

**HARDEE COUNTY DISTRICT SCHOOL BOARD**

**INTERNAL FUNDS  
AUDITED FINANCIAL STATEMENT**

**YEAR ENDED JUNE 30, 2011**

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2011**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENT</b>	
<b>COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,     TRANSFERS, AND BALANCES – CASH BASIS OF THE INTERNAL FUND     ACCOUNTS</b>	<b>3</b>
<b>NOTES TO FINANCIAL STATEMENT</b>	<b>4</b>
<b>SUPPLEMENTAL STATEMENT</b>	
<b>COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,     TRANSFERS, AND BALANCES – CASH BASIS OF THE INTERNAL FUND     ACCOUNTS</b>	<b>5</b>
<b>SUPPLEMENTAL REPORTS</b>	
<b>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</b>	<b>7</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>9</b>



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## INDEPENDENT AUDITORS' REPORT

Hardee County District School Board  
Wauchula, Florida

We have audited the accompanying combined statement of cash receipts, disbursements, transfers, and balances – cash basis of the internal funds of the Hardee County District School Board (the District) for the fiscal year ended June 30, 2011 as listed in the table of contents. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statement presents only the internal funds and is not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, transfers, and balances for the internal funds of the District for the fiscal year ended June 30, 2011 in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011 on our consideration of the District's internal funds 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* and should be considered in assessing the results of our audit.



Hardee County District School Board  
Wauchula, Florida

Our audit was conducted for the purpose of forming an opinion on the combined statement of cash receipts, disbursements, transfers, and balances – cash basis of the internal funds taken as a whole. The combining statement of cash receipts, disbursements, transfers, and balances – cash basis of the internal funds is presented for purposes of additional analysis and is not a required part of the combined internal fund accounts report of the District. The information has been subjected to the auditing procedures applied in the audit of the combined internal funds financial statement and, in our opinion, is fairly stated in all material respects in relation to the combined internal funds financial statement taken as a whole.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Sebring, Florida  
September 29, 2011

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
 TRANSFERS, AND BALANCES – CASH BASIS  
 OF THE INTERNAL FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2011**

<b>CASH AND CASH EQUIVALENTS - JULY 1, 2010</b>	\$	451,761
<b>RECEIPTS</b>		
Athletics		283,171
Music		46,568
Class, Club, Departments		339,705
Trust Funds		49,295
General		183,940
Total Receipts		902,679
<b>DISBURSEMENTS</b>		
Athletics		251,015
Music		44,821
Class, Club, Departments		346,404
Trust Funds		39,733
General		199,068
Total Disbursements		881,041
<b>TRANSFERS</b>		
Athletics		(3,228)
Class, Club, Departments		4,639
Trust Funds		25
General		(1,436)
Total Transfers		-
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2011</b>	<b>\$</b>	<b>473,399</b>
<b>CASH AND CASH EQUIVALENTS - CONSISTING OF:</b>		
Checking Account	\$	373,332
Certificate of Deposit		100,067
Total	<b>\$</b>	<b>473,399</b>

See accompanying Notes to Financial Statement.

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The internal funds of the Hardee County District School Board (the District) are comprised of eight individual funds. There is a fund for each of the seven schools in the District and one for the Hardee Community Recreation Center. This financial statement presents only the 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. The internal funds 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 funds of the schools on a cash basis of accounting. Accordingly, the internal funds 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, 2011, 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 – CASH BASIS  
OF THE INTERNAL FUND ACCOUNTS  
YEAR ENDED JUNE 30, 2011**

	Hardee Senior High	Hardee Junior High	Wauchula Elementary	North Wauchula Elementary
<b>CASH AND CASH EQUIVALENTS</b>				
July 1, 2010	\$ 326,778	\$ 17,970	\$ 34,605	\$ 29,547
<b>RECEIPTS</b>				
Athletics	263,497	19,674	-	-
Music	39,875	6,693	-	-
Class, Club, Departments	213,559	64,030	12,768	28,958
Trust Funds	10,534	-	12,999	12,629
General	23,330	48,135	32,027	6,593
Total Receipts	<u>550,795</u>	<u>138,532</u>	<u>57,794</u>	<u>48,180</u>
<b>DISBURSEMENTS</b>				
Athletics	233,812	17,203	-	-
Music	37,694	7,127	-	-
Class, Club, Departments	218,110	67,510	12,190	26,255
Trust Funds	6,389	-	10,607	12,683
General	33,938	47,623	30,590	13,875
Total Disbursements	<u>529,943</u>	<u>139,463</u>	<u>53,387</u>	<u>52,813</u>
<b>TRANSFERS</b>				
Athletics	(3,330)	102	-	-
Class, Club, Departments	4,164	475	-	-
Trust Funds	-	25	-	-
General	(834)	(602)	-	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>				
June 30, 2011	<u>\$ 347,630</u>	<u>\$ 17,039</u>	<u>\$ 39,012</u>	<u>\$ 24,914</u>
<b>CASH AND CASH EQUIVALENTS - CONSISTING OF:</b>				
Checking Account	\$ 247,563	\$ 17,039	\$ 39,012	\$ 24,914
Certificate of Deposit	100,067	-	-	-
Total	<u>\$ 347,630</u>	<u>\$ 17,039</u>	<u>\$ 39,012</u>	<u>\$ 24,914</u>

