

**OKEECHOBEE COUNTY
DISTRICT SCHOOL BOARD**

INTERNAL FUNDS FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, and the related notes to the financial statement, which collectively comprise the Okeechobee 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 this financial statement in accordance with the cash basis of accounting described in Note 1. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

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. 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 principles used and the reasonableness of significant accounting estimates made by the School Board, 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 opinion.

Okeechobee County District School Board (continued)

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 Okeechobee County District School Board for the year ended June 30, 2013, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared 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.

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.

Other Matters

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 are presented for purposes of additional analysis and are not a required part of the basic financial statement.

The combining statements of cash receipts, disbursements, transfers, and balances - internal funds are the responsibility of management. 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 financial statement, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of cash receipts, disbursements, transfers, and balances - internal funds are 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.

Wicks, Brown, Williams & Co.
Certified Public Accountants
Okeechobee, Florida

January 21, 2014

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

CASH - JULY 1, 2012	<u>\$ 501,286</u>
RECEIPTS:	
Athletics	341,579
Music	101,811
Class, club, departments	585,735
Trust funds	99,242
General	<u>218,108</u>
Total receipts	<u>1,346,475</u>
DISBURSEMENTS:	
Athletics	318,845
Music	104,930
Class, club, departments	579,897
Trust funds	92,010
General	<u>245,177</u>
Total disbursements	<u>1,340,859</u>
TRANSFERS IN (OUT):	
Athletics	(24,139)
Music	(6,523)
Class, club, departments	(5,425)
Trust funds	927
General	<u>35,160</u>
Total transfers	<u>-</u>
CASH - JUNE 30, 2013	<u><u>\$ 506,902</u></u>
CASH CONSISTING OF:	
Checking accounts	\$ 258,839
Savings accounts	<u>248,063</u>
Total	<u><u>\$ 506,902</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, 2013

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 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:

Cash is 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 Position.

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, 2013, 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 \$57,230, 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, 2013

	Elementary Schools	Middle Schools	High Schools	Total
CASH - JULY 1, 2012	\$ 142,729	\$ 114,654	\$ 243,903	\$ 501,286
RECEIPTS:				
Athletics	-	14,283	327,296	341,579
Music	1,435	28,152	72,224	101,811
Class, club, departments	91,047	207,907	286,781	585,735
Trust funds	50,374	31,786	17,082	99,242
General	128,621	44,857	44,630	218,108
Total receipts	271,477	326,985	748,013	1,346,475
DISBURSEMENTS:				
Athletics	-	17,599	301,246	318,845
Music	2,195	27,787	74,948	104,930
Class, club, departments	97,402	223,618	258,877	579,897
Trust funds	45,824	28,073	18,113	92,010
General	130,268	48,115	66,794	245,177
Total disbursements	275,689	345,192	719,978	1,340,859
TRANSFERS IN (OUT):				
Athletics	-	105	(24,244)	(24,139)
Music	-	-	(6,523)	(6,523)
Class, club, departments	(688)	2,152	(6,889)	(5,425)
Trust funds	1,163	243	(479)	927
General	(475)	(2,500)	38,135	35,160
Total transfers	-	-	-	-
CASH - JUNE 30, 2013	\$ 138,517	\$ 96,447	\$ 271,938	\$ 506,902
CASH CONSISTING OF:				
Checking accounts	\$ 138,517	\$ 81,483	\$ 38,839	\$ 258,839
Savings accounts	-	14,964	233,099	248,063
Total	\$ 138,517	\$ 96,447	\$ 271,938	\$ 506,902

