

School District of DeSoto
School Board Action
September 10, 2019
APPROVED

DESOTO COUNTY DISTRICT SCHOOL BOARD
INTERNAL FUNDS FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

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DESOTO COUNTY DISTRICT SCHOOL BOARD
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June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the DeSoto County District School Board
Arcadia, Florida

Report on the Financial Statement

We have audited the accompanying combined statement of cash receipts, disbursements, transfers, and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the DeSoto County District School Board's internal funds basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes 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 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 auditor's 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 entity'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 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 the School Board, as well as evaluating the overall presentation of the financial statement.

DeSoto County District School Board (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, transfers, and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2019, on the basis of accounting described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The DeSoto County District School Board prepares its internal funds financial statement 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 opinion is not modified with respect to that matter.

Emphasis of Matter

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 DeSoto County District School Board, in conformity with accounting principles generally accepted in the United States of America.

Other Information

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

The combining statement of cash receipts, disbursements, transfers, and balances - internal funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined statement of cash receipts, disbursements, transfers, and balances - internal funds. Such information has been subjected to the auditing procedures applied in the audit of the combined statement of cash receipts, disbursements, transfers, and balances - internal funds and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the internal funds financial statement or to the financial statement 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 - internal funds is fairly stated in all material respects in relation to the internal funds financial statement taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of the DeSoto County District School Board'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

DeSoto County District School Board (continued)

opinion on the effectiveness of the DeSoto County District School Board's internal funds' 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 DeSoto County District School Board's internal funds' internal control over financial reporting and compliance.

Wicks, Brown, Williams & Co., CPA's LLP

Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

August 14, 2019

DeSoto County District School Board
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES - INTERNAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

CASH AND CASH EQUIVALENTS - JULY 1, 2018	\$ 428,022
RECEIPTS:	
Athletics	176,198
Music	32,836
Class, clubs, departments	335,210
Trust funds	159,185
General	6,438
Total receipts	709,867
DISBURSEMENTS:	
Athletics	133,935
Music	36,140
Class, clubs, departments	300,616
Trust funds	152,560
General	9,121
Total disbursements	632,372
TRANSFERS:	
Athletics	(1,139)
Music	3,610
Class, clubs, departments	(939)
Trust funds	508
General	(2,040)
Total transfers	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2019	\$ 505,517

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

DeSoto County District School Board
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The internal funds of the DeSoto County District School Board ("District") are comprised of seven individual funds. There is one fund each for the five schools in the District and one each for the Adult Education Program and the Early Childhood 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 DeSoto County District School Board, in conformity with generally accepted accounting principles. The internal funds are included in the District's annual financial report as a fiduciary fund type – agency 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. Any noncash transactions are not recognized.

Cash and Cash Equivalents:

Cash and cash equivalents are defined to include cash funds on hand and demand deposits.

NOTE 2 - DEPOSITS AND INVESTMENTS:

District policies require that all internal funds be deposited into qualified public depositories approved by the District. Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year end, all deposits were entirely insured by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

NOCATEE ELEMENTARY	ADULT EDUCATION	EARLY CHILDHOOD	TOTAL
\$ 39,006	\$ 38,765	\$ 4,166	\$ 428,022
-	-	-	176,198
-	-	-	32,836
12,560	-	-	335,210
8,141	102,541	458	159,185
590	1,648	225	6,438
21,291	104,189	683	709,867
-	-	-	133,935
-	-	-	36,140
16,371	-	-	300,616
5,009	97,034	2,445	152,560
2,691	738	2,404	9,121
24,071	97,772	4,849	632,372
-	-	-	(1,139)
-	-	-	3,610
2,260	-	-	(939)
(2,120)	893	(645)	508
(140)	(893)	645	(2,040)
-	-	-	-
\$ 36,226	\$ 45,182	\$ -	\$ 505,517

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

To the DeSoto County District School Board
Arcadia, 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 - internal funds of the DeSoto County District School Board for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the DeSoto County District School Board's internal funds basic financial statement, and have issued our report thereon dated August 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the DeSoto County District School Board's internal control over financial reporting (internal control) for internal funds 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 each school's internal control over internal funds. Accordingly, we do not express an opinion on the effectiveness of each school's internal control over internal funds.

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 DeSoto County District School Board's combined statement of cash receipts, disbursements, transfers and balances - internal funds 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.

The DeSoto County District School Board (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the combined statement of cash receipts, disbursements, transfers and balances - internal funds of the DeSoto County District School Board 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*.

We noted certain matters that we have identified in the Schedule of Findings and Responses as findings 2019-002 and 2019-003.

