

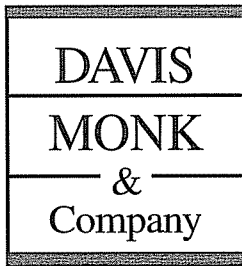
AUDIT REPORT  
MIDDLEBURG ELEMENTARY  
SCHOOL  
INTERNAL ACCOUNTS

JUNE 30, 2008

**Middleburg Elementary School  
June 30, 2008**

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& Business Consultants

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## Independent Auditors' Report

District School Board  
Clay County, Florida

We have audited the accompanying statement of cash receipts and disbursements of Middleburg Elementary School Internal Accounts for the year ended June 30, 2008. This financial statement is the responsibility of the School Board's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 of the Notes to Financial Statement, the accompanying financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note 1 of the Notes to Financial Statement, the accompanying financial statement includes only the financial activities of the School internal accounts. The financial statement does not include other financial activities of the District School Board.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of Middleburg Elementary School Internal Accounts for the year ended June 30, 2008, on the basis of accounting described in Note 1.

*Davis, Monk & Company*

August 5, 2008  
Gainesville, Florida

**Statement of Cash Receipts and Disbursements  
For the Year Ended June 30, 2008  
Middleburg Elementary School Internal Accounts**

	Cash Balances <u>July 1, 2007</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Interfund <u>Transfers</u>	Cash Balances <u>June 30, 2008</u>
Music	\$ 87	\$ 1,077	\$ 1,105	\$ -	\$ 59
Classes, Clubs & Departments	5,911	41,756	40,829	(508)	6,330
Trust	3,337	17,925	17,337	(2,267)	1,658
General	4,872	45,167	36,703	2,775	16,111
Outside Organizations	<u>3,398</u>	<u>501</u>	<u>3,817</u>	<u>-</u>	<u>82</u>
<b>TOTAL</b>	<u>\$ 17,605</u>	<u>\$ 106,426</u>	<u>\$ 99,791</u>	<u>\$ -</u>	<u>\$ 24,240</u>

**Notes to Financial Statement  
For the Year Ended June 30, 2008  
Middleburg Elementary School Internal Accounts**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The accompanying financial statement includes the effects of transactions and balances relating exclusively to the internal account activities of Middleburg Elementary School.

The financial statement does not include other financial activities of the Clay County District School Board.

Basis of Accounting

The accompanying financial statement is prepared on the cash basis of accounting and, therefore, reflects only cash received and disbursed. Receivables and payables, accrued revenues and expenditures, and property and depreciation, if any, are not reflected. Consequently, this statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

**NOTE 2 – CASH BALANCES**

The cash balance of \$24,240 at June 30, 2008, shown on the statement of cash receipts and disbursements consists of \$18,452 being held in the checking account, \$5,648 invested with the State Board of Administration, and \$140 in checks returned by the bank for insufficient funds and awaiting redeposit.

**NOTE 3 – ACCOUNTS PAYABLE AND ENCUMBRANCES**

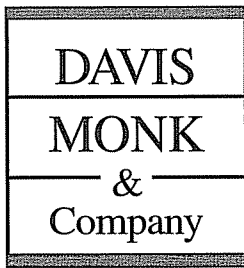
The following is a schedule of accounts payable at June 30, 2008.

<u>Vendor</u>	<u>Amount</u>
Hagan Ace Hardware	<u>\$ 57</u>

The following is a schedule of encumbrances at June 30, 2008.

<u>Vendor</u>	<u>Amount</u>
Soundzabound	\$ 106
Budgetext	739
Follett Software Company	106
Jax Stage Lighting Company	4,915
Window Designs	<u>373</u>
TOTAL	<u>\$ 6,239</u>

**REPORT ON INTERNAL CONTROL / COMMUNICATION  
WITH THOSE CHARGED WITH GOVERNANCE**



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Horwath International

District School Board  
Clay County, Florida

We have audited the statement of cash receipts and disbursements of Middleburg Elementary School Internal Accounts (the "School") for the year ended June 30, 2008, and have issued our report thereon dated August 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Report on Internal Control

In planning and performing our audit, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statement that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the School's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we noted the following matters which we feel should be brought to your attention.

- We noted certain instances in which the School did not adhere to disbursement procedures provided in the Internal Accounts Manual.
  - Checks did not always include two signatures.
  - The Request for Purchase Approval and Check Requisition form was not always properly completed.

