

2023

Hernando County District School Board
Internal Accounts

Financial Statements and
Independent Auditor's Report

June 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
HERNANDO COUNTY DISTRICT SCHOOL BOARD
SPECIAL REVENUE FUND (INTERNAL ACCOUNTS)**

HERNANDO COUNTY, FLORIDA

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Hernando County District School Board
Hernando County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Special Revenue Fund (Internal Accounts) of the Hernando County District School Board (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Internal Accounts as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Internal Accounts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Internal Accounts of the District are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the District. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, or the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 fraud or error.

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Hernando County, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Internal Accounts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Chairman and Members of the
Hernando County District School Board
Hernando County, Florida

INDEPENDENT AUDITOR'S REPORT

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Internal Accounts' basic financial statements. The combining financial statements, as listed in the table of contents and are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024, on our consideration of the Internal Accounts' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Internal Accounts' 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 Internal Accounts' internal control over financial reporting and compliance.



January 23, 2024
Ocala, Florida

BALANCE SHEET
SPECIAL REVENUE FUND - INTERNAL ACCOUNTS
JUNE 30, 2023
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA

ASSETS

	<u>Special Revenue Fund</u>
Assets	
Cash and Cash Equivalents	\$ 2,338,995
Accounts Receivable	<u>7,559</u>
Total Assets	<u><u>2,346,554</u></u>
Fund Balance	
Restricted	<u>2,346,554</u>
Total Fund Balance	<u><u>\$ 2,346,554</u></u>

See accompanying notes.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND - INTERNAL ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2023
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA

	Special Revenue Fund
Revenues	
Gifts, Grants, and Bequests	\$ 122,113
Interest Income	12,188
Miscellaneous Local Sources	5,689,874
Total Revenues	5,824,175
 Expenditures	
Purchased Services	(376,115)
Materials and Supplies	(2,809,559)
Other	(2,408,311)
Total Expenditures	(5,593,985)
 Excess of Revenues Over Expenditures	230,190
 Fund Balance, July 1, 2022	2,116,364
 Fund Balance, June 30, 2023	\$ 2,346,554

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Special Revenue Fund (Internal Accounts) of Hernando County District School Board (the District) have been prepared to conform to generally accepted accounting principles, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to Florida Statutes, Section 1001.51(11)(f), the Superintendent of schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education. The following is a summary of the more significant of these policies:

Reporting Entity

The accompanying financial statements include the effects of activity relating exclusively to the Internal Accounts of the schools within the District. The financial statements do not include other financial activities of the District. Therefore, the accompanying financial statements do not purport to, and do not, present the net position, or changes therein, of the District in accordance with accounting principles generally accepted in the United States of America.

- **Special Revenue Fund**—To account for resources of the Internal Accounts, which are used to administer monies collected at the District's schools in connection with school, student athletic, class and club activities, and financial aid fee collections and expenditures. The fund is made up of all of the Internal Account activity of the District's elementary, junior or middle, and high schools, under the supervision of the District, with individual school principals having day-to-day responsibility over their respective schools.

The collection and disbursement of Internal Accounts is performed in accordance with Florida Statutes, the school board rules, and the financial and program cost accounting and reporting for Florida Schools Manual, published by the Florida Department of Education.

Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Special Revenue Fund considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting.

Cash and Cash Equivalents

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes; thus, all bank balances of the Internal Accounts of the District are fully insured or collateralized.

Accounts Receivable

The majority of the accounts receivables are recorded for insufficient funds checks as of year-end.

**NOTES TO FINANCIAL STATEMENTS
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Fund Balance

The Internal Accounts follow the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Internal Accounts is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balances are described below:

Non-Spendable Fund Balances—Non-Spendable Fund Balances are amounts that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balances—Restricted Fund Balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balances—Committed Fund Balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Internal Accounts' highest level of decision-making authority. The District is the highest level of decision-making authority for the Internal Accounts that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balances. Committed amounts cannot be used for any other purpose unless the District removes those constraints by taking the same type of action.