Zolfo Springs Elementary	Bowling Green Elementary	Hilltop Elementary	Community Recreation Center	Total
\$ 8,887	\$ 7,954	\$ 6,062	\$ 19,958	\$ 451,761
-	-	-	-	283,171
-	-	-	-	46,568
10,131	-	10,259	-	339,705
10,030	3,103	-	-	49,295
21,442	564	12,351	39,498	183,940
<u>41,603</u>	<u>3,667</u>	<u>22,610</u>	<u>39,498</u>	<u>902,679</u>
-	-	-	-	251,015
-	-	-	-	44,821
10,515	113	11,711	-	346,404
10,054	-	-	-	39,733
13,609	2,168	10,717	46,548	199,068
<u>34,178</u>	<u>2,281</u>	<u>22,428</u>	<u>46,548</u>	<u>881,041</u>
-	-	-	-	(3,228)
-	-	-	-	4,639
-	-	-	-	25
-	-	-	-	(1,436)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 16,312</u>	<u>\$ 9,340</u>	<u>\$ 6,244</u>	<u>\$ 12,908</u>	<u>\$ 473,399</u>
\$ 16,312	\$ 9,340	\$ 6,244	\$ 12,908	\$ 373,332
-	-	-	-	100,067
<u>\$ 16,312</u>	<u>\$ 9,340</u>	<u>\$ 6,244</u>	<u>\$ 12,908</u>	<u>\$ 473,399</u>



## 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*

Hardee County District School Board  
Wauchula, Florida

We have audited the combined statement of cash receipts, disbursements, transfers, and balances – cash basis of the internal funds of the Hardee County District School Board (the District) as of and for the year ended June 30, 2011 and have issued our report thereon dated September 29, 2011. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2011-01, 2011-02 and 2011-03 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 matter that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the District in a separate letter dated September 29, 2011.

The District's responses to the findings in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the School Board, others within the Organization, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Sebring, Florida  
September 29, 2011

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2011**

**CURRENT YEAR**

**2011-01 – Regular Athletic Ticket Inventory and Reconciliation**

**Condition:**

Our procedures disclosed errors in two reports used to track tickets issued and sold. In both instances, the tickets reported as sold were actually returned unsold.

**Criteria:**

Tracking ticket inventory is a key component of internal control over athletic ticket sales.

**Cause:**

The ticket reports were not prepared accurately.

**Effect:**

Inaccurate preparation of the reports resulted in errors in the daily report of tickets issued and sold, ending inventory count, and the annual inventory reconciliation.

**Recommendation:**

We recommend providing training to the staff and volunteers responsible for completing the ticket sales reports. A process should be developed to ensure that ticket sales reports are reconciled to the current inventory after each event and to the annual ticket inventory. A staff member who is not involved in ticket sales should review the ticket sales reports and annual inventory reconciliation for errors and omissions.

**Management Response:**

Hardee High School (HHS) Internal Policies have been updated to include a beginning of the year training for all personnel selling tickets at HHS athletic events. HHS staff have also updated procedures to include physical inventory counts of tickets after every athletic event to ensure that paperwork received is detailed and accurate. A third party verifies the information after every event.

**2011-02 – 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 given to the booster club.

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED JUNE 30, 2011**

**CURRENT YEAR (CONTINUED)**

**2011-02 – Seasonal Athletic Ticket Inventory (Continued)**

**Effect:**

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

**Recommendation:**

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

**Management Response:**

HHS Internal Policies have been revised to include the HHS Bookkeeper as the custodian for the seasonal tickets. All tickets are signed out and inventoried by the HHS Bookkeeper and checked against records also held by the HHS Athletic Secretary. Once funds are received for seasonal ticket sales, a reconciliation is produced and verified by a third party and provided to the Athletic Secretary as well for review.

**2011-03 – Cash Disbursements**

**Condition:**

The District was not able to provide supporting documentation for two of 60 disbursements selected for testing during the audit.

**Criteria:**

Supporting documentation should be retained for all disbursements.

**Cause:**

School staff did not provide the office manager with supporting documentation.

**Effect:**

The risk of errors or unauthorized purchases is increased when disbursements are not properly authorized.

**Recommendation:**

We recommend that all disbursements have supporting documentation as required by Redbook Standards and District policies.

**Management Response:**

School staff understand the importance of submitting and maintaining supporting documentation for all disbursements.