- o Supporting documentation was not always available for disbursements.
- o Purchase orders generally included an electronic copy of the principal's signature.

Greater care should be exercised to ensure that disbursement procedures adequately reflect those established by the District School Board.

- We noted instances in which disbursements for repairs and maintenance of school board equipment were made from general account funds rather than from Trust Funds collected specifically for that purpose. Greater care should be taken to ensure that funds designated for general purposes are expended to benefit the student body as a whole.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statement prepared by management with your oversight is fairly presented, in all material respects. Our audit of the financial statement does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing that were previously communicated.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates significantly affecting the financial statement.



The disclosures in the financial statement are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement discloses that the financial statement is prepared using the cash basis of accounting.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement 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 from management that are included in the management representation letter.

*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 financial statement or a determination of the type of auditor's opinion that may be expressed on the 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 auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

District School Board  
Clay County, Florida

Page Four

We wish to take this opportunity to thank the principal and her staff for the cooperation and courtesies extended during our audit. We have sincerely enjoyed our association with the Clay County District School Board and look forward to a continuing relationship.

Please feel free to contact us if you have any questions or comments concerning the audit or other matters.

*Davis, Monk & Company*

August 5, 2008  
Gainesville, Florida



# Middleburg Elementary School

3958 Main Street

Middleburg, Florida 32068

Phone: (904) 291-5485 Fax: (904) 291-5491

Becky Wilkerson  
Principal

"Nothing Less Than The Best"

Amy Kennedy  
Assistant Principal

August 19, 2008

Davis, Monk & Company  
Certified Public Accountants  
PO Box 13494  
Gainesville, FL 32604

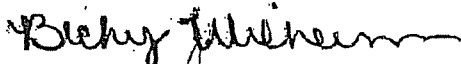
Gentlemen:

In response to the audit conducted by your company the following measures have been taken:

- All faculty and staff have been trained on the proper procedures for handling checks, receipting money collected, completing monies collected forms, requests for purchase approval and check requisitions. A copy of these procedures was placed in the faculty/staff resource notebook for future reference.
- Greater care will be taken to ensure all checks have two signatures before they are given to anyone for payment.
- All supporting documentation for disbursements will be kept with the disbursements.
- Purchase orders will include the principal's original signature.
- Fundraisers will identify more specifically the purpose for which the funds are being raised and funds will be placed into an account for that purpose.

I would like to thank you for your efficient and thorough audit of our documents including receipts and disbursements. Additionally, I would like to thank Tavera for meeting with us to answer our questions and give more specific details on any areas that were noted as concerns.

Please feel free to contact me if you have any questions.

  
Becky Wilkerson

**MONTCLAIR ELEMENTARY SCHOOL**

**STATEMENT OF CASH RECEIPTS AND  
DISBURSEMENTS OF THE  
INTERNAL FUNDS**

**FOR THE YEAR ENDED  
JUNE 30, 2008**

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## DuVal & Company

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL ASSOCIATION

### INDEPENDENT AUDITORS' REPORT

Mr. David L. Owens, Superintendent of Schools,  
Clay County, Florida  
Ms. Carol Vallencourt  
Ms. Carol Studdard  
Mr. Charles Van Zant, Sr.  
Mr. Wayne Bolla  
Ms. Lisa Graham

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Montclair Elementary School for the year ended June 30, 2008. This financial statement is the responsibility of the Clay County School Board. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the policy of the school is to prepare its financial statement on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the internal funds of Montclair Elementary School for the year ended June 30, 2008, on the basis of accounting described in Note 1.

*DuVal & Company, CPA's, PA*  
DuVal & Company, CPA's, P.A.  
August 18, 2008

## Montclair Elementary School

### Statement of Cash Receipts and Disbursements of the Internal Funds For the Year Ended June 30, 2008

	Balance July 1, 2007	Receipts	Disbursements	Interfund Transfers	Balance June 30, 2008
Music	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Classes, Clubs and Departments	5,375.12	32,814.51	32,326.88	777.54	6,640.29
Trusts	17,102.02	18,808.74	17,801.03	(486.40)	17,623.33
General	3,318.95	18,507.86	18,375.16	8.86	3,460.51
Outside Organizations	17,470.21	16,961.62	21,461.87	(300.00)	12,669.96
<b>TOTALS</b>	<b><u>\$ 43,266.30</u></b>	<b><u>\$ 87,092.73</u></b>	<b><u>\$ 89,964.94</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 40,394.09</u></b>

See notes to the statement of cash receipts and disbursements of the Internal Funds.

