

**DESOTO COUNTY DISTRICT SCHOOL BOARD**

**INTERNAL FUNDS FINANCIAL STATEMENT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
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June 30, 2020

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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, 2020, 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, 2020, 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 September 3, 2020, 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

DeSoto County District School Board (continued)

provide an 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

September 3, 2020

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**TRANSFERS, AND BALANCES - INTERNAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

CASH AND CASH EQUIVALENTS - JULY 1, 2019	<u>\$ 505,517</u>
RECEIPTS:	
Athletics	146,224
Music	5,235
Class, clubs, departments	240,776
Trust funds	174,400
General	5,410
Total receipts	<u>572,045</u>
DISBURSEMENTS:	
Athletics	135,138
Music	2,686
Class, clubs, departments	205,205
Trust funds	159,814
General	1,320
Total disbursements	<u>504,163</u>
TRANSFERS:	
Athletics	(242)
Music	-
Class, clubs, departments	8,614
Trust funds	(5,770)
General	(2,602)
Total transfers	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2020	<u><u>\$ 573,399</u></u>

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

**DESOTO COUNTY DISTRICT SCHOOL BOARD**

NOTES TO FINANCIAL STATEMENT

JUNE 30, 2020

**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.



**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**TRANSFERS AND BALANCES - INTERNAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	DESOTO HIGH	DESOTO MIDDLE	WEST ELEMENTARY	MEMORIAL ELEMENTARY
CASH AND CASH EQUIVALENTS - JULY 1, 2019	\$ 258,539	\$ 61,531	\$ 55,507	\$ 48,532
RECEIPTS:				
Athletics	103,846	42,378	-	-
Music	3,157	2,078	-	-
Class, clubs, departments	129,144	37,873	25,348	34,866
Trust funds	31,590	7,917	20,687	3,870
General	840	950	1,930	38
Total receipts	268,577	91,196	47,965	38,774
DISBURSEMENTS:				
Athletics	102,061	33,077	-	-
Music	1,961	725	-	-
Class, clubs, departments	100,638	34,960	23,467	34,407
Trust funds	20,150	3,125	22,696	1,309
General	-	294	322	-
Total disbursements	224,810	72,181	46,485	35,716
TRANSFERS:				
Athletics	(250)	8	-	-
Music	-	-	-	-
Class, clubs, departments	7,008	-	600	-
Trust funds	(6,758)	(8)	-	-
General	-	-	(600)	-
Total transfers	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2020	\$ 302,306	\$ 80,546	\$ 56,987	\$ 51,590

See Independent Auditor's Report.

NOCATEE ELEMENTARY	ADULT EDUCATION	TOTAL
\$ 36,226	\$ 45,182	\$ 505,517
-	-	146,224
-	-	5,235
13,545	-	240,776
10,615	99,721	174,400
521	1,131	5,410
24,681	100,852	572,045
-	-	135,138
-	-	2,686
11,733	-	205,205
7,238	105,296	159,814
209	495	1,320
19,180	105,791	504,163
-	-	(242)
-	-	-
1,006	-	8,614
219	777	(5,770)
(1,225)	(777)	(2,602)
-	-	-
\$ 41,727	\$ 40,243	\$ 573,399

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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, 2020, 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 September 3, 2020.

### 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the Schedule of Findings and Responses, as Finding 2020-001, which we consider to be a significant deficiency.

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*.

### **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.

### **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

September 3, 2020

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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, 2020, and have issued our report thereon dated September 3, 2020.

### *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 September 3, 2020, and can be found on pages 8 and 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 September 3, 2020, 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  
Sebring, Florida

September 3, 2020

**DeSOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**STATUS OF PRIOR YEAR FINDINGS**

Prior Year Findings		Current Year Status			2018-2019	2017-2018
		Cleared	Partially Cleared	Not Cleared	Year Finding #	Year Finding #
DeSoto Middle School	Internal Control	X			2019-001	2018-003

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Significant Deficiencies**

**2020-001, Completion of student activity operating reports (DeSoto Middle School)**

**Condition:** Our audit procedures noted four instances where student activity operating reports were not completed by the sponsor at the conclusion of the fundraiser or event. These student activity operating reports were prepared and provided to us once we made the bookkeeper aware of the uncompleted reports. The audit procedures performed on these four student activity reports noted no exceptions.

