

**OKEECHOBEE COUNTY
DISTRICT SCHOOL BOARD**

INTERNAL FUNDS FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD

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INDEPENDENT AUDITOR'S REPORT

Okeechobee County District School Board
Okeechobee, Florida

Report on the Financial Statements

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, 2017, 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; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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 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.

Okeechobee 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 opinion.

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, 2017, in accordance with the cash 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 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.

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 Okeechobee 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 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 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.

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co., CPA's LLP
Certified Public Accountants
Okeechobee, Florida

January 30, 2018

OKEECHOBEE COUNTY DISTRICT SCHOOL BOARD
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES – INTERNAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

CASH - JULY 1, 2016	<u>\$ 630,319</u>
RECEIPTS:	
Athletics	267,279
Music	172,132
Class, club, departments	565,343
Trust funds	55,497
General	<u>232,199</u>
Total receipts	<u>1,292,450</u>
DISBURSEMENTS:	
Athletics	235,872
Music	170,797
Class, club, departments	559,439
Trust funds	60,925
General	<u>306,059</u>
Total disbursements	<u>1,333,092</u>
TRANSFERS IN (OUT):	
Athletics	(44,280)
Music	(11,942)
Class, club, departments	(3,626)
Trust funds	(2,825)
General	<u>62,673</u>
Total transfers	<u>-</u>
CASH - JUNE 30, 2017	<u><u>\$ 589,677</u></u>
CASH CONSISTING OF:	
Checking accounts	\$ 328,319
Savings accounts	<u>261,358</u>
Total	<u><u>\$ 589,677</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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The internal funds of the Okeechobee County District School Board (“District”) are comprised of nine individual funds. There is one fund for each of the five elementary schools, two middle schools, and two high schools. For reporting purposes Okeechobee Achievement Academy is considered to be a high school. 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 – 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.

NOTE 3 – RELATED PARTY TRANSACTIONS:

During the fiscal year ending June 30, 2017, various schools in the District purchased shirts and other sporting goods from Quality Tee’s & Sporting Goods, Inc. and also paid for fieldtrips to Chobee Play, Inc. Both are companies owned by school board employees. Total payments during the period to the respective companies were \$62,985 and \$11,454, 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, 2017

	Elementary Schools	Middle Schools	High Schools	Total
CASH - JULY 1, 2016	\$ 132,822	\$ 115,123	\$ 382,374	\$ 630,319
RECEIPTS:				
Athletics	-	25,615	241,664	267,279
Music	1,155	58,961	112,016	172,132
Class, club, departments	94,096	206,852	264,395	565,343
Trust funds	33,483	16,026	5,988	55,497
General	166,234	30,963	35,002	232,199
Total receipts	294,968	338,417	659,065	1,292,450
DISBURSEMENTS:				
Athletics	-	21,581	214,291	235,872
Music	920	55,792	114,085	170,797
Class, club, departments	96,893	203,751	258,795	559,439
Trust funds	36,009	15,392	9,524	60,925
General	174,656	32,570	98,833	306,059
Total disbursements	308,478	329,086	695,528	1,333,092
TRANSFERS IN (OUT):				
Athletics	-	(744)	(43,536)	(44,280)
Music	-	-	(11,942)	(11,942)
Class, club, departments	1,780	938	(6,344)	(3,626)
Trust funds	2,529	(16)	(5,338)	(2,825)
General	(4,309)	(178)	67,160	62,673
Total transfers	-	-	-	-
CASH - JUNE 30, 2017	\$ 119,312	\$ 124,454	\$ 345,911	\$ 589,677
CASH CONSISTING OF:				
Checking accounts	\$ 119,312	\$ 109,429	\$ 99,578	\$ 328,319
Savings accounts	-	15,025	246,333	261,358
Total	\$ 119,312	\$ 124,454	\$ 345,911	\$ 589,677

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, 2017

	Central	Everglades	North	Seminole	South	Total
CASH - JULY 1, 2016	\$ 28,142	\$ 35,644	\$ 21,993	\$ 24,205	\$ 22,838	\$ 132,822
RECEIPTS:						
Athletics	-	-	-	-	-	-
Music	-	-	1,155	-	-	1,155
Class, club, departments	21,136	19,476	24,853	3,684	24,947	94,096
Trust funds	6,783	1,411	7,159	13,743	4,387	33,483
General	41,570	48,987	49,371	13,151	13,155	166,234
Total receipts	69,489	69,874	82,538	30,578	42,489	294,968
DISBURSEMENTS:						
Athletics	-	-	-	-	-	-
Music	-	-	920	-	-	920
Class, club, departments	23,827	19,110	20,764	1,976	31,216	96,893
Trust funds	7,075	1,415	7,031	14,352	6,136	36,009
General	52,632	50,741	47,560	12,094	11,629	174,656
Total disbursements	83,534	71,266	76,275	28,422	48,981	308,478
TRANSFERS IN (OUT):						
Athletics	-	-	-	-	-	-
Music	-	-	-	-	-	-
Class, club, departments	(27)	766	310	1,492	(761)	1,780
Trust funds	645	-	37	-	1,847	2,529
General	(618)	(766)	(347)	(1,492)	(1,086)	(4,309)
Total transfers	-	-	-	-	-	-
CASH - JUNE 30, 2017	\$ 14,097	\$ 34,252	\$ 28,256	\$ 26,361	\$ 16,346	\$ 119,312
CASH CONSISTING OF:						
Checking accounts	\$ 14,097	\$ 34,252	\$ 28,256	\$ 26,361	\$ 16,346	\$ 119,312
Total	\$ 14,097	\$ 34,252	\$ 28,256	\$ 26,361	\$ 16,346	\$ 119,312

