

Green Cove Springs Junior High School

**Statement of Cash Receipts and Disbursements
of the Internal Funds**

For the Year Ended June 30, 2010

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John A. Adams, CPA
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Members:
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Independent Auditors' Report

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

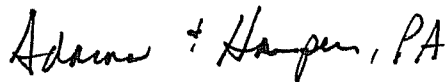
Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Green Cove Springs Junior High School for the year ended June 30, 2010. This financial statement is the responsibility of the School'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, 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 accounting principles generally accepted in the United States of America.

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 Green Cove Springs Junior High School for the year ended June 30, 2010, on the basis of accounting described in Note 1.



Adams & Harper, PA
Certified Public Accountants
August 11, 2010

**Green Cove Springs Junior High
Statement of Cash Receipts and Disbursements
of the Internal Funds
For the Year Ended June 30, 2010**

	Cash Balance July 1, 2009	Transactions			Cash Balance June 30, 2010
		Receipts	Disburse- ments	Transfers	
Athletics	\$ 28,083.61	\$ 84,348.10	\$ (84,214.14)	\$ (983.01)	\$ 27,234.56
Music Classes, Clubs,	7,035.09	2,115.39	(4,537.71)	50.76	4,663.53
Departments	11,226.94	39,119.96	(38,328.36)	(841.18)	11,177.36
Trust	16,588.49	25,557.58	(17,999.94)	(9,723.79)	14,422.34
General	13,143.07	5,881.64	(17,934.68)	11,497.22	12,587.25
Total	\$ 76,077.20	\$ 157,022.67	\$ (163,014.83)	\$ -	\$ 70,085.04

See accompanying notes and independent auditors' report

**Green Cove Springs Junior High School
Notes to Statement of Cash Receipts
and Disbursements of the Internal Funds
For the Year Ended June 30, 2010**

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 Green Cove Springs Junior High 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 Green Cove Springs Junior High 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.

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 classified as cash equivalents, consisting of the State Board of Administration Local Government Surplus Trust Funds Investment Pool, which effective July 1, 2009, became known as Florida PRIME.

An investment in Florida PRIME is not insured or guaranteed by any government or government agency. Such investments are considered a contingent risk under generally accepted accounting principles.

Notes to Statement of Cash Receipts and Disbursements of the Internal Funds
Page 2

Note 2 - Cash

The June 30, 2010, ending cash balance of \$ 70,085.04 consists of \$ 44,846.35 held in the School's checking account (insured by the Federal Deposit Insurance Corporation (FDIC)), \$ 25,203.69 held in an investment account with Florida PRIME, as described in Note 1, and \$ 35.00 in NSF checks.

Note 3 - Interest Income

Investment interest was earned on amounts invested with Florida PRIME, as described in Note 1, in the amount of \$ 72.33, representing an annual yield of approximately 0.29%.

Note 4 – Subsequent Events

The School has evaluated subsequent events through August 11, 2010, the date of the independent auditors' report. There were no material subsequent events to report.

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Schedule of Accounts Payable and Encumbrances

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida

Ms. Carol Studdard

Mr. Charles Van Zant, Jr.

Ms. Carol Vallencourt

Ms. Lisa Graham

Mr. Frank Farrell

Honorable Members:

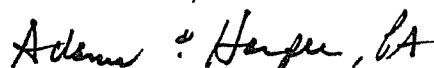
In accordance with the instructions prepared by the Clay County School Board, listed below is a schedule of the accounts payable and encumbrances at June 30, 2010 of the Green Cove Springs Junior High School internal funds as reported to us by the school.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of accounts payable and encumbrances. The accounts payable and encumbrances were not paid during the 2009-2010 fiscal year, and accordingly, are not recorded on the statement of receipts and disbursements of the internal funds of Green Cove Springs Junior High School for the year ended June 30, 2010.