## **MONTCLAIR ELEMENTARY SCHOOL**

### **Notes to Statement of Cash Receipts and Disbursements of the Internal Funds For the Year Ended June 30, 2008**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Reporting entity**

The accompanying statement of cash receipts and disbursements of the internal funds includes the effects of transactions and balances relating to the internal accounts of Montclair Elementary School within the Clay County, Florida school system.

The accompanying financial statement is not intended to be a complete presentation of all the internal account activities of the school system because this financial statement only includes the accounts at Montclair Elementary School.

The Florida Department of Education and Clay County District Schools have established rules and regulations concerning the administration of internal accounts. These rules and regulations state how the internal accounts will be organized, accounted for, and reported.

The internal account balances and transactions are includable as an agency fund on the Clay County District School's Annual Financial Report. Transactions and balances relating to cafeteria food costs, supplies, staff salaries and benefits are not included in the accompanying financial statement because they are accounted for by the Clay County District School Board.

##### **Basis of accounting**

The accompanying financial statement is prepared on the cash basis of accounting and, therefore, reflects only cash received and disbursed. Such basis is a generally accepted basis of accounting for Florida school internal accounts as defined by Chapter 7 of the Florida Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools. Receivables and payables, accrued revenues and expenditures, and property and depreciation, if any, are not reflected. Consequently, these statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.



## **MONTCLAIR ELEMENTARY SCHOOL**

### **Notes to Statement of Cash Receipts and Disbursements of the Internal Funds For the Year Ended June 30, 2008**

#### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

##### **Investments**

The School Board has the authority, under Florida Statute, Section 230.23(10)(k), to adopt policies pertaining to investment of school funds not needed for immediate expenditures. The intent is to maximize the yield on investments, with a minimum amount of risk. The schools have invested excess funds in savings and deposit accounts with Qualified Public Depositories and the Florida State Board of Administration (SBA), Local Government Investment Pool.

#### **NOTE 2 - CASH AND CASH EQUIVALENTS**

The June 30, 2008 cash balance, totaling \$ 40,394.09 consists of \$17,563.08 in a noninterest bearing checking account with Wachovia Bank, \$21,425.62 in an investment account with the Clay County School Board, and NSF checks receivable in the amount of \$1,405.39.

#### **NOTE 3 - INTEREST INCOME**

Interest earned on the investment account during the year ended June 30, 2008 was \$810.14. This represented a yield of approximately 3.85% for that period.



## DuVal & Company

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL ASSOCIATION

Mr. David L. Owens, Superintendent of Schools,  
Clay County, Florida  
Ms. Carol Vallencourt  
Ms. Carol Studdard  
Mr. Charles Van Zant, Sr.  
Mr. Wayne Bolla  
Ms. Lisa Graham

Honorable Members:

As requested by the Clay County School Board, listed below is a schedule of accounts payable and encumbrances for Montclair Elementary School at June 30, 2008.

<u>ACCOUNTS PAYABLE</u>	<u>\$0.00</u>
<u>ENCUMBRANCES</u>	<u>\$0.00</u>

The accounts payable and encumbrances above agree with the Principal's Monthly Report for June 30, 2008.

Auditing procedures as we considered necessary were applied to the verification of these accounts payable and encumbrances.

*DuVal & Company, CPA's, P.A.*  
DuVal & Company, CPA's, P.A.  
August 18, 2008



## DuVal & Company

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL ASSOCIATION

Mr. David L. Owens, Superintendent of Schools  
Clay County, Florida  
Ms. Carol Vallencourt  
Ms. Carol Studdard  
Mr. Charles Van Zant, Sr.  
Mr. Wayne Bolla  
Ms. Lisa Graham

Honorable Members:

In planning and performing our audit of the statement of receipts and disbursements of the internal funds of Montclair Elementary School for the year ended June 30, 2008, we considered its internal control structure in order to determine procedures for the purpose of expressing an opinion on the financial statement and not to provide assurance on the internal control structure. We did not note any matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement.