Assigned Fund Balances—Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District has authorized the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily.

The District's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned, as applicable.

Note 2 - Cash Deposits With Financial Institutions

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit. All bank balances of the Internal Accounts are fully insured or collateralized as required by Chapter 280, Florida Statutes.

**NOTES TO FINANCIAL STATEMENTS
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA**

Note 3 - Subsequent Events

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized to be issued by management on January 23, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND - INTERNAL ACCOUNTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 HERNANDO COUNTY DISTRICT SCHOOL BOARD
 HERNANDO COUNTY, FLORIDA**

Special Revenue Fund - Internal Accounts				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Gifts, Grants, and Bequests	\$ -	\$ 122,113	\$ 122,113	\$ -
Interest Income	-	12,188	12,188	-
Miscellaneous Local Sources	-	5,689,874	5,689,874	-
Total Revenues	-	5,824,175	5,824,175	-
Expenditures				
Fiscal Services:				
Purchased Services	-	376,115	376,115	-
Materials and Supplies	-	2,809,559	2,809,559	-
Other	-	2,408,311	2,408,311	-
Total Expenditures	-	5,593,985	5,593,985	-
Net Change in Fund Balances	-	230,190	230,190	-
Fund Balances, July 1, 2022	-	2,116,364	2,116,364	-
Fund Balances, June 30, 2023	\$ -	\$ 2,346,554	\$ 2,346,554	\$ -

SUPPLEMENTARY INFORMATION

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUND - INTERNAL ACCOUNTS
JUNE 30, 2023
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA**

ASSETS

	Central High School	Hernando High School	Springstead High School
Assets			
Cash and Cash Equivalents	\$ 226,994	\$ 246,559	\$ 356,135
Accounts Receivable	40	1,409	480
Total Assets	227,034	247,968	356,615

FUND BALANCE

Fund Balance			
Restricted	227,034	247,968	356,615
Total Fund Balance	\$ 227,034	\$ 247,968	\$ 356,615

<u>Weeki Wachee High School</u>	<u>Nature Coast Technical High School</u>	<u>D S Parrott Middle School</u>	<u>Fox Chapel Middle School</u>	<u>Powell Middle School</u>	<u>West Hernando Middle School</u>
\$ 264,604	\$ 247,477	\$ 42,050	\$ 71,991	\$ 75,211	\$ 39,078
1,645	3,528	-	120	-	-
<u>266,249</u>	<u>251,005</u>	<u>42,050</u>	<u>72,111</u>	<u>75,211</u>	<u>39,078</u>
<u>266,249</u>	<u>251,005</u>	<u>42,050</u>	<u>72,111</u>	<u>75,211</u>	<u>39,078</u>
<u>\$ 266,249</u>	<u>\$ 251,005</u>	<u>\$ 42,050</u>	<u>\$ 72,111</u>	<u>\$ 75,211</u>	<u>\$ 39,078</u>

Challenger K8 School of Science	Explorer K8 School of Science	J D Floyd K8 School	Winding Waters K8 School	Brooksville Elementary School	Chocochatti Elementary School
\$ 144,450	\$ 60,999	\$ 15,112	\$ 112,493	\$ 32,475	\$ 215,835
-	-	-	45	-	-
<u>144,450</u>	<u>60,999</u>	<u>15,112</u>	<u>112,538</u>	<u>32,475</u>	<u>215,835</u>
144,450	60,999	15,112	112,538	32,475	215,835
<u>\$ 144,450</u>	<u>\$ 60,999</u>	<u>\$ 15,112</u>	<u>\$ 112,538</u>	<u>\$ 32,475</u>	<u>\$ 215,835</u>

