

**OKEECHOBEE COUNTY
DISTRICT SCHOOL BOARD**

INTERNAL FUNDS FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

Approved by School Board

1-15-13 *ga*

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
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Wicks, Brown, Williams & Co.

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INDEPENDENT AUDITOR'S REPORT

Okeechobee County District School Board
Okeechobee, Florida

We have audited the accompanying combined statement of cash receipts, disbursements, transfers, and balances - internal funds of the Okeechobee County District School Board for the year ended June 30, 2012. This financial statement is the responsibility of the Okeechobee County District School Board. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatements. 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 the School Board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient audit evidence related to the completeness of cash receipts due to the limited accounting controls related to fundraising activities. Accordingly, it was impracticable for us to perform additional procedures.

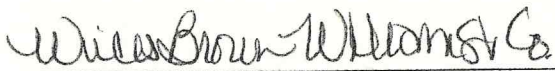
As described in Note 1, the Okeechobee County District School Board prepares its internal funds financial statement on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the cash receipting process referred to above been susceptible to satisfactory audit tests, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, transfers, and balances - internal funds of the Okeechobee County District School Board as of June 30, 2012, on the basis of accounting described in Note 1.

Okeechobee County District School Board (continued)

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 statements of cash receipts, disbursements, transfers, and balances – internal funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statement. Except as previously described, 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, in our opinion, except for the effect of such adjustment, if any, as might have been determined to be necessary had we been able to obtain assurance of the completeness of the cash receipts, is fairly stated in all material respects in relation to the combined statement of cash receipts, disbursements, transfers, and balances – internal funds taken as a whole.



Wicks, Brown, Williams & Co.
Certified Public Accountants

November 20, 2012

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

CASH AND CASH EQUIVALENTS - JULY 1, 2011	<u>\$ 483,009</u>
RECEIPTS:	
Athletics	330,031
Music	175,421
Class, club, departments	644,037
Trust funds	100,678
General	<u>220,276</u>
Total receipts	<u>1,470,443</u>
DISBURSEMENTS:	
Athletics	313,839
Music	161,704
Class, club, departments	618,095
Trust funds	90,841
General	<u>267,687</u>
Total disbursements	<u>1,452,166</u>
TRANSFERS:	
Athletics	(24,623)
Music	(6,294)
Class, club, departments	(15,418)
Trust funds	2,426
General	<u>43,909</u>
Total transfers	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2012	<u><u>\$ 501,286</u></u>
CASH AND CASH EQUIVALENTS CONSISTING OF:	
Checking accounts	\$ 340,068
Savings accounts	<u>161,218</u>
Total	<u><u>\$ 501,286</u></u>

The notes to the financial statements are an integral part of this statement.

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The internal funds of the Okeechobee County District School Board are comprised of ten individual funds. There is one fund for each of the five elementary schools, two middle schools, and three high schools. For reporting purposes Okeechobee Freshman Campus and Okeechobee Achievement Academy (formerly New Endeavor) are considered to be high schools. This financial statement presents only the internal funds and is not intended to present fairly the financial position and results of operations of Okeechobee County District School Board 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. Noncash transactions are not recognized.

Cash and Cash Equivalents:

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

Inventories:

Inventories of school stores and FFA livestock are recognized as expenditures when initially purchased by the schools; therefore, cash disbursements include amounts expended for inventories.

Fixed Assets:

Any fixed assets purchased from the internal accounts are recorded as expenditures and capitalized as additions in the District's government-wide Statement of Net Assets.

NOTE 2 – CASH 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.

NOTE 3 – RELATED PARTY TRANSACTIONS:

During the fiscal year ending June 30, 2012, various schools in the District purchased shirts and other sporting goods from Quality Tee's & Sporting Goods, Inc., a company owned by a school board employee. The schools paid the company a total of \$61,210, which included sales tax for the items purchased for resale. The amounts paid by the schools for the items were at the same per item rate charged other customers.

