,232	5,504	37,290	177,818
<u>47,485</u>	<u>30,055</u>	<u>3,029</u>	<u>18,931</u>	<u>37,290</u>	<u>955,697</u>
-	-	-	-	-	279,657
-	-	-	-	-	107,104
32,237	13,778	-	18,218	-	345,394
14,689	7,220	2,394	-	-	56,712
3,825	13,593	2,949	5,038	31,659	195,065
<u>50,751</u>	<u>34,591</u>	<u>5,343</u>	<u>23,256</u>	<u>31,659</u>	<u>983,932</u>
-	-	-	-	-	(197)
-	-	-	-	-	(185)
-	-	-	-	-	1,710
-	-	-	-	-	30
-	-	-	-	-	(1,358)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 34,798</u>	<u>\$ 13,132</u>	<u>\$ 3,062</u>	<u>\$ 5,856</u>	<u>\$ 16,436</u>	<u>\$ 460,067</u>
\$ 34,798	\$ 13,132	\$ 3,062	\$ 5,856	\$ 16,436	\$ 390,473
-	-	-	-	-	69,594
<u>\$ 34,798</u>	<u>\$ 13,132</u>	<u>\$ 3,062</u>	<u>\$ 5,856</u>	<u>\$ 16,436</u>	<u>\$ 460,067</u>



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

Hardee County District School Board
Wauchula, 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 combined statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts of the Hardee County District School Board (internal fund accounts), as of and for the year ended June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated September 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the internal fund account'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the internal fund account's internal control. Accordingly, we do not express an opinion on the effectiveness of the internal fund account'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 statement 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2013-01 and 2013-02 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the internal fund account's financial statement is 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*.

Hardee County District School Board's Response to Findings

Hardee County District School Board's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Hardee County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 result 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sebring, Florida
September 26, 2013

**HARDEE COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

PRIOR YEAR

Prior Year Findings		Current Year Status
2012-01 <u>Principal's Report</u> <i>Summary: For one school, the Principal's Report for June 2012 contained an error in the classification of receipts and disbursements between the major student activity/projects reporting categories.</i>	Material Weakness	Cleared
2011-03 <u>Cash Disbursements</u> <i>Summary: The District was not able to provide supporting documentation for two of 60 disbursements selected for testing during the audit.</i>	Material Weakness	Cleared

CURRENT YEAR

2013-01 Timeliness of Deposits

Condition:

For one school, deposits were not made within the five (5) working day limit set forth by School Board internal fund policy and Redbook Ch.8.

Criteria:

Redbook Chapter 8 requires that funds collected must be deposited within five (5) working days after receipt.

Cause:

For one school, funds collected were accumulated for deposit beyond five (5) working days.

Effect:

Misappropriation of funds collected may occur by error or fraud if receipts are not promptly deposited.

Recommendation:

All funds received should be deposited within five (5) working days as outlined in the District policy and Redbook.

Management Response:

The school's designated staff will deposit all funds received within five (5) working days, generally on Friday.

**HARDEE COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2013**

CURRENT YEAR (CONTINUED)

2013-02 – Seasonal Athletic Ticket Inventory

Condition:

Our procedures disclosed that detailed reports of season tickets sold and a perpetual inventory of those tickets for the fiscal year was not maintained.

Criteria:

Hardee High School sells season tickets to athletic events. Season ticket sales should follow the same reporting and reconciliation process that is used for regular ticket sales.

Cause:

Responsibility for the season ticket sales was transferred outside of the regular ticketing process.

Effect:

The risk of fraud and theft is increased when timely reconciliations of inventory are not performed.

Recommendation:

Redbook standards and District policies should be followed to provide the necessary internal controls over ticket sales.

Management Response:

Hardee High School (HHS) staff will adhere to school internal policies that include the following:

- The HHS Bookkeeper is the custodian for the season tickets.
- All tickets are signed out and inventoried by the HHS Bookkeeper and checked against records maintained by the HHS Athletic Director.
- Once funds are received for season ticket sales, a reconciliation is produced and verified by a third party and provided to the Athletic Director as well for review.