<u>Accounts Payable</u>	<u>Vendor</u>	<u>Amount</u>
	Varsity Spirit Fashions	\$ 9,067.06
	Home Depot	141.10
	TOTAL	\$ 9,208.16

<u>Encumbrances</u>	<u>Vendor</u>	<u>Amount</u>
	Riddell	\$ 1,800.00
	Varsity Spirit	71.49
	TOTAL	\$ 1,871.49

The above accounts payable and encumbrances amounts agree with the Principal's Monthly Report as of June 30, 2010.



Adams & Harper, PA
Certified Public Accountants
August 11, 2010

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Independent Auditors' Report on the Internal Control Structure and Other Matters

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

Honorable Members:

In planning and performing our audit of the financial statement of Green Cove Springs Junior High School (the "School") as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, 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.

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. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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 statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the following to be a significant deficiency in internal control.

- Our audit revealed that incompatible employee responsibilities were not always segregated. For example, an employee who maintains the accounting records also handles cash, prepares receipts and the bank deposit, and reconciles the bank statement.

While we acknowledge that personnel may not always be available to permit an acceptable separation of duties and responsibilities, we think it is important to make you aware of this condition.

We also wish to inform you that we discovered many compliance violations (listed below) and accordingly, we recommend you note these violations and take mitigating actions to improve the general environment and climate of your operations. Without more attention by your staff and your accountant (bookkeeper) to the compliance requirements as described in the Internal Accounts Manual, you are increasing your risk that errors or other more serious actions may occur and not be detected in the normal course of your business. We encourage you to reinforce the importance of each staff person or teacher to follow the guidelines described in the Internal Accounts Manual and for you to train each person in the required steps of performance.

Listed below are the items we discovered which were not in accordance with the rules and regulations presented in the Internal Accounts Manual and the reason accompanying each violation.

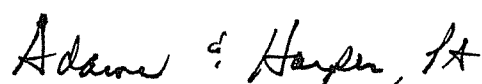
- One instance of teacher receipt date not matching the Report of Monies Collected date.
- One instance of teacher receipt number not noted on the Report of Monies Collected.
- One instance of funds held over the weekend.
- Five instances of fundraisers being improperly completed.
- Two instances of fundraisers not pre-approved.
- Four instances of ticket sales reports not properly completed.
- One instance of a sponsor paying officials cash from gate and concessions revenue.
- Two missing transfer forms.
- Three instances of minor discrepancies between documentation and general ledger information.
- One instance of no social security number noted on official payment forms.
- Master Ticket Inventory Log does not agree with Ticket Disbursement Logs.

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 recognize that the recordkeeping has shown significant improvements during the time we have been engaged to audit Green Cove Springs Junior High School. For example, when officials were paid cash from gate and concessions proceeds, the principal and bookkeeper took action by inquiring and counseling the sponsor. We feel that this response is appropriate and indicates the controls set forth are working appropriately.

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

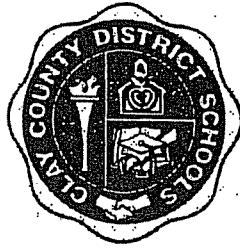
Please feel free to contact us if you have any questions or comments concerning our audit or other matters.



Adams and Harper, PA
Orange Park, FL
August 11, 2010

green cove springs junior high

DR. SARYN L. HATCHER
PRINCIPAL



MR. PAUL GOODIER
VICE PRINCIPAL

MS. DEBORAH FISH
ASST. PRINCIPAL


September 1, 2010

Mr. Gary Harper
Mr. John Adams

Green Cove Jr. High will continue to make every effort to insure that we abide by the rules and regulations in accordance with the District's Internal Accounts Manual reiterating the following:

- Receipt and Report of Monies collected date must be the same.
- If a receipt is issued the receipt number must be put on the Report of Monies Collected form
- Prior approval is required for fundraisers and forms must be completed properly
- Social Security number must be on official payment forms
- Ticket sales reports must be completed properly & Master Inventory Log should agree with the Ticket Disbursement Log.
- Policy for paying officials
- Completing transfer forms for each transaction
- Make sure that there are no discrepancies between documentation and general ledger information (Discrepancies did not exceed \$2.00)
- No funds are held over the weekend. (The 1 instance noted deposit did not balance and funds were placed in night deposit drop. The deposit was made the following week with normal weekly deposit.

