

Wicks, Brown, Williams & Co., CPA's LLP

140 S. Commerce Avenue, Sebring, Florida 33870-3601
(863) 382-1157 • Fax: (863) 382-4507

Charles F. Wicks, C.P.A. (1911 - 1996)
J. Richard Brown, C.P.A. (1940 - 1997)
W. Bruce Stratton, C.P.A., Retired
Cheryl M. Williams, C.P.A., P.A.
C. Mark Cox, C.P.A., P.A.
John W. Davis, C.P.A., P.A.
Charles P. Cox, C.P.A., P.A.

April D. Harris, C.P.A.

Lake Placid
(863) 699-5544

Okeechobee
(863) 763-2354

School District of DeSoto
School Board Action
October 23, 2018
APPROVED

October 8, 2018

To the DeSoto County School Board
Arcadia, Florida

We have audited the combined statement of cash receipts, disbursements, transfers, and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the DeSoto County District School Board's internal funds are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the School Board's internal funds during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations in the management representation letter dated October 8, 2018, which a copy is attached, from management and those individuals responsible for each internal fund in the district.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School Board's internal funds financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.


Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School Board's internal funds auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We reported one significant deficiency in internal control in a separate report, *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with Government Auditing Standards*, dated October 8, 2018. We reported three matters that are deficiencies in internal controls and two matters that are deficiencies in compliance in a separate report, *Management Letter*, dated October 8, 2018. These reports are included in the audited financial statements.

This information is intended solely for the use of the DeSoto County School Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

DESOTO COUNTY DISTRICT SCHOOL BOARD

INTERNAL FUNDS FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

DESOTO COUNTY DISTRICT SCHOOL BOARD
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INDEPENDENT AUDITOR'S REPORT

To the DeSoto County District School Board
Arcadia, Florida

Report on the Financial Statement

We have audited the accompanying combined statement of cash receipts, disbursements, transfers, and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the DeSoto County District School Board's internal funds basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the School Board, as well as evaluating the overall presentation of the financial statement.

DeSoto County District School Board (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, transfers, and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2018, on the basis of accounting described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The DeSoto County District School Board prepares its internal funds financial statement on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the internal funds and is not intended to present fairly the financial position and results of operations of the DeSoto County District School Board, in conformity with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined statement of cash receipts, disbursements, transfers, and balances - internal funds taken as a whole. The combining statement of cash receipts, disbursements, transfers, and balances - internal funds is presented for purposes of additional analysis and is not a required part of the basic financial statement.

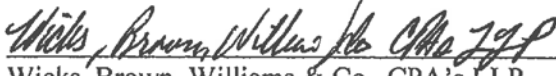
The combining statement of cash receipts, disbursements, transfers, and balances - internal funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined statement of cash receipts, disbursements, transfers, and balances - internal funds. Such information has been subjected to the auditing procedures applied in the audit of the combined statement of cash receipts, disbursements, transfers, and balances - internal funds and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the internal funds financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of cash receipts, disbursements, transfers, and balances - internal funds is fairly stated in all material respects in relation to the internal funds financial statement taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2018, on our consideration of the DeSoto County District School Board's internal funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

DeSoto County District School Board (continued)

opinion on the effectiveness of the DeSoto County District School Board's internal funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DeSoto County District School Board's internal funds' internal control over financial reporting and compliance.



Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

October 8, 2018

DeSOTO COUNTY DISTRICT SCHOOL BOARD
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS, AND BALANCES - INTERNAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

CASH AND CASH EQUIVALENTS - JULY 1, 2017	<u>\$ 377,865</u>
RECEIPTS:	
Athletics	131,030
Music	76,166
Class, clubs, departments	278,949
Trust funds	188,890
General	15,176
Total receipts	<u>690,211</u>
DISBURSEMENTS:	
Athletics	107,247
Music	76,012
Class, clubs, departments	275,021
Trust funds	174,321
General	7,453
Total disbursements	<u>640,054</u>
TRANSFERS:	
Athletics	31,289
Music	-
Class, clubs, departments	7,657
Trust funds	(14,885)
General	(24,061)
Total transfers	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2018	<u><u>\$ 428,022</u></u>

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

DE SOTO COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The internal funds of the DeSoto County District School Board ("District") are comprised of seven individual funds. There is one fund each for the five schools in the District and one each for the Adult Education Program and the Early Childhood Center. This financial statement presents only the internal funds and is not intended to present fairly the financial position and results of operations of the DeSoto County District School Board, in conformity with generally accepted accounting principles. The internal funds are included in the District's annual financial report as a fiduciary fund type – agency funds.