Some of the deficiencies reported in the prior year management letter appear to continue. We would like to point out the following items observed during our audit:

1. NSF check procedures do not appear to be followed. None of the NSF checks for the prior year or the current year have been redeposited. The likelihood of the NSF checks being collected diminishes over time.
2. Two (2) Principal's Monthly Reports were filed late.
3. During our cash receipts testing, several items were noted that need attention. During the test month the teacher's receipt number was not written on four (4) of the Report of Monies Collected forms. On two (2) occasions, the Report of Monies Collected was altered and not initialed by the faculty/sponsor, bookkeeper or principal.

4. During our cash testing, several deposits were identified as violating board policy. As a result, every deposit throughout the year was examined for compliance. The results of our testing indicated seven (7) deposits that contained money held over a weekend. In one case, a check received on August 16, 2007 in the amount of \$10,250 was held until August 24, 2007 before being deposited. This issue improved as the school year progressed, with the bulk of the violations happening in the first four months.

5. During the test month of cash disbursements, we found five (5) Request for Purchase Approval forms had been altered.

6. The school does not appear to be following board policy with respect to recording investment interest. According to the manual, the interest is to be recorded monthly. The school only recorded interest income three (3) times during the year.

Overall, we found the internal accounting records neat and orderly. We found that the procedures outlined in the Internal Funds Manual of the Clay County School Board were generally followed by the school with the exceptions noted above.

This report is intended solely for the information and use of the Clay County School Board management and others within the organization.

It has been a pleasure to have had the opportunity to serve the Clay County School Board during our audit. Should there be any questions concerning the above observations or any other matter, please contact us.

*DuVal & Company, CPAs, PA*

DuVal & Company, CPA's, P.A.

August 18, 2008



## Montclair Elementary School

2398 Moody Avenue

Orange Park, Florida 32073

Phone (904) 278-2030 • Fax (904) 278-2090

William Miller  
Principal

Tracy McLaughlin  
Assistant Principal

September 2, 2008

DuVal & Company, CPA's, P.A.,  
428 Walnut Street  
Green Cove Springs, FL 32043

CC: Roni Campbell  
Clay County School Board

Steve-

This is in response to the noted items in Montclair Elementary School's annual audit for the school year of 2007/2008.

1. We will start using Insuracheck in the 2008-2009 school year and work on collecting any outstanding checks that we have.
2. The August and September reports were indeed late, but no other ones were for the rest of the year. I will make it a priority to not be late anymore.
3. I will continue to remind the teachers to record the receipt number(s) on the monies collected form. Also, if a mistake is made on a form I will have the teacher redo the form instead of changing something on the form.
4. I will no longer leave money in the school over a weekend, and will go to the bank at least once a week.
5. I will make sure that if there are mistakes on the Request for Purchase Approval forms, that the teacher/sponsor fill out a new form instead of correcting the original forms.
6. I know that recording the interest has been a problem in the past, and will continue to work on this to make sure that it recorded each month.

We will continue to follow the procedures outline in the Internal Funds Manual of the Clay County School Board, and make every effort to correct the above.

Sincerely-

William Miller  
Principal

Stacia Nettles/Hood  
Principals Secretary/Bookkeeper

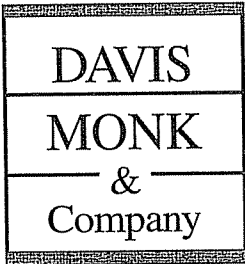
AUDIT REPORT  
MIDDLEBURG  
HIGH SCHOOL  
INTERNAL ACCOUNTS

JUNE 30, 2008

**Middleburg High School  
June 30, 2008**

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## Independent Auditors' Report

District School Board  
Clay County, Florida

We have audited the accompanying statement of cash receipts and disbursements of Middleburg High School Internal Accounts for the year ended June 30, 2008. This financial statement is the responsibility of the School Board's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 of the Notes to Financial Statement, the accompanying financial statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note 1 of the Notes to Financial Statement, the accompanying financial statement includes only the financial activities of the School internal accounts. The financial statement does not include other financial activities of the District School Board.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of Middleburg High School Internal Accounts for the year ended June 30, 2008, on the basis of accounting described in Note 1.