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, 2013

	Central	South	North	Everglades	Seminole	Total
CASH - JULY 1, 2012	\$ 34,613	\$ 41,181	\$ 19,821	\$ 27,760	\$ 19,354	\$ 142,729
RECEIPTS:						
Athletics	-	-	-	-	-	-
Music	-	1,435	-	-	-	1,435
Class, club, departments	25,829	23,877	16,489	24,290	562	91,047
Trust funds	3,400	11,728	8,688	6,953	19,605	50,374
General	24,631	17,618	31,476	16,891	38,005	128,621
Total receipts	53,860	54,658	56,653	48,134	58,172	271,477
DISBURSEMENTS:						
Athletics	-	-	-	-	-	-
Music	-	2,008	187	-	-	2,195
Class, club, departments	31,105	24,483	16,868	24,371	575	97,402
Trust funds	3,325	13,085	6,719	3,657	19,038	45,824
General	24,358	23,342	33,406	18,766	30,396	130,268
Total disbursements	58,788	62,918	57,180	46,794	50,009	275,689
TRANSFERS IN (OUT):						
Athletics	-	-	-	-	-	-
Music	-	-	-	-	-	-
Class, club, departments	-	312	(1,000)	-	-	(688)
Trust funds	-	656	-	-	507	1,163
General	-	(968)	1,000	-	(507)	(475)
Total transfers	-	-	-	-	-	-
CASH - JUNE 30, 2013	\$ 29,685	\$ 32,921	\$ 19,294	\$ 29,100	\$ 27,517	\$ 138,517
CASH CONSISTING OF:						
Checking accounts	\$ 29,685	\$ 32,921	\$ 19,294	\$ 29,100	\$ 27,517	\$ 138,517
Total	\$ 29,685	\$ 32,921	\$ 19,294	\$ 29,100	\$ 27,517	\$ 138,517

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, 2013

	Osceola	Yearling	Total
CASH - JULY 1, 2012	\$ 67,522	\$ 47,132	\$ 114,654
RECEIPTS:			
Athletics	3,499	10,784	14,283
Music	11,886	16,266	28,152
Class, club, departments	107,291	100,616	207,907
Trust funds	14,830	16,956	31,786
General	17,557	27,300	44,857
Total receipts	155,063	171,922	326,985
DISBURSEMENTS:			
Athletics	5,287	12,312	17,599
Music	12,166	15,621	27,787
Class, club, departments	112,109	111,509	223,618
Trust funds	11,509	16,564	28,073
General	19,658	28,457	48,115
Total disbursements	160,729	184,463	345,192
TRANSFERS IN (OUT):			
Athletics	-	105	105
Music	-	-	-
Class, club, departments	2,500	(348)	2,152
Trust funds	-	243	243
General	(2,500)	-	(2,500)
Total transfers	-	-	-
CASH - JUNE 30, 2013	\$ 61,856	\$ 34,591	\$ 96,447
CASH CONSISTING OF:			
Checking accounts	\$ 61,856	\$ 19,627	\$ 81,483
Savings accounts	-	14,964	14,964
Total	\$ 61,856	\$ 34,591	\$ 96,447

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, 2013

	Okeechobee Achievement Academy	Okeechobee Freshman Campus	Okeechobee High School	Total
CASH - JULY 1, 2012	\$ 3,090	\$ 24,244	\$ 216,569	\$ 243,903
RECEIPTS:				
Athletics	-	-	327,296	327,296
Music	-	-	72,224	72,224
Class, club, departments	888	8,793	277,100	286,781
Trust funds	4,414	6,181	6,487	17,082
General	1,337	9,472	33,821	44,630
Total receipts	6,639	24,446	716,928	748,013
DISBURSEMENTS:				
Athletics	-	-	301,246	301,246
Music	-	-	74,948	74,948
Class, club, departments	1,855	10,084	246,938	258,877
Trust funds	4,411	5,661	8,041	18,113
General	1,032	11,692	54,070	66,794
Total disbursements	7,298	27,437	685,243	719,978
TRANSFERS IN (OUT):				
Athletics	-	-	(24,244)	(24,244)
Music	-	-	(6,523)	(6,523)
Class, club, departments	-	(660)	(6,229)	(6,889)
Trust funds	-	-	(479)	(479)
General	-	660	37,475	38,135
Total transfers	-	-	-	-
CASH - JUNE 30, 2013	\$ 2,431	\$ 21,253	\$ 248,254	\$ 271,938
CASH CONSISTING OF:				
Checking accounts	\$ 2,431	\$ 21,253	\$ 15,155	\$ 38,839
Savings accounts	-	-	233,099	233,099
Total	\$ 2,431	\$ 21,253	\$ 248,254	\$ 271,938

See independent auditor's report.

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COMMUNICATION OF NO 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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered each school's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those 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.