Basis of Accounting:

It is the policy of the District to account for the internal funds of the schools on a cash basis of accounting. Accordingly, the internal funds increase when cash receipts are recorded, and decrease when cash disbursements are recorded. Any noncash transactions are not recognized.

Cash and Cash Equivalents:

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

District policies require that all internal funds be deposited into qualified public depositories approved by the District. Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year end, all deposits were entirely insured by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

DESOTO COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
TRANSFERS AND BALANCES - INTERNAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	DESOTO HIGH	DESOTO MIDDLE	WEST ELEMENTARY	MEMORIAL ELEMENTARY
CASH AND CASH EQUIVALENTS - JULY 1, 2017	\$ 149,351	\$ 46,225	\$ 52,694	\$ 43,012
RECEIPTS:				
Athletics	96,096	34,934	-	-
Music	16,427	59,739	-	-
Class, clubs, departments	150,011	45,306	43,746	25,772
Trust funds	28,754	13,145	18,470	6,025
General	5,248	2,348	2,280	1,865
Total receipts	296,536	155,472	64,496	33,662
DISBURSEMENTS:				
Athletics	73,978	33,269	-	-
Music	11,980	64,032	-	-
Class, clubs, departments	143,838	46,539	45,334	24,843
Trust funds	12,851	9,894	19,527	5,566
General	2,315	469	928	-
Total disbursements	244,962	154,203	65,789	30,409
TRANSFERS:				
Athletics	31,289	-	-	-
Music	-	-	-	-
Class, clubs, departments	5,557	-	1,500	-
Trust funds	(15,248)	-	-	-
General	(21,598)	-	(1,500)	-
Total transfers	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2018	\$ 200,925	\$ 47,494	\$ 51,401	\$ 46,265

See Independent Auditor's Report.

<u>NOCATEE ELEMENTARY</u>	<u>ADULT EDUCATION</u>	<u>EARLY CHILDHOOD</u>	<u>TOTAL</u>
\$ 43,294	\$ 39,444	\$ 3,845	\$ 377,865
-	-	-	131,030
-	-	-	76,166
14,114	-	-	278,949
7,382	111,657	3,457	188,890
1,272	1,716	447	15,176
22,768	113,373	3,904	690,211
-	-	-	107,247
-	-	-	76,012
14,467	-	-	275,021
9,941	113,108	3,434	174,321
2,648	944	149	7,453
27,056	114,052	3,583	640,054
-	-	-	31,289
-	-	-	-
600	-	-	7,657
-	146	217	(14,885)
(600)	(146)	(217)	(24,061)
-	-	-	-
\$ 39,006	\$ 38,765	\$ 4,166	\$ 428,022

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

To the DeSoto County District School Board
Arcadia, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined statement of cash receipts, disbursements, transfers and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the DeSoto County District School Board's internal funds basic financial statement, and have issued our report thereon dated October 8, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto County District School Board's internal control over financial reporting (internal control) for internal funds to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of each school's internal control over internal funds. Accordingly, we do not express an opinion on the effectiveness of each school's internal control over internal funds.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DeSoto County District School Board's combined statement of cash receipts, disbursements, transfers and balances - internal funds will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the Schedule of Findings and Responses, as Finding 2018-001, which we consider to be a significant deficiency.

The DeSoto County District School Board (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the combined statement of cash receipts, disbursements, transfers and balances - internal funds of the DeSoto County District School Board is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have identified in the Schedule of Findings and Responses as findings 2018-004 and 2018-006.

DeSoto County District School Board's Response to Findings

DeSoto County District School Board's response to the findings identified in our audit is described in the Schedule of Findings and Responses. DeSoto County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

October 8, 2018

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MANAGEMENT LETTER

The DeSoto County District School Board
Arcadia, Florida

Report on the Financial Statement

We have audited the combined statement of cash receipts, disbursements, transfers and balances – internal funds of the DeSoto County District School Board for the year ended June 30, 2018, and have issued our report thereon dated October 8, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with *Government Auditing Standards*. Disclosures for that report, which is dated October 8, 2018, are reported in the Schedule of Findings and Responses under the heading Significant Deficiencies and should be considered in conjunction with this management letter.