August 12, 2008  
Gainesville, Florida

*Members:*

CPAmerica International

Florida Institute of  
Certified Public Accountants

American Institute of  
Certified Public Accountants

Horwath International



**Statement of Cash Receipts and Disbursements  
For the Year Ended June 30, 2008  
Middleburg High School Internal Accounts**

	Cash Balances <u>July 1, 2007</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Interfund <u>Transfers</u>	Cash Balances <u>June 30, 2008</u>
Athletics	\$ 100,529	\$ 256,448	\$ 263,696	\$ 15,405	\$ 108,686
Music	2,966	52,317	67,064	14,654	2,873
Classes, Clubs & Departments	52,268	305,379	318,072	17,592	57,167
Trust	31,965	85,346	94,368	9,316	32,259
General	63,519	206,774	173,593	(36,024)	60,676
Outside Organizations	19,119	119,793	93,218	(20,943)	24,751
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>\$ 270,366</u>	<u>\$ 1,026,057</u>	<u>\$ 1,010,011</u>	<u>\$ -</u>	<u>\$ 286,412</u>

See accompanying notes.

**Notes to Financial Statement  
For the Year Ended June 30, 2008  
Middleburg High School Internal Accounts**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The accompanying financial statement includes the effects of transactions and balances relating exclusively to the internal account activities of Middleburg High School.

The financial statement does not include other financial activities of the Clay County District School Board.

**Basis of Accounting**

The accompanying financial statement is prepared on the cash basis of accounting and, therefore, reflects only cash received and disbursed. Receivables and payables, accrued revenues and expenditures, and property and depreciation, if any, are not reflected. Consequently, this statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

**NOTE 2 – CASH BALANCES**

The cash balance of \$286,412 at June 30, 2008, consists of \$36,774 being held in the checking account, \$249,558 invested with the State Board of Administration, and \$80 in checks returned by the bank for insufficient funds and awaiting redeposit.

**NOTE 3 – ACCOUNTS PAYABLE AND ENCUMBRANCES**

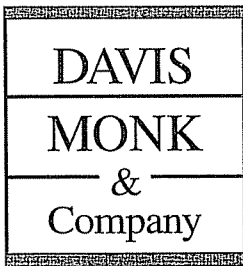
The following is a schedule of accounts payable at June 30, 2008.

<u>Vendor</u>	<u>Amount</u>
Varsity	\$ 8,538
City Electric	290
Home Depot	77
Office Depot	63
4 Imprint	879
Enterprise Leasing	868
Neff Company	735
Riddell	514
	<hr/>
TOTAL	\$ 11,964
	<hr/> <hr/>

The following is a schedule of encumbrances at June 30, 2008.

<u>Vendor</u>	<u>Amount</u>
Varsity	\$ 405
Pro Image	585
	<hr/>
TOTAL	\$ 990
	<hr/> <hr/>

**REPORT ON INTERNAL CONTROL / COMMUNICATION  
WITH THOSE CHARGED WITH GOVERNANCE**



Certified Public Accountants  
& Business Consultants

*A Partnership Consisting of  
Professional Associations*

*Gainesville*

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*St. Augustine*

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Suite 205A  
St. Augustine, Florida 32080  
Phone: (904) 471-3445  
Fax: (904) 471-3825

*Website:*

[www.davismonk.com](http://www.davismonk.com)

*Members:*

CPAmerica International

Florida Institute of  
Certified Public Accountants

American Institute of  
Certified Public Accountants

Horwath International

District School Board  
Clay County, Florida

We have audited the statement of cash receipts and disbursements of Middleburg High School Internal Accounts (the "School") for the year ended June 30, 2008, and have issued our report thereon dated August 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Report on Internal Control

In planning and performing our audit, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statement that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the School's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we noted the following matters which we feel should be brought to your attention.

- We noted certain instances in which the School did not adhere to disbursement procedures provided in the Internal Accounts Manual.
  - Prior approval for purchases was not always obtained. In some instances where reimbursements were processed, the original receipt date was prior to the purchase approval date.

- Internal Funds Purchase Requisitions did not indicate that items were received in good order.
- Checks did not always include two signatures.
- Disbursements were not always authorized by the principal

Greater care should be taken to ensure compliance with disbursement procedures established by the District School Board.