This communication is intended solely for the information and use of the School Board, management, 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.

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co.
Certified Public Accountants
Okeechobee, Florida

January 21, 2014

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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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered each school's internal control over internal funds as a basis for designing auditing 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 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 deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report date January 21, 2014, 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 that the Ticket Reconciliation Report prepared for the school's annual event contained mathematical errors. In addition, a ticket roll inventory was not maintained for tickets used for the event. Unsold tickets were not available for observation on the date of fieldwork.

RECOMMENDATION:

We recommend that the bookkeeper maintain a ticket roll inventory for any tickets used, showing beginning and ending numbers and tickets sold and that a ticket reconciliation report be prepared at the conclusion of each event utilizing tickets, which summarizes tickets sold and the price charged for each ticket type.

NORTH ELEMENTARY SCHOOL

OBSERVATION:

We noted instances of receipts not being turned in to the school bookkeeper within one business day.

RECOMMENDATION:

We recommend the school bookkeeper monitor the timeliness of the monies collected from teachers.

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:

We noted that the school purchased free drink cards in the amount of \$2,160 to use for fundraising. The school subsequently decided not to complete the fundraiser believing it was a scam. As a result, the school received no proceeds for the purchased cards.

RECOMMENDATION:

We recommend that fundraising activities be thoroughly researched before money is spent.

OBSERVATION:

We noted instances of receipts not being deposited within five working days. In addition, the Report of Monies Collected Log did not include the date of deposit, as required by school board policy.

RECOMMENDATION:

We recommend the school monitor the timeliness of the deposit of monies collected. In addition, the Report of Monies Collected Log should include the date of deposit.

OBSERVATION:

The inventory prepared at year end for items purchased for resale did not reconcile with quantities purchased and sold. In addition, the actual profit percentage was significantly less than the amount stated on the Fundraising application, and the fundraiser reported a loss.

RECOMMENDATION:

We recommend the school bookkeeper review inventories prepared for resale items for accuracy, reconciling total items purchased, sold, given away and ending inventory on hand.

OBSERVATION:

During our testing, we noted incomplete fundraising applications and Ticket Reconciliation report. We also noted instances where Report of Monies Collected Forms and log did not contain all required signatures.

RECOMMENDATION:

We recommend a monitoring process be put in place to ensure that Report of Monies Collected Forms, fundraising applications, Student Activity/Fundraiser and Ticket Reconciliation reports are prepared correctly on a timely basis. In addition, we recommend that the Ticket Reconciliation Report prepared at the conclusion of each event utilizing ticket sales summarize tickets sold by type and price.

Okeechobee County District School Board (continued)

YEARLING MIDDLE SCHOOL

OBSERVATION:

The inventory prepared at year end for items purchased for resale did not reconcile with quantities purchased and sold. In addition, the actual profit percentage was significantly less than the amount stated on the Fundraising application, and the fundraiser reported a loss.

RECOMMENDATION:

We recommend the school bookkeeper review inventories prepared for resale items for accuracy, reconciling total items purchased, sold, given away and ending inventory on hand.

PRIOR YEAR MANAGEMENT LETTER COMMENTS AND MATERIAL WEAKNESSES:

EVERGLADES ELEMENTARY SCHOOL

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

SEMINOLE ELEMENTARY SCHOOL

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

SOUTH ELEMENTARY

The prior year comments relating to substantiation of amounts collected and receipts not deposited within five working days were reported again this year. The prior year finding related to Student Activity/Fundraiser reports not dated appears to have been corrected.

YEARLING MIDDLE SCHOOL

The prior year comment relating to receipt not deposited within five business days appears to have been corrected.

OKEECHOBEE HIGH SCHOOL

The prior year material weakness regarding receipts not turned in the next business day appears to have been corrected. The prior year management comments regarding sales tax not paid, report of monies collected forms not being substantiated by individual receipts or a log for small amounts of \$10 or under, raffles not in compliance with the Red Book, and Student Activity/Fundraiser reports not completed timely appear to have been corrected.

Okeechobee County District School Board (continued)

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.

Wicks, Brown, Williams & Co.
Certified Public Accountants
Okeechobee, Florida

January 21, 2014