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.

Wicks, Brown, Williams & Co., CPA's LLP

Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

August 14, 2019

Wicks, Brown, Williams & Co., CPA's LLP

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MANAGEMENT LETTER

The DeSoto County District School Board
Arcadia, Florida

Report on the Financial Statement

We have audited the combined statement of cash receipts, disbursements, transfers, and balances – internal funds of the DeSoto County District School Board for the year ended June 30, 2019, and have issued our report thereon dated August 14, 2019.

Auditor's Responsibility

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.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 14, 2019, and can be found on pages 8 – 9, should be considered in conjunction with this management letter.

Prior Audit Findings

As part of the audit process, we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of corrective actions that have been taken to address findings and recommendations made in the preceding annual financial audit report are reported in the Schedule of Findings and Responses under the heading Status of Prior Year Findings.

Other Matters

During our audit, we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are reported in the Schedule of Findings and Responses under the heading Management Letter Comments. This letter does not affect our report dated August 14, 2019, on the combined statement of cash receipts, disbursements, transfers, and balances – internal funds of the DeSoto County District School Board.

The DeSoto County District School Board (continued)

Purpose of this Letter

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

DeSoto County District School Board's Response to Findings

DeSoto County District School Board's response to the findings identified in our audit is described in the Schedule of Findings and Responses. DeSoto County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various School Board personnel. We will be pleased to discuss it in further detail at your convenience and to assist you in implementing the recommendations.

Sincerely,

Wicks, Brown, Williams & Co., CPA's LLP

Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

August 14, 2019

DESOTO COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

STATUS OF PRIOR YEAR FINDINGS

Prior Year Findings		Current Year Status			Current Year Finding #	2017-2018 Year Finding #	2016-2017 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
DeSoto Middle School	Internal Control	X				2018-001	2017-002
DeSoto Middle School	Internal Control	X				2018-002	2017-009
DeSoto Middle School	Internal Control			X	2019-001	2018-003	2017-010
DeSoto Middle School	Compliance	X				2018-004	2017-011
DeSoto Middle School	Internal Control	X				2018-005	N/A
Early Childhood Center	Compliance	X				2018-006	N/A

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Management Letter Comments

DESOTO MIDDLE SCHOOL

2019-001, Principal's Advance Approval of Purchases

Condition: Our audit procedures noted three instances in which purchase orders were prepared and approved by the principal after the actual purchase taking place.

Criteria or specific requirement: Chapter 8, Section III 3.2(a) of the Red Book states, "a signed commitment from the principal or designee(s) must be on file before any purchase is made."

Effect: Purchases that were not authorized in advance are being made.

Cause: Lack of understanding of the established policy by teachers, sponsors, and coaches.

Recommendation: We recommend training for teachers, sponsors, and coaches to highlight the rules within Chapter 8, Section III 3.2(a) of the Red Book for any purchases made with internal funds.

Views of Responsible Officials: DeSoto Middle School agrees with the finding and procedures will be put in place to ensure that no purchases can be made before a purchase order is finalized.

DESOTO COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Management Letter Comments (continued)

DESOTO MIDDLE SCHOOL (CONTINUED)

2019-002, Sales Tax

Condition: We noted four instances where sales tax was paid when it should not have for items purchased for students.

Criteria or specific requirement: State law allows the school exempt status from paying sales tax on items purchased for educational purposes.

Effect: Sales tax was paid on items that qualified for the school's sales tax exemption.

Cause: Due to bookkeeper oversight, sales tax was paid on exempt items.

Recommendation: We recommend that each transaction be reviewed by the bookkeeper to ensure the purchase is in compliance with sales tax rules and regulations relevant to the internal funds activities.

Views of Responsible Officials: DeSoto Middle School is in agreement with the finding. In the future, the sales tax exemption will be used for all items purchased for students.

WEST ELEMENTARY SCHOOL

2019-003, Sales Tax

Condition: We noted two instances where sales tax was not paid when it should have on items purchased for teachers and staff.

Criteria or specific requirement: Purchases by a school that are unrelated to the education process, i.e. items purchased for teachers and staff, requires sales tax be paid.

Effect: Sales tax was not paid on items that did not qualify for the school's sales tax exemption.

Cause: Due to bookkeeper oversight, sales tax was not paid for items that did not qualify for the school's sales tax exemption.

Recommendation: We recommend that each transaction be reviewed by the bookkeeper to ensure the purchase is in compliance with sales tax rules and regulations relevant to the internal funds activities.

View of Responsible Officials: West Elementary School agrees with the finding. In the future, sales tax will be paid on all applicable purchases.