- We noted that the School does not adequately account for athletic tickets used during the school year. We recommend that the School use the Ticket Disbursement Sheets as prescribed by District policy. These forms should then be reconciled to the Master Ticket Inventory Log Sheet at regular intervals.
- We noted that funds collected during School hours were not always turned in to the bookkeeper on the same day the funds were collected. In some instances, funds were held for two to six days before being remitted to the bookkeeper. Greater care should be taken to ensure teachers/sponsors adhere to collection procedures established by the District School Board.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statement prepared by management with your oversight is fairly presented, in all material respects. Our audit of the financial statement does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing that were previously communicated.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used 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. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statement in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates significantly affecting the financial statement.

The disclosures in the financial statement are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement discloses that the financial statement is prepared using the cash basis of accounting.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement 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 from management that are included in the management representation letter.

*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 financial statement or a determination of the type of auditor's opinion that may be expressed on the 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 auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

We wish to take this opportunity to thank the principal and her staff for the cooperation and courtesies extended during our audit. We have sincerely enjoyed our association with the Clay County District School Board and look forward to a continuing relationship.

Please feel free to contact us if you have any questions or comments concerning the audit or other matters.

*Davis, Monk & Company*

August 12, 2008  
Gainesville, Florida



# MIDDLEBURG HIGH SCHOOL

3750 County Road 220

MIDDLEBURG, FLORIDA 32068

PHONE: 904/291-5450

DAVID S. BROSKIE  
PRINCIPAL

August 15, 2008

Davis, Monk & Company  
Certified Public Accountants  
P.O. Box 13494  
Gainesville, FL 32604

Gentlemen:

We have reviewed the management letter for our 2007-08 audit.

Every care will be taken to follow the collection and disbursement procedures set forth in the Clay County School Board Internal Accounts Manual.

Greater care will be taken to ensure that two signatures are on each and every check written.

Every effort will be taken to follow the procedures for inventory of tickets

Sincerely,

A handwritten signature in cursive script that reads "David S. Broskie".

David S. Broskie  
Principal



**McRae Elementary School**  
**Statement of Cash Receipts**  
**and**  
**Disbursements of the**  
**Internal Funds**  
**June 30, 2008**

**McRae Elementary School  
Statement of Cash Receipts  
and  
Disbursements of the  
Internal Funds**

**June 30, 2008**

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## Independent Auditors' Report

Mr. David L. Owens, Superintendent of Schools,  
Clay County, Florida  
Ms. Carol Vallencourt  
Ms. Carol Studdard, Chairman  
Mr. Charles Van Zant, Jr.  
Mr. Wayne Bolla  
Ms. Lisa Graham

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of McRae Elementary School for the year ended June 30, 2008. This financial statement is the responsibility of the Clay County School Board. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the policy of the school is to prepare its financial statement on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the internal funds of McRae Elementary School for the year ended June 30, 2008, on the basis of accounting described in Note 1.

*DDF CPA Group*

August 20, 2008

*ddfcpa.com*

- P.O. Box 996, Starke, Florida 32091  
107 Edwards Road, Starke, Florida 32091 | tel 904.964.7404 toll 800.771.7404 fax 904.964.6583
- P.O. Box 9089, Orange Park, Florida 32006  
4729 US Highway 17 S, Suite 204, Orange Park, Florida 32003 | tel 904.264.9768 toll 866.811.9701 fax 904.269.7091

**McRae Elementary School**  
**Statement of Cash Receipts and Disbursements of the Internal Funds**  
**As of and for the Fiscal Year Ended June 30, 2008**

	<u>Balances</u> <u>July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Balances</u> <u>June 30, 2008</u>
Music	\$ 338.77	\$ 722.60	\$ 623.30	\$ (337.60)	\$ 100.47
Classes, clubs and departments	8,544.03	44,499.93	40,356.62	(9.59)	12,677.75
Trust	3,631.63	18,025.72	17,799.20	373.06	4,231.21
General	13,766.34	21,895.10	21,131.20	205.88	14,736.12
Outside organizations	<u>1,111.60</u>	<u>17,143.12</u>	<u>16,780.29</u>	<u>(231.75)</u>	<u>1,242.68</u>
<b>Total</b>	<u>\$ 27,392.37</u>	<u>\$ 102,286.47</u>	<u>\$ 96,690.61</u>	<u>\$ --</u>	<u>\$ 32,988.23</u>

The accompanying "Notes to the Statement of Cash Receipts and Disbursements" form an integral part of this statement.