<u>Deltona Elementary School</u>	<u>Eastside Elementary School</u>	<u>Moton Elementary School</u>	<u>Pine Grove Elementary School</u>	<u>Spring Hill Elementary School</u>	<u>Suncoast Elementary School</u>
\$ 16,733	\$ 14,277	\$ 19,923	\$ 39,020	\$ 33,643	\$ 29,061
-	-	292	-	-	-
<u>16,733</u>	<u>14,277</u>	<u>20,215</u>	<u>39,020</u>	<u>33,643</u>	<u>29,061</u>
16,733	14,277	20,215	39,020	33,643	29,061
<u>\$ 16,733</u>	<u>\$ 14,277</u>	<u>\$ 20,215</u>	<u>\$ 39,020</u>	<u>\$ 33,643</u>	<u>\$ 29,061</u>

Westside Elementary School	Endeavor Academy	Total
\$ 28,217	\$ 6,658	\$ 2,338,995
-	-	7,559
<u>28,217</u>	<u>6,658</u>	<u>2,346,554</u>
<u>28,217</u>	<u>6,658</u>	<u>2,346,554</u>
<u>\$ 28,217</u>	<u>\$ 6,658</u>	<u>\$ 2,346,554</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND - INTERNAL ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2023
HERNANDO COUNTY DISTRICT SCHOOL BOARD
HERNANDO COUNTY, FLORIDA**

	Central High School	Hernando High School	Springstead High School
Revenues			
Gifts, Grants, and Bequests	\$ 5,131	\$ 7,740	\$ 60,332
Interest Income	1,255	4	1,961
Miscellaneous Local Sources	393,311	606,139	736,655
Total Revenues	<u>399,697</u>	<u>613,883</u>	<u>798,948</u>
Expenditures			
Purchased Services	(53,697)	(73,839)	(153,350)
Materials and Supplies	(145,197)	(265,437)	(341,260)
Other	(164,238)	(226,831)	(345,572)
Total Expenditures	<u>(363,132)</u>	<u>(566,107)</u>	<u>(840,182)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,565	47,776	(41,234)
Fund Balance, July 1, 2022	<u>190,469</u>	<u>200,192</u>	<u>397,849</u>
Fund Balance, June 30, 2023	<u>\$ 227,034</u>	<u>\$ 247,968</u>	<u>\$ 356,615</u>

Weeki Wachee High School	Nature Coast Technical High School	D S Parrott Middle School	Fox Chapel Middle School	Powell Middle School	West Hernando Middle School
\$ -	\$ 791	\$ 10,792	\$ 2,028	\$ 635	\$ 1,150
1,382	1,401	330	385	474	463
673,447	847,455	157,578	77,992	241,054	120,398
674,829	849,647	168,700	80,405	242,163	122,011
(2,910)	(4,658)	(4,947)	(3,464)	(4,047)	(6,590)
(285,997)	(682,231)	(81,733)	(40,103)	(117,054)	(50,512)
(347,875)	(162,146)	(64,827)	(17,923)	(110,557)	(53,226)
(636,782)	(849,035)	(151,507)	(61,490)	(231,658)	(110,328)
38,047	612	17,193	18,915	10,505	11,683
228,202	250,393	24,857	53,196	64,706	27,395
\$ 266,249	\$ 251,005	\$ 42,050	\$ 72,111	\$ 75,211	\$ 39,078

Challenger K8 School of Science	Explorer K8 School of Science	J D Floyd K8 School	Winding Waters K8 School	Brooksville Elementary School	Chocochatti Elementary School
\$ 16	\$ 897	\$ -	\$ 6,185	\$ 1,000	\$ 7,398
841	412	139	653	189	1,139
489,837	108,527	70,052	179,586	55,253	409,174
<u>490,694</u>	<u>109,836</u>	<u>70,191</u>	<u>186,424</u>	<u>56,442</u>	<u>417,711</u>
(31,971)	(7,325)	(609)	(19,802)	-	(1,790)
(263,452)	(69,225)	(54,748)	(64,768)	(28,169)	(96,366)
(190,934)	(42,440)	(21,106)	(64,035)	(24,791)	(273,772)
<u>(486,357)</u>	<u>(118,990)</u>	<u>(76,463)</u>	<u>(148,605)</u>	<u>(52,960)</u>	<u>(371,928)</u>
4,337	(9,154)	(6,272)	37,819	3,482	45,783
140,113	70,153	21,384	74,719	28,993	170,052
<u>\$ 144,450</u>	<u>\$ 60,999</u>	<u>\$ 15,112</u>	<u>\$ 112,538</u>	<u>\$ 32,475</u>	<u>\$ 215,835</u>