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
ALL SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Elementary Schools	Middle Schools	High Schools	Total
CASH AND CASH EQUIVALENTS - JULY 1, 2011	\$ 128,128	\$108,741	\$ 246,140	\$ 483,009
RECEIPTS:				
Athletics	-	21,268	308,763	330,031
Music	1,075	29,849	144,497	175,421
Class, club, departments	105,028	247,980	291,029	644,037
Trust funds	50,966	37,712	12,000	100,678
General	133,571	49,644	37,061	220,276
Total receipts	290,640	386,453	793,350	1,470,443
DISBURSEMENTS:				
Athletics	-	15,228	298,611	313,839
Music	1,105	32,676	127,923	161,704
Class, club, departments	94,871	244,623	278,601	618,095
Trust funds	46,964	29,694	14,183	90,841
General	133,099	58,319	76,269	267,687
Total disbursements	276,039	380,540	795,587	1,452,166
TRANSFERS:				
Athletics	-	-	(24,623)	(24,623)
Music	-	-	(6,294)	(6,294)
Class, club, departments	(3,707)	-	(11,711)	(15,418)
Trust funds	2,426	-	-	2,426
General	1,281	-	42,628	43,909
Total transfers	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2012	\$ 142,729	\$114,654	\$ 243,903	\$ 501,286
CASH AND CASH EQUIVALENTS CONSISTING OF:				
Checking accounts	\$ 142,729	\$ 99,711	\$ 97,628	\$ 340,068
Savings accounts	-	14,943	146,275	161,218
Total	\$ 142,729	\$114,654	\$ 243,903	\$ 501,286

See independent auditor's report.

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
ELEMENTARY SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Central	South	North	Everglades	Seminole	Total
CASH AND CASH EQUIVALENTS - JULY 1, 2011	\$ 32,318	\$ 43,044	\$ 13,780	\$ 18,980	\$ 20,006	\$ 128,128
RECEIPTS:						
Athletics	-	-	-	-	-	-
Music	-	220	855	-	-	1,075
Class, club, departments	28,414	29,269	20,161	25,391	1,793	105,028
Trust funds	7,076	6,692	14,434	4,949	17,815	50,966
General	14,337	17,895	41,466	37,273	22,600	133,571
Total receipts	49,827	54,076	76,916	67,613	42,208	290,640
DISBURSEMENTS:						
Athletics	-	-	-	-	-	-
Music	-	220	885	-	-	1,105
Class, club, departments	21,765	29,795	18,273	23,316	1,722	94,871
Trust funds	7,429	6,894	13,557	4,570	14,514	46,964
General	18,338	19,030	38,160	30,947	26,624	133,099
Total disbursements	47,532	55,939	70,875	58,833	42,860	276,039
TRANSFERS:						
Athletics	-	-	-	-	-	-
Music	-	-	-	-	-	-
Class, club, departments	-	(2,426)	(1,281)	-	-	(3,707)
Trust funds	-	2,426	-	-	-	2,426
General	-	-	1,281	-	-	1,281
Total transfers	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2012	\$ 34,613	\$ 41,181	\$ 19,821	\$ 27,760	\$ 19,354	\$ 142,729
CASH AND CASH EQUIVALENTS CONSISTING OF:						
Checking accounts	\$ 34,613	\$ 41,181	\$ 19,821	\$ 27,760	\$ 19,354	\$ 142,729
Total	\$ 34,613	\$ 41,181	\$ 19,821	\$ 27,760	\$ 19,354	\$ 142,729

See independent auditor's report.

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
MIDDLE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Osceola	Yearling	Total
CASH AND CASH EQUIVALENTS - JULY 1, 2011	\$ 64,203	\$ 44,538	\$ 108,741
RECEIPTS:			
Athletics	6,697	14,571	21,268
Music	14,241	15,608	29,849
Class, club, departments	140,932	107,048	247,980
Trust funds	20,445	17,267	37,712
General	18,525	31,119	49,644
Total receipts	200,840	185,613	386,453
DISBURSEMENTS:			
Athletics	3,731	11,497	15,228
Music	15,087	17,589	32,676
Class, club, departments	134,993	109,630	244,623
Trust funds	18,088	11,606	29,694
General	25,622	32,697	58,319
Total disbursements	197,521	183,019	380,540
TRANSFERS:			
Athletics	-	-	-
Music	-	-	-
Class, club, departments	-	-	-
Trust funds	-	-	-
General	-	-	-
Total transfers	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2012	\$ 67,522	\$ 47,132	\$ 114,654
CASH AND CASH EQUIVALENTS CONSISTING OF:			
Checking accounts	\$ 67,522	\$ 32,189	\$ 99,711
Savings accounts	-	14,943	14,943
Total	\$ 67,522	\$ 47,132	\$ 114,654

See independent auditor's report.