A faculty and staff manuals has been created as a form of reference to assistant with policies and procedures.


Saryn Hatcher, Principal


Thawana Huggins, Bookkeeper

Grove Park Elementary School

Statement of Cash Receipts and Disbursements of the Internal Funds

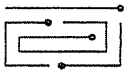
For the Year Ended June 30, 2010



Conner, Hubbard & Company, LLC
Certified Public Accountants
Orange Park, Florida

**GROVE PARK ELEMENTARY SCHOOL
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CONNER, HUBBARD & COMPANY, LLC
Certified Public Accountants

Taxation, Accounting, Pension Planning, and Business Counseling

INDEPENDENT AUDITORS' REPORT

Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Lisa Graham, Chairman
Mr. Frank Farrell, Vice-Chairman
Ms. Carol Vallencourt, Member
Ms. Carol Studdard, Member
Mr. Charles Van Zant, Jr., Member

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Grove Park Elementary School for the year ended June 30, 2010. This financial statement is the responsibility of the School's management. 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 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, this financial statement was prepared on the cash basis of accounting, 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 Grove Park Elementary School for the year ended June 30, 2010 on the basis of accounting described in Note 1.

Conner, Hubbard + Company, LLC

CONNER, HUBBARD & COMPANY, LLC
Certified Public Accountants

August 10, 2010

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GROVE PARK ELEMENTARY SCHOOL
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS
For the Year Ended June 30, 2010

	<u>Cash Balance July 1, 2009</u>	<u>Transactions</u>		<u>Transfers</u>	<u>Cash Balance June 30, 2010</u>
		<u>Receipts</u>	<u>Disbursements</u>		
Athletics	\$ -	\$ 240.00	\$ 225.00	\$ 5.00	\$ 20.00
Music	35.47	128.00	220.00	106.53	50.00
Classes, Clubs & Departments	6,127.17	14,734.84	18,602.36	1,332.85	3,592.50
Trust	7,654.98	16,980.84	15,572.98	(1,597.73)	7,465.11
General	2,561.18	6,885.54	9,242.35	1,154.76	1,359.13
Outside Organizations	6,248.69	18,989.78	14,349.91	(1,001.41)	9,887.15
	<u>\$ 22,627.49</u>	<u>\$ 57,959.00</u>	<u>\$ 58,212.60</u>	<u>\$ -</u>	<u>\$ 22,373.89</u>

See Independent Auditors' Report and Notes to Statement of Cash Receipts and Disbursements.

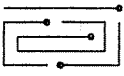
GROVE PARK ELEMENTARY SCHOOL

Notes to Statement of Cash Receipts and Disbursements
For The Year Ended June 30, 2010

NOTE 1 The School's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

NOTE 2 No interest was earned during the fiscal year ended June 30, 2010.

NOTE 3 The cash balance of \$22,373.89 at June 30, 2010, shown on the statement of cash receipts and disbursements consists of \$8,907.73 being held in the checking account and \$13,430.94 invested with the Clay County School Board. The remaining \$35.22 is NSF checks the bookkeeper intends to recover and has therefore not submitted for write-off as of June 30, 2010.



CONNER, HUBBARD & COMPANY, LLC
Certified Public Accountants

Taxation, Accounting, Pension Planning, and Business Counseling

Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Lisa Graham, Chairman
Mr. Frank Farrell, Vice-Chairman
Ms. Carol Vallencourt, Member
Ms. Carol Studdard, Member
Mr. Charles Van Zant, Jr., Member

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, listed below is a schedule of the accounts payable and encumbrances at June 30, 2010 of the Grove Park Elementary School internal funds as reported to us by the School.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of these accounts payable and encumbrances.

The zero balance of accounts payable and encumbrances agree with the June 30, 2010 Principal's Monthly Report.