Deltona Elementary School	Eastside Elementary School	Moton Elementary School	Pine Grove Elementary School	Spring Hill Elementary School	Suncoast Elementary School
\$ 1,906	\$ 829	\$ 2,214	\$ 2,682	\$ 3,761	\$ 1,606
130	101	126	268	166	165
81,771	46,019	42,883	102,830	115,365	64,975
83,807	46,949	45,223	105,780	119,292	66,746
(1,830)	-	-	(993)	(4,090)	-
(59,717)	(21,265)	(21,908)	(14,342)	(57,543)	(22,587)
(19,469)	(26,499)	(24,335)	(89,850)	(51,541)	(40,388)
(81,016)	(47,764)	(46,243)	(105,185)	(113,174)	(62,975)
2,791	(815)	(1,020)	595	6,118	3,771
13,942	15,092	21,235	38,425	27,525	25,290
\$ 16,733	\$ 14,277	\$ 20,215	\$ 39,020	\$ 33,643	\$ 29,061

Westside Elementary School	Endeavor Academy	Total
\$ 3,020	\$ 2,000	\$ 122,113
169	35	12,188
56,473	13,100	5,689,874
<u>59,662</u>	<u>15,135</u>	<u>5,824,175</u>
(203)	-	(376,115)
(12,698)	(13,247)	(2,809,559)
(42,818)	(3,138)	(2,408,311)
<u>(55,719)</u>	<u>(16,385)</u>	<u>(5,593,985)</u>
3,943	(1,250)	230,190
24,274	7,908	2,116,364
<u>\$ 28,217</u>	<u>\$ 6,658</u>	<u>\$ 2,346,554</u>

OTHER REPORTS

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

Honorable Chairman and Members of the
Hernando County District School Board
Hernando County, 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 financial statements of the Special Revenue Fund (Internal Accounts) of the Hernando County District School Board (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Internal Accounts of the District, and have issued our report thereon dated January 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Internal Accounts' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Internal Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Internal Accounts' 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. 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and other matters that we consider to be significant deficiencies as 2022-001, 2021-001, and 2021-002.

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Honorable Chairman and Members of the
Hernando County District School Board
Hernando County, Florida

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

Report on Compliance and Other Matters

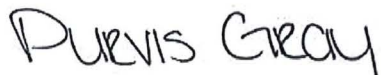
As part of obtaining reasonable assurance about whether the Internal Accounts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Internal Accounts' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Internal Accounts' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 23, 2024
Ocala, Florida

**SCHEDULE OF FINDINGS AND OTHER MATTERS
HERNANDO COUNTY DISTRICT SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2023**

Prior Year Comments

Significant Deficiencies

2022-001

Finding – Internal Control Deficiencies

In addition to the significant deficiencies described below, our audit procedures disclosed the following instances of internal control deviations at various schools, which were presented to management for consideration.

The Hernando County District School Board (the District) has internal control requirements for the receipting and disbursement of internal account funds. Our audit procedures included the review of cash receipts and disbursements to ensure that the control procedures are followed. We noted several deviations of internal control procedures with these standards, practices, and procedures as they related to the transactions of cash receipts and disbursements.

Recommendation

We recommend that the District's management continue to monitor and train accounting staff at the schools to ensure that the internal control procedures are documented as required by district policy.