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
HIGH SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Okeechobee Achievement Academy	Okeechobee Freshman Campus	Okeechobee High School	Total
CASH AND CASH EQUIVALENTS - JULY 1, 2011	\$ 3,823	\$ 19,729	\$ 222,588	\$ 246,140
RECEIPTS:				
Athletics	-	-	308,763	308,763
Music	-	-	144,497	144,497
Class, club, departments	697	17,931	272,401	291,029
Trust funds	2,660	5,123	4,217	12,000
General	821	11,414	24,826	37,061
Total receipts	4,178	34,468	754,704	793,350
DISBURSEMENTS:				
Athletics	-	-	298,611	298,611
Music	-	-	127,923	127,923
Class, club, departments	488	16,103	262,010	278,601
Trust funds	2,179	3,407	8,597	14,183
General	2,244	10,443	63,582	76,269
Total disbursements	4,911	29,953	760,723	795,587
TRANSFERS:				
Athletics	-	-	(24,623)	(24,623)
Music	-	-	(6,294)	(6,294)
Class, club, departments	-	(2,812)	(8,899)	(11,711)
Trust funds	-	-	-	-
General	-	2,812	39,816	42,628
Total transfers	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2012	\$ 3,090	\$ 24,244	\$ 216,569	\$ 243,903
CASH AND CASH EQUIVALENTS CONSISTING OF:				
Checking accounts	\$ 3,090	\$ 24,244	\$ 70,294	\$ 97,628
Savings accounts	-	-	146,275	146,275
Total	\$ 3,090	\$ 24,244	\$ 216,569	\$ 243,903

See independent auditor's report.

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COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

Okeechobee County District School Board
Okeechobee, Florida

In planning and performing our audit of the combined statement of cash receipts, disbursements, transfers, and balances – internal funds of the Okeechobee County District School Board for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, except that we were unable to obtain sufficient audit evidence related to the completeness of cash receipts due to the limited accounting controls related to fundraising activities and bank deposits, we considered each school's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statement, but not for the purpose of expressing an opinion on the effectiveness of each school's internal control. Accordingly, we do not express an opinion on the effectiveness of each school's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control 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 following deficiency in internal control to be a material weakness:

OBSERVATION:

As we reported in the prior year in our Communication of Significant Deficiencies and Material Weaknesses dated December 13, 2011, the most significant inherent risk related to school internal funds is ensuring that all cash collected outside the school office is remitted to the bookkeeper and deposited in the bank. Chapter 8 of *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book) specifies controls that should be in place to reduce this risk, and include the following:

Okeechobee County District School Board (continued)

1. The completion of financial reports at the conclusion of each fundraising activity (Student Activity Report). The completion of this report summarizes and documents the success of the fundraiser and provides the principals with a calculation of an expected amount of cash receipts that should be compared to the actual receipts deposited in the bank. This represents a key control over the completeness of cash receipts.
2. Strict adherence to cash collection and deposit procedures, as specified in the Red Book, to insure safeguarding of cash receipts.

During the year one school (Seminole Elementary School) did not complete or had incomplete Student Activity Reports/Ticket Reports for various fundraising activities, which is a key control to determine the completeness of cash receipts. Additionally, one school (Okeechobee High School) had instances of receipts not being turned in to the school office by the next business day.


RECOMMENDATIONS:

We recommend a tracking system be in place to ensure that an accurate timely student activity operating report is completed for every fundraiser. This report summarizes the receipts and disbursements of the fundraising activity and documents the accountability and control over the event. Chapter 8, Section III, 2.3(e) of the Red Book states that, "A financial report shall be filed with the principal's office at the close of each fund-raising activity." This will also provide for accountability and control over these activities and emphasizes a sound business policy.

Also, we recommend the schools monitor the timeliness the receipts turned in to the school office. Chapter 8, Section III, 1.4(b) states that, "collections made outside the school office must be turned in to the school office no later than the next business day".

In addition, we noted certain other matters that we have reported to the Okeechobee County District School Board in a separate letter dated November 20, 2012.

This report is intended solely for the information and use of the School Board, management, others within the entity, 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.



Wicks, Brown, Williams & Co.
Certified Public Accountants

November 20, 2012

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MANAGEMENT LETTER

Okeechobee County District School Board
Okeechobee, Florida

In planning and performing our audit of the combined statement of cash receipts, disbursements, transfers, and balances – internal funds of the Okeechobee County District School Board for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, except that we were unable to obtain sufficient audit evidence related to the completeness of cash receipts due to the limited accounting controls related to fundraising activities, we considered the internal funds of Okeechobee County District School Board internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the internal funds' internal control. Accordingly we do not express an opinion on the effectiveness of the internal funds' internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding those matters. A separate report dated November 20, 2012, pages 9-10, contains our report on significant deficiencies and material weaknesses in the internal funds of Okeechobee County District School Board's internal control. This letter does not affect our report dated November 20, 2012, on the combined statement of cash receipts, disbursements, transfers, and balances-internal funds of the Okeechobee County District School Board.

EVERGLADES ELEMENTARY SCHOOL

OBSERVATION:

We noted instances in which sales tax was not paid or remitted for items purchased for fundraisers or other taxable items.