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, 2017

	Osceola	Yearling	Total
CASH - JULY 1, 2016	\$ 63,092	\$ 52,031	\$ 115,123
RECEIPTS:			
Athletics	12,108	13,507	25,615
Music	33,668	25,293	58,961
Class, club, departments	111,626	95,226	206,852
Trust funds	12,130	3,896	16,026
General	2,188	28,775	30,963
Total receipts	171,720	166,697	338,417
DISBURSEMENTS:			
Athletics	9,243	12,338	21,581
Music	31,935	23,857	55,792
Class, club, departments	106,753	96,998	203,751
Trust funds	11,784	3,608	15,392
General	5,356	27,214	32,570
Total disbursements	165,071	164,015	329,086
TRANSFERS IN (OUT):			
Athletics	(744)	-	(744)
Music	-	-	-
Class, club, departments	922	16	938
Trust funds	-	(16)	(16)
General	(178)	-	(178)
Total transfers	-	-	-
CASH - JUNE 30, 2017	\$ 69,741	\$ 54,713	\$ 124,454
CASH CONSISTING OF:			
Checking accounts	\$ 69,741	\$ 39,688	\$ 109,429
Savings accounts	-	15,025	15,025
Total	\$ 69,741	\$ 54,713	\$ 124,454

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, 2017

	Okeechobee Achievement Academy	Okeechobee High School	Total
CASH - JULY 1, 2016	\$ 2,209	\$ 380,165	\$ 382,374
RECEIPTS:			
Athletics	-	241,664	241,664
Music	-	112,016	112,016
Class, club, departments	2,391	262,004	264,395
Trust funds	1,021	4,967	5,988
General	1,582	33,420	35,002
Total receipts	4,994	654,071	659,065
DISBURSEMENTS:			
Athletics	-	214,291	214,291
Music	-	114,085	114,085
Class, club, departments	1,672	257,123	258,795
Trust funds	1,057	8,467	9,524
General	2,016	96,817	98,833
Total disbursements	4,745	690,783	695,528
TRANSFERS IN (OUT):			
Athletics	-	(43,536)	(43,536)
Music	-	(11,942)	(11,942)
Class, club, departments	-	(6,344)	(6,344)
Trust funds	-	(5,338)	(5,338)
General	-	67,160	67,160
Total transfers	-	-	-
CASH - JUNE 30, 2017	\$ 2,458	\$ 343,453	\$ 345,911
CASH CONSISTING OF:			
Checking accounts	\$ 2,458	\$ 97,120	\$ 99,578
Savings accounts	-	246,333	246,333
Total	\$ 2,458	\$ 343,453	\$ 345,911

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, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered each school's internal control over financial reporting (internal control) 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 these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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., CPA'S LLP
Certified Public Accountants
Okeechobee, Florida

January 30, 2018

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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, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered each school's internal control over internal funds (internal control) 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 dated January 30, 2018, on the combined statement of cash receipts, disbursements, transfers, and balances-internal funds of the Okeechobee County District School Board.

OKEECHOBEE HIGH SCHOOL

OBSERVATION:

We noted three instances where sales tax was paid or remitted when it should not have for items purchased for students, and one instance was noted in which sales tax was not paid when it should have on items purchased for teachers. State law requires sales tax to be paid on items purchased for fundraisers and items purchased for teachers, and the school is exempt from paying sales tax on items purchased for students.

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.

SCHOOL'S RESPONSE:

Okeechobee High School agrees with the finding. In the future, sales tax will be paid on all applicable purchases, and the sales tax exemption will be used for all items purchased for students.

Okeechobee County District School Board (continued)

CENTRAL ELEMENTARY SCHOOL

OBSERVATION:

We noted three instances in which monies collected outside of the school office were not recorded in the monies collected log at the time that they were turned into the office as required by School Board policy, but were added to the log book at a later point in time. School Board internal funds policy states that the monies collected form, along with the money, shall be turned in to the bookkeeper or other designated person on a daily basis and recorded in a logbook provided by the bookkeeper. The bookkeeper or other designated person will initial the log indicating receipt of the money.