2021-001

Finding – Lack of Segregation of Duties

Because of a limited number of personnel, school employees who maintain accounting records also handle cash collections, cosign checks, and reconcile bank statement balances to the accounting records. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Recommendation

Internal control over cash transactions would be strengthened if these duties were separated among employees. While we acknowledge that personnel may not always be available to permit such a separation of employee duties and responsibilities, we think it is important that you are made aware of this condition. We noted that some principals are reviewing bank reconciliations in order to help compensate for the lack of segregation of duties. We continue to encourage all principals to perform this review process. We also encourage the District to implement a District-level employee to complete bank statement reviews for each school and related accounts.

2021-003

Finding – Non-Compliance with Red Book Standards

Our audit procedures disclosed immaterial instances of non-compliance at various schools, which were presented to management for consideration. For schools that are not specifically identified, our audit procedures did not disclose other conditions that we feel should be brought to your attention.

**SCHEDULE OF FINDINGS AND OTHER MATTERS
HERNANDO COUNTY DISTRICT SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2023**

Chapter 8, Section III of the Florida Department of Education’s “Red Book” provides standards, practices, and procedures for districts to govern internal accounts. Our audit procedures included the review of cash receipts and disbursements. We noted several instances of non-compliance with these standards, practices, and procedures as they related to the transactions of cash receipts and disbursements.

Recommendation

We recommend that the District’s management continue to monitor and train accounting staff at the schools to ensure compliance with the Red Book’s standards.

MANAGEMENT LETTER

Honorable Chairman and Members of the
Hernando County District School Board
Hernando County, Florida

Report on the Financial Statements

We have audited the financial statements of the Special Revenue Fund (Internal Accounts) of Hernando County District School Board (the District) as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated January 23, 2024. Our report on the financial statements includes a paragraph explaining that the financial statements include only the Internal Accounts and does not include other funds of the District.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.800, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Other Matters. Disclosures in the reports and schedule dated January 23, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See Schedule of Findings and Other Matters.

Financial Condition and Management

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the District's Internal Accounts has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Internal Accounts did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Internal Accounts. It is management's responsibility to monitor the Internal Accounts' financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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An Independent Member of the BDO Alliance USA

Honorable Chairman and Members of the
Hernando County District School Board
Hernando County, Florida

MANAGEMENT LETTER

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. See Schedule of Findings and Other Matters.

Transparency

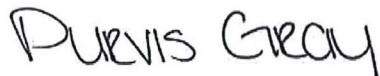
Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate the results of our determination as to whether the District maintains on its website the information specified in Section 1011.035, Florida Statutes (Section 1011.035, Florida Statutes, provides that district school boards shall prominently post on their website a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). This does not apply to the Internal Accounts.

Additional Matters

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. See Schedule of Findings and Other Matters.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, District School Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Duane Gray". The signature is written in a cursive, slightly slanted style.

January 23, 2024
Ocala, Florida



January 23, 2024

Purvis, Gray & Company, LLP
Attn: Helen Y. Painter
2347 SE 17th Street
Ocala, Florida 34471

Re: Hernando County District School Board Tentative Audit Findings for the Fiscal Year Ended
June 30, 2023 Internal Accounts Audit Report

Dear Ms. Painter:

Please accept the following written response concerning the tentative audit findings for the Hernando County District School Board's 2022-23 fiscal year Internal Accounts audit

2022-001 – Internal Control Deficiencies (Prior Year Audit Comment)

District's Response – The District will continue to work with school bookkeepers to ensure internal control procedures are properly followed.

2021-001 – Lack of Segregation of Duties (Prior Year Audit Comment)

District's Response – The District will continue to work with school sites to emphasize the need for the segregation of duties. The District will work to provide an overview to all schools' accounts and bank statements.

2021-003 - Other Matters (Prior Year Audit Comment)

District's Response – The District will continue to monitor and train school bookkeepers to ensure compliance with Red Book standards and Internal Accounts procedures.

Respectfully,

Joyce McIntyre
Director of Finance

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