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City of Wewahitchka

Post Office Box 966—Wewahitchka, Florida 32465

September 10, 2018

Mr. Derek Noonan, CPA
Audit Supervisor
FL Auditor General's Office
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RESPONSE TO AUDITOR'S MANAGEMENT LETTER FISCAL YEAR 2016-2017

CURRENT YEAR FINDINGS:

Accounting System – For many years the City has utilized the QuickBooks accounting software. To facilitate fund accounting requirements, “classes” have been utilized to differentiate the separate General, Utilities, and Cemetery Funds. For proper and accurate utilization of this system, every transaction must be coded to the proper class which includes all balance sheet and revenue and expense transactions.

In recent years, errors have occurred in posting transactions to the proper classes which resulted in erroneous individual cash and other balance sheet balances at year end; i.e., the balances were correct in total but were not as to the individual funds. During the course of performing our fieldwork we made entries to correct the individual balances. To make the QuickBooks accounting system easier to maintain accurate records as to the individual funds, we recommend that the City consider maintaining the individual funds as separate “companies” rather than “classes”.

This will facilitate the integrity of individual fund accounting and provide better financial reporting on the funds.

RESPONSE:

The present financial department is very new to governmental accounting and it is still a learning process. We do not necessarily think separating funds into “companies” instead of “classes” would be beneficial as there would still be difficulty in maintaining correct balances per individual funds if fund accounting is not properly understood by the financial department. The underlying necessity of making correct transfers between funds and allocating them correctly would not be sufficiently addressed without additional training.

Mr. Derek Noonan, CPA
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RESPONSE TO AUDITOR'S MANAGEMENT LETTER
FISCAL YEAR 2016-2017
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The City Commission is in the process of setting up such additional training for the financial department to help them better understand fund accounting itself as well as how such accounting records relate to the QuickBook "classes". This additional training will include more in-depth explanations of fund accounting, hands-on determination of the correct break-down into "classes" as well as explaining some of the definitions that may be unclear.

Respectfully,

THE CITY OF WEWAHITCHKA



Philip Gaskin, Mayor

/cds



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

401 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2881
Fax: (850) 488-6975

August 24, 2018



Mary Grant
Finance Director
City of Wewahitchka
Post Office Box 966
Wewahitchka, FL 32465

Dear Ms. Grant:

Our desk review of the **City of Wewahitchka's** audit report for the fiscal year 2016-17 disclosed that it generally included the items required by our Rules. However, to complete our review, we request that you provide us with an electronic copy of the additional required item(s) listed on the enclosed attachment. The electronic copy should be in a Portable Document Format (PDF) in which the original document is converted to a PDF document (as opposed to being scanned into PDF format) and should be e-mailed to rickvoss@aud.state.fl.us. Pursuant to Section 11.45(7)(b), Florida Statutes, you are required to provide the requested item(s) within 45 days of the date of this request.

If you have any questions regarding this request or require additional information, please contact Rick Voss at 850-412-2892 or at rickvoss@aud.state.fl.us. Your prompt attention to this matter will be greatly appreciated.

Sincerely,

A handwritten signature in blue ink that reads "Derek H. Noonan".

Derek H. Noonan, CPA
Audit Supervisor

Attachment

c: Powell & Jones, CPAs

ATTACHMENT

City of Wewahitchka

Please provide the following:

- A written explanation or rebuttal for findings and recommendations in the Management Letter.

Reference: Sections 10.557(3)(l) and 10.558(1), Rules of the Auditor General.

Note: Please provide a response to the auditors' comment on page 54 under "Current Year Findings."