RECOMMENDATION:

We recommend that sales tax rules and regulations relevant to the internal funds activities be reviewed by the principal and bookkeeper to ensure compliance with state law.

SEMINOLE ELEMENTARY SCHOOL

OBSERVATION:

We noted instances in which sales tax was not paid or remitted for items purchased for fundraisers or other taxable items.

RECOMMENDATION:

We recommend that sales tax rules and regulations relevant to the internal funds activities be reviewed by the principal and bookkeeper to ensure compliance with state law.

Okeechobee County District School Board (continued)

SOUTH ELEMENTARY SCHOOL

OBSERVATION:

We noted instances where the report of monies collected forms were not substantiated by individual receipts issued to students by teachers/sponsors or a log for small amounts of \$10 or under.

RECOMMENDATION:

School policy requires that report of monies collected forms be substantiated by individual receipt numbers or logs for small amounts of \$10 or under.

OBSERVATION:

During our testing, we noted instances where Student Activity/Fundraiser reports were not dated, therefore we could not determine if the reports were prepared on a timely basis (at the close of the activities) in accordance with Chapter 8, Section III, 2.3 (e) of the Red Book.

RECOMMENDATION:

We recommend a monitoring process be put in place to ensure that Student Activity/Fundraiser reports are prepared on a timely basis.

OBSERVATION:

We noted instances of receipts not being deposited within five working days.

RECOMMENDATION:

We recommend the school monitor the timeliness of the deposit of monies collected.

YEARLING MIDDLE SCHOOL

OBSERVATION:

We noted instances of receipts not being deposited within five working days.

RECOMMENDATION:

We recommend the school monitor the timeliness of the deposit of monies collected.

Okeechobee County District School Board (continued)

OKEECHOBEE HIGH SCHOOL

OBSERVATION:

We noted instances in which sales tax was not paid or remitted for items purchased for fundraisers or other taxable items.

RECOMMENDATION:

We recommend that sales tax rules and regulations relevant to the internal funds activities be reviewed by the principal and bookkeeper to ensure compliance with state law.

OBSERVATION:

We noted instances where the report of monies collected forms were not substantiated by individual receipts issued to students by teachers/sponsors or a log for small amounts of \$10 or under.

RECOMMENDATION:

School policy requires that report of monies collected forms be substantiated by individual receipt numbers or logs for small amounts of \$10 or under.

OBSERVATION:

We noted the Athletic Boosters and Softball Team held raffles with prizes being awarded in cash.

RECOMMENDATION:

Section III (4.4) (c) (1) of the Red Book states raffles and other activities of chance shall not be conducted for school related activities.

OBSERVATION:

We noted instances where Student Activity/Fundraiser reports were not prepared timely (at the close of the activities), in accordance with Chapter 8, Section III, 2.3 (e) of the Red Book.

RECOMMENDATION:

We recommend a monitoring process be put in place to ensure that Student Activity/Fundraiser reports are prepared on a timely basis.

PRIOR YEAR MANAGEMENT LETTER COMMENTS:

SEMINOLE ELEMENTARY SCHOOL

The prior year material weakness relating to student activity reports was noted again this year.

SOUTH ELEMENTARY

The prior year comment relating to sales tax appears to have been corrected. The prior year material weakness relating to receipts not being deposited within five working days has been noted again this year but as a finding in the management letter.

Okeechobee County District School Board (continued)

PRIOR YEAR MANAGEMENT LETTER COMMENTS (continued):

OSCEOLA MIDDLE SCHOOL

The prior year material weakness relating to collections made outside the school office not being turned in to the school office the next business day appears to have been corrected. The prior year comment relating to monies collected forms not being substantiated by individual receipts or a log for small amounts of \$10 or under appears to have been corrected.

YEARLING MIDDLE SCHOOL

The prior year material weakness relating to student activity reports appears to have been corrected.

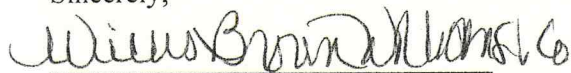
OKEECHOBEE HIGH SCHOOL

The prior year comment regarding equipment not being identified with a District property tag appears to have been corrected. The prior year comments relating to activities not in compliance with Red Book and report of monies collected forms not being substantiated by individual receipts or a log for small amounts of \$10 or under were noted again this year. The prior year material weakness relating to collections made outside the school office not being turned in to the school office the next business day was noted again this year.

This report is intended solely for the information and use of the School Board, management, others within the entity, 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.

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

Sincerely,



Wicks, Brown, Williams & Co.
Certified Public Accountants

November 20, 2012