Conner, Hubbard & Company, LLC

CONNER, HUBBARD & COMPANY, LLC
Certified Public Accountants

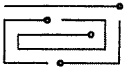
August 10, 2010

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CONNER, HUBBARD & COMPANY, LLC

Certified Public Accountants

Taxation, Accounting, Pension Planning, and Business Counseling

Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Lisa Graham, Chairman
Mr. Frank Farrell, Vice-Chairman
Ms. Carol Vallencourt, Member
Ms. Carol Studdard, Member
Mr. Charles Van Zant, Jr., Member

Honorable Members:

In planning and performing our audit of the statement of cash receipts and disbursements of the internal funds of Grove Park Elementary School for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control structure.

We would like to point out the following item noted during our audit:

We noted several minor isolated policy exceptions which have been discussed with the Principal and bookkeeper.

The internal funds accounting records were overall very neat and orderly. We also found that the procedures outlined in the Internal Funds Manual of the Clay County School Board were substantially followed by the School.

We commend the Principal and the bookkeeper for an excellent job. It has been a pleasure to have this opportunity to serve you.

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

CONNER, HUBBARD & COMPANY, LLC
Certified Public Accountants

August 10, 2010

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☐ 212 North Davis Street
Nashville, Georgia 31639
(229) 686-9419

Grove Park Elementary School

Dream Big Dreams Do Great Things!



1643 Miller Street

Orange Park, FL 32073

Main Office: 278-2010 Fax Number: 278-2015

Lynda Braxton
Principal

Anthony Bradley
Assistant Principal

August 11, 2010

Conner, Hubbard & Company, LLC
1106 Park Avenue
Orange Park, FL 32073

Dear Mr. Hubbard,

Thank you for your thorough audit of the internal funds of Grove Park Elementary School. We have reviewed the report and are in agreement with the findings. We are pleased that we are in compliance with procedures outlined by the Clay County School Board.

We thank you for recognizing the efforts of the Principal and the bookkeeper. Mr. Wiley was very helpful verifying information and maintaining an open communication with the school.

We appreciate your guidance insuring that we are following the proper procedures outlined in the Clay County School Board Internal Funds Manual.

Sincerely,

A handwritten signature in cursive script that reads "Lynda C. Braxton".

Lynda C. Braxton
Principal

S. BRYAN JENNINGS ELEMENTARY SCHOOL

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

For The Year Ended June 30, 2010

Steven W. Keenan, CPA
Certified Public Accountant

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Steven W. Keenan, CPA
Certified Public Accountant

STEVEN W. KEENAN, CPA
Certified Public Accountant

673 Kingsley Avenue
Orange Park, FL 32073

Mansard Place

Telephone (904) 579-4323
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INDEPENDENT AUDITOR'S REPORT

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

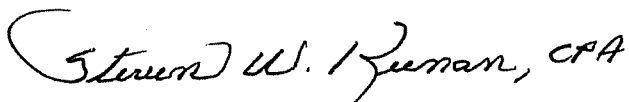
Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of S. Bryan Jennings Elementary School for the year ended June 30, 2010. This financial statement is the responsibility of the School'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 statement of cash receipts and disbursements are 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 presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the cash basis of accounting, 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 S. Bryan Jennings Elementary School for the year ended June 30, 2010, on the basis of accounting described in Note 1.


Steven W. Keenan, CPA
August 12, 2010

S. BRYAN JENNINGS ELEMENTARY

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE INTERNAL FUNDS
For the year Ended June 30, 2010

	Cash	Transactions			Cash
	Balance July 1, 2009	Receipts	Disburse- ments	Transfers	Balance June 30, 2010
Music	\$ 160.97	\$ 147.00	\$ 304.48	\$ -	\$ 3.49
Classes, Clubs, Departments	3,353.07	13,139.23	12,197.77	(332.00)	3,962.53
Trust	7,818.15	12,699.12	13,006.16	925.80	8,436.91
General	10,302.87	11,477.60	19,486.95	(140.00)	2,153.52
Outside Organizations	3,903.56	11,360.42	8,028.74	(453.80)	6,781.44
Total	\$ 25,538.62	\$ 48,823.37	\$ 53,024.10	\$ -	\$ 21,337.89

See accompanying notes and independent auditor's report.