**McRae Elementary School**  
**Notes to Statement of Cash Receipts and Disbursements**  
**As of and for the Fiscal Year Ended June 30, 2008**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

The accompanying statement of cash receipts and disbursements of the internal funds include the effects of transactions and balances relating to the internal accounts of McRae Elementary School (the School) within the Clay County, Florida school system.

The accompanying financial statement is not intended to be a complete presentation of all the internal account activities of the school system because this financial statement only includes the accounts at McRae Elementary School.

The Florida Department of Education and Clay County District Schools have established rules and regulations concerning the administration of internal accounts. These rules and regulations state how the internal accounts will be organized, accounted for and reported.

The internal account balances and transactions are includable as an agency fund on the Clay County District School's Annual Financial Report. Transactions and balances relating to cafeteria food costs, supplies, staff salaries and benefits are not included in the accompanying financial statement because they are accounted for by the Clay County District School Board.

**Basis of accounting**

The accompanying financial statements are prepared on the cash basis of accounting and, therefore, reflect only cash received and disbursed. Such basis is a generally accepted basis of accounting for Florida school internal accounts as defined by Chapter 7 of the Florida Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools. Receivables and payables, accrued revenues and expenditures, and property and depreciation, if any, are not reflected. Consequently, these statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

**Note 2 - Cash and Cash Equivalents**

The June 30, 2008 cash balance, totaling \$32,988.23, consisted of \$17,830.55 in a non-interest bearing checking account with M & S Bank and \$14,473.30 in an investment account with the Clay County School Board. The school board invests its funds with the SBA. The remaining \$684.38 is for checks returned for insufficient funds during the school year. The School does not expect to collect a majority of the returned checks. The School is in the process of getting approval to write off the uncollectible balance.

**Note 3 - Interest Income**

The School earned \$547.25 in interest in the investment account with the Clay County School Board. This represents a yield of approximately 3.84 percent during that period for monies invested with the SBA.

**Note 4 - Investments**

The School Board has the authority, under Florida Statute, Section 230.23(10)(k), to adopt policies pertaining to investment of school funds not needed for immediate expenditures. The intent is to maximize the yield on investments, with a minimum amount of risk. The schools have invested excess funds in savings and deposit accounts with Qualified Public Depositories and also with the Florida State Board of Administration (SBA), Local Government Surplus Funds Trust Fund (LGSF).

**McRae Elementary School**  
**Notes to Statement of Cash Receipts and Disbursements**  
**As of and for the Fiscal Year Ended June 30, 2008**  
**(Concluded)**

**Note 4 – Investments (concluded)**

In accordance with GASB Statements No. 40, as of June 30, 2008, the School had the following investment:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration - LGSF	20 Day Average	\$14,473

*Interest Rate Risk.* The District School Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The District School Board policy limits investments to the Local Government Surplus Funds Trust Fund or other intergovernmental investment pool; interest-bearing time deposits or savings accounts held in qualified public depositories.

As of June 30, 2008, the Schools invested money in the Local Government Surplus Funds Trust Fund investment pool (LGIP). The LGIP is considered a SEC 2a7-like fund and the account balance equals the fair value. The LGIP is rated by Standard and Poors and the current rating is AAAM.

The Schools did not have any investments in the Fund B Surplus Funds Trust Fund. The Fund B investments are not rated by any nationally recognized statistical rating agency.



**Schedule of Accounts Payable and Encumbrances**

Mr. David L. Owens, Superintendent of Schools,  
Clay County, Florida  
Ms. Carol Vallencourt  
Ms. Carol Studdard, Chairman  
Mr. Charles Van Zant, Jr.  
Mr. Wayne Bolla  
Ms. Lisa Graham

Honorable Members:

As requested by the Clay County School Board, we reviewed and tested the accounts payable and encumbrances for McRae Elementary School at June 30, 2008. The School reported to us in the following schedule the accounts payable and encumbrances at fiscal year end.

<b>Vendor</b>	<b>Amounts</b>
<b>Accounts Payable</b>	
Book Bonanza	<u><u>\$ 223.11</u></u>
<b>Encumbrances</b>	
None	<u><u>\$ -</u></u>

The accounts payable does agree with the Principal's Report for June 30, 2008.

Such auditing procedures as we considered necessary were applied to the verification of these accounts payable and encumbrances. The above accounts payable and encumbrances were not paid during the year ended June 30, 2008 and, accordingly, were not included in the statement of cash receipts and disbursements of the internal funds for the year then ended.