RECOMMENDATION:

We recommend that the School Board policy be followed for proper completion of the monies collected log.

SCHOOL'S RESPONSE:

Central Elementary School agrees with the finding. In the future, all money will be recorded in the log book at the time it is turned into the office as required by School Board policy.

NORTH ELEMENTARY SCHOOL

OBSERVATION:

We noted several instances in which student names were not individually listed on the report of monies collected forms for amounts less than \$10. School Board internal funds policy requires a log of student names for amounts less than \$10 and locker rentals.

RECOMMENDATION:

We recommend that the School Board policy be followed for proper completion of the report of monies collected forms.

SCHOOL'S RESPONSE:

North Elementary School agrees with the finding. In the future, the report of monies collected forms will list names of students individually, when applicable, before being accepted by the bookkeeper.

SOUTH ELEMENTARY SCHOOL

OBSERVATION:

We noted (38) receipts throughout the year that were not deposited within five business days of the day collected by the teacher or sponsor. These receipts totaled \$1,390 and were deposited between one and seventeen days late. Section III 1.4 (c) of the Red Book requires that all money collected must be deposited as frequently as feasible, and no later than five working days after receipt. School Board policy requires that deposits be made sooner than five working days after receipt when receipts collected totals \$200 or more for elementary schools, \$500 or more for middle schools and \$1,000 or more for the high school.

RECOMMENDATION:

We recommend that deposits be made within five business days of the day collected or more frequently depending on the amount of receipts that have been collected and is on hand.

Okeechobee County District School Board (continued)

SOUTH ELEMENTARY SCHOOL (continued)

SCHOOL'S RESPONSE:

South Elementary School is in agreement with the audit finding. Procedures have been put in place to ensure that all receipts are deposited within 5 working days of collection. The bookkeeper's hours were changed from 7:00am - 3:00pm to 8:00am - 4:00pm, so that she is on campus when teachers finish their duty at 3:15pm. In this way, teachers may give her collected money each day, and the bookkeeper can drop the money at the bank prior to her day ending at 4:00pm.

OBSERVATION:

We noted that tickets were sold for the Winter Carnival, but no ticket reconciliation report was prepared and the ticket inventory was not updated. The timely preparation of ticket reconciliation reports ensures the proper fiscal accountability for ticket sales to ensure that all money collected is deposited into the school internal accounts. Section III 1.4 (f) of the Red Book requires that perpetual inventories of tickets shall be maintained, and for all cases in which tickets are used, ticket reconciliation reports must be available for audit.

RECOMMENDATION:

We recommend that ticket reconciliation reports be prepared immediately after any event in which tickets are used. The ticket inventory should also be updated at that time.

SCHOOL'S RESPONSE:

South Elementary School is in agreement with the audit finding. In the future, given that this has been an issue in a prior year, we will abstain from selling tickets.

OBSERVATION:

We noted 13 instances where purchases were supported by check requests, but no invoice or receipt for the disbursement was on file. Seven of these checks were written to Domino's Pizza, and the others were written to East Cost Screen Printing, Skoolsmartz, Dairy Queen, Golden Corral, Okeechobee Educational Foundation and Wonderland Gift Shoppes. Invoices or receipts should be obtained to ensure that all expenditures are appropriate, checks are issued for the correct amount, and no duplicate payments are made.

RECOMMENDATION:

We recommend that invoices or receipts be obtained for all disbursements.

SCHOOL'S RESPONSE:

South Elementary School is in agreement with the audit finding. Procedures have been put in place to ensure that all disbursements are supported by an invoice or receipt.

OBSERVATION:

We noted that no inventory was prepared or maintained for candy bars purchased for resale, and the amount observed on hand during the audit did not reconcile with the quantities purchased and sold through the date of observation. An inventory of resale items should be maintained to ensure that all items are accounted for and the appropriate amount of money collected for items sold is deposited into the School's bank account.

Okeechobee County District School Board (continued)

SOUTH ELEMENTARY SCHOOL (continued)

RECOMMENDATION:

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

SCHOOL'S RESPONSE:

South Elementary School is in agreement with the audit finding. In the future, an inventory of resale items will be maintained and reconciliations will be performed.

STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS:

NORTH ELEMENTARY SCHOOL

The prior year comments related to student activity reports not being completed timely and the completion of the monies collected log appears to have been corrected.

EVERGLADES ELEMENTARY SCHOOL

The prior year comment relating to the reports of monies collected not being substantiated by individual receipts appears to have been corrected.

SOUTH ELEMENTARY SCHOOL

The prior year comment related to the timely completion of bank reconciliations appears to have been corrected. The prior year comment related to depositing receipts within five business days was repeated 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 School Board 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., CPA's LLP
Certified Public Accountants
Okeechobee, Florida

January 30, 2018