**Criteria or specific requirement:** The Financial and Program Cost Accounting for Florida Schools (“Red Book”), Chapter 8, Section III, 2.3(e) states “A financial report shall be filed with the principal’s office at the close of each fundraising activity.”

**Effect:** The misappropriation of assets would not be discovered or discovered in a timely manner.

**Cause:** The middle school was without a bookkeeper from March to June, therefore; the responsibility of ensuring the student activity operating reports are completed at the conclusion of the fundraiser or event was not done.

**Recommendation:** When there is turnover in the bookkeeper position it should be communicated that it is the responsibility of the bookkeeper to ensure the timely completion of student activity operating reports by sponsors for fundraisers and events and someone should be designated to ensure the timely completion of student activity operating reports by sponsors for fundraisers and events when there is a vacancy in the bookkeeper position.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding. Procedures are in place to assure that there will be no reoccurrence in 2020-2021. Any fundraiser that has a profit and loss will have a final student activity operating report prepared at the conclusion of the event.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

**Management Letter Comments**

DESOTO MIDDLE SCHOOL

**2020-002, Proper Completion of Report of Monies Collected Forms**

**Condition:** Our audit procedures noted two instances for car washes that did not have the signatures of two individuals at the event. Additionally, we noted two instances where the teacher or sponsor did not sign and date the report of monies collected form.

**Criteria or specific requirement:** Management's policy requires when the amounts collected at a fundraiser, where items are not resold, requires cash collected be verified by two individuals at the conclusion of the event. The School District of DeSoto Internal Accounts Manual states, "A three-part monies collected form shall be completed by each teacher or sponsor. It shall be filled out correctly listing each student's name and amount collected, signed and dated, and turned in promptly to the school office."

**Effect:** There is an opportunity of fundraiser proceeds being misappropriated when the amounts collected at a fundraiser, where items are not resold, are not verified by two individuals at the conclusion of the event. When there are no signatures on the report of monies collected forms, there is no corroboration or verification when monies are transferred between the bookkeeper as receptor and teacher or sponsor as remitter.

**Cause:** Turnover in the internal accounts bookkeeper position and lack of understanding of the established policy by bookkeeper, teachers, sponsors, and coaches.

**Recommendation:** We recommend management's policy be followed for fundraising events requiring verification of funds by two individuals at the event. We further recommend the School Board policy be followed for the proper completion of the report of monies collected forms.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding. All individuals handling monies at the school have been trained to make sure that monies collected forms are completed correctly, signed and dated and turned in promptly to the school bookkeeper.

WEST ELEMENTARY SCHOOL

**2020-003, Proper Completion of Report of Monies Collected Forms**

**Condition:** Our audit procedures noted five instances where the students' names were not listed individually on the report of monies collected form.

**Criteria or specific requirement:** The School District of DeSoto Internal Accounts Manual states a three-part monies collected form "shall be filled out correctly listing each student's name and amount collected."

**Effect:** No documentation exists related to whom the funds were collected.

**Cause:** The teacher/sponsor and/or bookkeeper were not aware of the requirements to properly complete the report of monies collected form.



**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Management Letter Comments (continued)**

**Recommendation:** We recommend that when monies are collected from individual students, each student's name should be listed, as required, on the report of monies collected form.

**View of Responsible Officials:** West Elementary School agrees with the finding. All individuals handling monies at the school have been trained to make sure that monies collected forms are completed correctly.

**Status of Prior Year Management Letter Comments**

DESOTO MIDDLE SCHOOL

The prior year comment related to sales tax appears to have been corrected.

WEST ELEMENTARY SCHOOL

The prior year comment related to sales tax appears to have been corrected.