S. BRYAN JENNINGS ELEMENTARY SCHOOL

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS

For The Year Ended June 30, 2010

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 account of S. Bryan Jennings 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 S. Bryan Jennings Elementary.

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 included as an agency fund on the Clay County District School's Annual Financial Report. Transactions and balances relating to cafeteria 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 method 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

The June 30, 2010, total cash balance of \$21,337.89 as reported on the statement of cash receipts and disbursements consists of \$161.82 being held in a non interest bearing checking account insured by the FDIC, \$21,176.07 held in an investment account with the Clay County School and no uncollected NSF checks.

NOTE 3 Interest Income

Interest was earned on amounts invested through the Clay County School Board in the amount of \$60.78. This represents a yield of approximately .3 percent.

STEVEN W. KEENAN, CPA
Certified Public Accountant

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Orange Park, FL 32073

Mansard Place

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Facsimile (904) 579-4294

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, S. Bryan Jennings Elementary School reported the following accounts payable and encumbrances as of June 30, 2010:

Accounts Payable

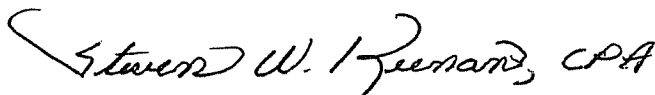
None

Encumbrances

None

The above accounts payable list agrees with the Principals Report as of June 30, 2010. Encumbrances are not included in the Principals Report.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of accounts payable and encumbrances. These accounts payable and encumbrances were not paid during the 2009-2010 fiscal year and accordingly, are not recorded on the statement of cash receipts and disbursements of the internal accounts of S. Bryan Jennings Elementary School for the year ended June 30, 2010.



Steven W. Keenan, CPA
August 12, 2010

STEVEN W. KEENAN, CPA

Certified Public Accountant

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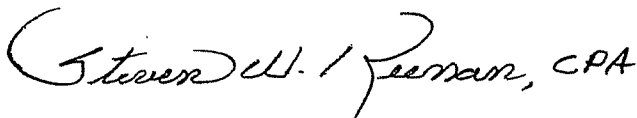
Honorable Members:

In planning and performing our audit of the statement of cash receipts and disbursements of the internal funds of S. Bryan Jennings Elementary School for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control structure. 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 judgement, could adversely affect the organization's ability to record, process or report financial data consistent with the assertions of management in the financial statement.

During our audit, we found no items that needed to be brought to your attention. The discrepancies noted in the prior year audit were corrected.

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

We would like to thank the Principal, bookkeeper and staff for their expeditious cooperation and courtesy extended to us during the audit. The school records were neat and orderly and we found that, overall, procedures established by the Internal Accounts Manual were followed by the school. It has been a pleasure to serve the Clay County School Board during our audit. Please feel free to contact us with any questions or comments concerning the audit.



Steven W. Keenan, CPA
August 12, 2010

S. Bryan Jennings Elementary School

215 Corona Drive – Orange Park, FL 32073

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www.clay.k12.fl.us/sbj

Fax: (904) 213-3014

Dr. Michael Henry
Principal

Ms. Tiffany R. Outman
Assistant Principal

August 19, 2010

Steven W. Keenan, CPA
673 Kingsley Avenue
Orange Park, FL 32073

Dear Mr. Keenan:

I am responding to your audit report dated August 12, 2010, for the internal funds of S. Bryan Jennings Elementary School for the 2009-2010 school year. We are pleased to have received such positive comments regarding the “exceptional” condition of our internal accounts records.

It was also good to hear that you had no comments to report on our audit.

The bookkeeper and I are committed to following appropriate and responsible internal funds accounting procedures as outlined by the Clay County School Board.

Thank you for your thorough audit of our procedures.