Prior Audit Findings

As part of the audit process, we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of corrective actions that have been taken to address findings and recommendations made in the preceding annual financial audit report are reported in the Schedule of Findings and Responses under the heading Status of Prior Year Findings.

Other Matters

During our audit, we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are reported in the Schedule of Findings and Responses under the heading Management Letter Comments.

The DeSoto County District School Board (continued)

Purpose of this Letter

Our management letter is intended solely for the information and use of the Florida Auditor General, the School Board, management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

DeSoto County District School Board's Response to Findings

DeSoto County District School Board's response to the findings identified in our audit is described in the Schedule of Findings and Responses. DeSoto County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Sincerely,



Wicks, Brown, Williams & Co., CPA's LLP
Sebring, Florida

October 8, 2018

DESOTO COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

STATUS OF PRIOR YEAR FINDINGS

Prior Year Findings		Current Year Status			Current Year Finding #	2016-2017 Year Finding #	2015-2016 Year Finding #
		Cleared	Partially Cleared	Not Cleared			
DeSoto High School	Internal Control	X				2017-001	2016-1
DeSoto Middle School	Internal Control			X	2018-001	2017-002	N/A
DeSoto High School	Internal Control	X				2017-003	2016-2
DeSoto High School	Internal Control	X				2017-004	2016-3
DeSoto High School	Compliance	X				2017-005	2016-4
DeSoto High School	Internal Control	X				2017-006	2016-5
DeSoto High School	Internal Control	X				2017-007	N/A
DeSoto High School	Internal Control	X				2017-008	N/A
DeSoto Middle School	Internal Control			X	2018-002	2017-009	N/A
DeSoto Middle School	Internal Control			X	2018-003	2017-010	N/A
DeSoto Middle School	Compliance			X	2018-004	2017-011	N/A
DeSoto Middle School	Internal Control	X				2017-012	N/A
Memorial Elementary School	Internal Control	X				2017-013	2016-6

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Significant Deficiency

2018-001, Completion of student activity operating reports (DeSoto Middle School)

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

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

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

Cause: The bookkeeper relied on the sponsors to complete the student activity operating reports and did not follow up with the sponsors at the conclusion of the fundraiser or event to ensure the student activity operating reports were completed in a timely manner.

Recommendation: Establish a monitoring process to ensure the timely completion of student activity operating reports by sponsors for fundraisers and events.

Views of Responsible Officials: DeSoto Middle School agrees with the finding. Procedures are in place and the bookkeeper will have additional training.

DESOTO COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Management Letter Comments

DESOTO MIDDLE SCHOOL

2018-002, Timeliness of bank reconciliations

Condition: Our audit procedures noted bank reconciliations for six out of twelve months were not completed on a timely basis. The July 31, 2017 bank reconciliation was completed September 21, 2017, the August 31, 2017 bank reconciliation was completed October 30, 2017, the October 31, 2017 bank reconciliation was completed December 1, 2017, the November 30, 2017 bank reconciliation was completed January 16, 2018, the April 30, 2018 bank reconciliation was completed June 15, 2018, and the May 31, 2018 bank reconciliation was completed July 2, 2018.

Criteria or specific requirement: Chapter 8, Section II, 8 of the Red Book states, "bank statements shall be reconciled as soon as received, preferably by a person other than the person who receives and disburses funds." In addition, per the School District of DeSoto Internal Accounts Manual, "the schools shall submit their monthly financial reports to the Finance Division of the School District of Desoto, no later than the 20th of each month. These reports shall include: Bank Reconciliation and copy of Bank Statement."

Effect: Not performing reconciliations timely could result in possible financial losses occurring from fraudulent transactions not being detected and reported to the financial institution in a timely manner.

Cause: Turnover in the internal accounts bookkeeper position.

Recommendation: We recommend that monthly bank reconciliations be completed no later than the 20th of each month in accordance with the School District's policy.

Views of Responsible Officials: DeSoto Middle School agrees with the finding and procedures will be put in place to ensure that bank reconciliations are done in by the 20th of each month per District policy.

2018-003, Principal's Advance Approval of Purchases

Condition: Our audit procedures noted four instances in which purchase orders were prepared and approved by the principal after the actual purchase taking place.