*DDF CPA Group*

August 20, 2008



## Independent Auditors' Report on Internal Control Over Financial Reporting

Mr. David L. Owens, Superintendent of Schools,  
Clay County, Florida  
Ms. Carol Vallencourt  
Ms. Carol Studdard, Chairman  
Mr. Charles Van Zant, Jr.  
Mr. Wayne Bolla  
Ms. Lisa Graham

Honorable Members:

In planning and performing our audit of the statement of cash receipts and disbursements of the internal funds of McRae Elementary School (the School) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statement of cash receipts and disbursements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

- The Internal Accounts Manual of the Clay County School Board requires monies collected by sponsors to be turned in to the office on the same day as funds are collected. We noted that the PFA collected \$4,320 from the sale of spirit cups were turned in to the School three days after they were collected.

The Internal Accounts Manual requires receipts to be deposited within five business days; however, monies are not to be kept by the School over the weekend. We noted that the receipts for the PFA fund raiser noted above were kept over the weekend. In addition, the School collections from May 9<sup>th</sup> through May 16<sup>th</sup> were kept over the weekend before being deposited. In fact, the monies collected on May 9<sup>th</sup> were held by the School over two weekends. We recommend that bank deposits are made timely accordance with the school district manual.

- The School held a few fundraisers throughout the school year. When reviewing the fundraising forms we noted the majority of forms did not have the inventory section filled in. The inventory section is used to help verify that the products sold and the monies collected are correct. We recommend that the School enforce the established policy of the Clay County School Board and require teachers and sponsors to properly complete fundraising forms, including the inventory section.



A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

- The Internal Accounts Manual of Clay County School Board requires purchases to be approved prior to teachers and sponsors spending internal funds. We noted a few disbursements that were approved by the principal after the items were ordered and sometimes received. We recommend that purchase orders are filled out and requests are approved prior to internal funds being obligated in the School name as stated in the internal funds manual.

This communication is intended solely for the information and use of management of the Clay County District Schools, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not, however, intended to limit the distribution of this report, which, upon acceptance, is a matter of public record.

We wish to take this opportunity to thank the Principal, bookkeeper and staff for their cooperation and courtesies extended to us during our examination. We appreciate the opportunity to be of service to the Clay County District Schools and look forward to a continuing relationship.

Please feel free to contact us if you have any questions or comments concerning the audit or other matters.

*DDF CPA Group*

August 20, 2008

# *McRae Elementary School*

*"Home of the Mavericks"*

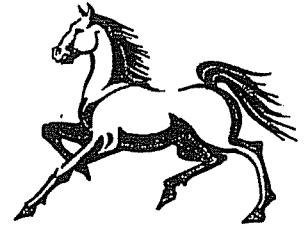
*6770 County Road 315C  
Keystone Heights, Florida 32656*

*Phone: 352-473-5686*

*Fax: 352-473-5148*



*Marcus Dooley  
Principal*



*Vicki Chappell  
Assistant Principal*

September 02, 2008

DDF PA Group  
4729 US Highway 17, South  
Suite 204  
Orange Park, FL 32003

Dear Mr. Coleman:

This is the response to the 2008 audit of the internal accounts for McRae Elementary School completed by your firm.

Deficiency #1:

Through training now required by the internal accounts manual and evidenced by the signed Training Acknowledgment form, PFA board members have been apprised of the requirement that monies collected must be turned into the bookkeeper on a daily basis.

Deficiency #2:

Requirements of the internal accounts manual in regards to receipts being deposited within five days and not held over the weekend were discussed with the bookkeeper and procedures were put into place that would allow for another employee to prepare and take the deposit to the bank in the event of the bookkeeper's absence.

Deficiency #3:

At the grade level meetings with teachers and training conducted with non school board employees, the necessity of inventory control and tracking of products on the fundraising form were discussed and the importance stressed.

*"An Equal Opportunity Employer"*

Deficiency #4:

The "Request for Purchase Approval and Check Requisition" form was reviewed at grade level meetings and training for non school board employees. It was reiterated that teachers and sponsors must obtain prior approval before funds are obligated.

Thank you for your efforts in providing McRae with recommendations that will improve the efficiency of our internal accounts.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcus Dooley". The signature is fluid and cursive, written in a dark ink on a white background.

Marcus Dooley  
Principal

MD/ac

Cc: Roni Campbell