Criteria or specific requirement: Chapter 8, Section III 3.2(a) of the Red Book states, "a signed commitment from the principal or designee(s) must be on file before any purchase is made."

Effect: Purchases that were not authorized in advance are being made.

Cause: Lack of understanding of the established policy by teachers, sponsors, and coaches.

Recommendation: We recommend training for teachers, sponsors, and coaches to highlight the rules within Chapter 8, Section III 3.2(a) of the Red Book for any purchases made with internal funds.

Views of Responsible Officials: DeSoto Middle School agrees with the finding and procedures will be put in place to ensure that no purchases can be made before a purchase order is finalized.

DESOTO COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Management Letter Comments (continued)

DESOTO MIDDLE SCHOOL (CONTINUED)

2018-004, Payments Made in Excess of Available Funds

Condition: We noted that two accounts had negative account balances that ranged from \$34 to \$619 at the end of the year.

Criteria or specific requirement: Chapter 8, Section I, 10 of the Red Book, states, "Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by district school board rules."

Effect: Purchases are being made when there are not enough available resources to pay for the purchase, resulting in certain internal fund accounts having negative balances and, therefore, borrowing from accounts with positive balances.

Cause: The bookkeeper is not monitoring available funds as purchase orders are printed. The software control that prevents a purchase order from being printed is available but has been disabled because purchase orders for items purchased for resale cannot be printed.

Recommendation: We recommend the District establish a procedure that would prevent a purchase order from being printed and a purchase being made if an internal fund account did not have enough available resources to pay for the purchase.

Views of Responsible Officials: DeSoto Middle School agrees with the finding. Procedures will be in place for the principal to be notified of the balance in the account prior to approving any purchases. There will be no accounts in the negative at the end of the school year.

2018-005, Ticket Sales Reports and Ending Ticket Inventory

Condition: We noted that ticket sales reports were not utilized for events that required tickets. However, the report of monies collected form was used. In addition, the bookkeeper did not perform an end of year ticket inventory until it was brought to her attention during audit fieldwork.

Criteria or specific requirement: Per the School District of DeSoto Internal Accounts Manual, "events shall have pre-numbered tickets where an admission price is charged and all tickets acquired must be accounted for by annual inventory record on forms provided by the school bookkeeper." The manual further states, "ticket sellers are to be provided with the appropriate number of tickets and the forms needed to account for the sales."

Effect: During the year, the quantity of tickets available for sale, acquired, and used were not available.

Cause: The bookkeeper was using a Report of Monies Collected form to account for tickets sold during events requiring tickets instead of a ticket sales report. The bookkeeper was unaware that an end of year inventory of ticket stock needed to be completed.

DESOTO COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Management Letter Comments (continued)

DESOTO MIDDLE SCHOOL (CONTINUED)

2018-005, Ticket Sales Reports and Ending Ticket Inventory (continued)

Recommendation: We recommend the bookkeeper utilize the ticket sales report to account for tickets sold during events requiring tickets, which will allow for the price of each ticket, number of tickets sold, monies collected, corresponding receipt number, and signatures of ticket sellers and takers, to be documented. We also recommend the bookkeeper be trained on the process of tracking ticket inventory in order to prepare the end of year ticket inventory listing.

Views of Responsible Officials: DeSoto Middle School is in agreement with the findings and the bookkeeper will be trained prior to any ticket events on the correct procedures and forms needed.

EARLY CHILDHOOD CENTER

2018-006, Improper Transfer of General Funds to Another Fund

Condition: We noted a transfer from the general fund to an individual class field trip account to meet the expense of transportation costs and was not used for the general welfare of the entire student body.

Criteria or specific requirement: Chapter 8, Section III, 2.5(a) of the Red Book, states, "This category encompasses all other accounts for funds that are to be used for the general welfare of the student body."

Effect: The general fund was utilized once for purposes other than the general welfare of the entire student body.

Cause: The amount students were charged for a field trip failed to include the cost of transportation. A transfer from the general fund was authorized to cover the cost of transportation for the field trip in noncompliance with the Red Book.

Recommendation: We recommend that money collected for general purposes be used for the general welfare of the entire student body, and not for a specific class, club, or department. In addition, we recommend the amount charged to students for field trips include cost of transportation.

View of Responsible Officials: DeSoto Early Childhood Center agrees with the finding and procedures are in place to ensure that all field trips are fully funded.