Sincerely,

Michael S. Henry, Ph.D.
Principal

sam

cc: R. Campbell ✓

Keystone Heights Elementary School

**Statement of Cash Receipts and Disbursements
of the Internal Funds**

For the Year Ended June 30, 2010

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Independent Auditors' Report

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

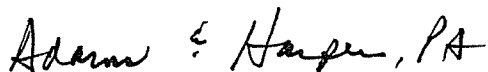
Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Keystone Heights Elementary School for the year ended June 30, 2010. This financial statement is the responsibility of the School'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, 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 accounting principles generally accepted in the United States of America.

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 Keystone Heights Elementary School for the year ended June 30, 2010, on the basis of accounting described in Note 1.



Adams & Harper, PA
Certified Public Accountants
August 11, 2010

**Keystone Heights Elementary
Statement of Cash Receipts and Disbursements
of the Internal Funds
For the Year Ended June 30, 2010**

	Cash Balance July 1, 2009	Transactions			Cash Balance June 30, 2010
		Receipts	Disburse- ments	Transfers	
Music	\$ 349.67	\$ -	\$ (264.34)	\$ (29.38)	\$ 55.95
Classes, Clubs, Departments	16,020.32	58,346.10	(67,961.75)	2,878.24	9,282.91
Trust	3,917.11	29,032.16	(27,802.39)	(580.72)	4,566.16
General	22,889.18	11,141.05	(11,496.11)	(1,199.14)	21,334.98
Outside Funds	2,106.01	3,796.15	(3,509.02)	(1,069.00)	1,324.14
Total	\$ 45,282.29	\$ 102,315.46	\$ (111,033.61)	\$ -	\$ 36,564.14

See accompanying notes and independent auditors' report

**Keystone Heights Elementary School
Notes to Statement of Cash Receipts
and Disbursements of the Internal Funds
For the Year Ended June 30, 2010**

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 Keystone Heights 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 Keystone Heights 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.

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 classified as cash equivalents, consisting of the State Board of Administration Local Government Surplus Trust Funds Investment Pool, which effective July 1, 2009, became known as Florida PRIME.

An investment in Florida PRIME is not insured or guaranteed by any government or government agency. Such investments are considered a contingent risk under generally accepted accounting principles.

Note 2 - Cash

The June 30, 2010, ending cash balance of \$ 36,564.14 consists of \$ 23,771.71 held in the School's interest bearing checking account (insured by the Federal Deposit Insurance Corporation (FDIC)) and \$ 12,756.43 held in an investment account with the Clay County School Board, and \$ 36.00 representing uncollected NSF checks.

Note 3 - Interest Income

Investment interest was earned on amounts invested with Florida PRIME, as described in Note 1, in the amount of \$ 74.29, representing an annual yield of approximately .29%. Interest was earned on the school's checking account in the amount of \$ 238.72 representing an annual yield of approximately 1.08%.

Note 4 – Subsequent Events

The School has evaluated subsequent events through August 11, 2010, the date of the auditors' report. There were no material subsequent events to report.

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Schedule of Accounts Payable and Encumbrances

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida

Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, listed below is a schedule of the accounts payable and encumbrances at June 30, 2010 of Keystone Heights Elementary School's internal funds as reported to us by the school.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of accounts payable and encumbrances. The accounts payable and encumbrances were not paid during the 2009-2010 fiscal year, and accordingly, are not recorded on the statement of receipts and disbursements of the internal funds of Keystone Heights Elementary School for the year ended June 30, 2010.

The above accounts payable and encumbrances amounts agree with the Principal's Monthly Report as of June 30, 2010.

<u>Accounts Payable</u>	<u>Vendor</u>	<u>Amount</u>
	Clay County School Board	\$ 566.39
	TOTAL	\$ 566.39

<u>Encumbrances</u>	<u>Vendor</u>	<u>Amount</u>
	Gov Connection	\$ 68.01
	Office Depot Corporate Offices	1,528.50
	TOTAL	\$ 1,596.51

Adams & Harper, PA

Adams & Harper, PA
Certified Public Accountants
August 11, 2010

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Independent Auditors' Report on the Internal Control Structure and Other Matters

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

Honorable Members:

In planning and performing our audit of the financial statement of Keystone Heights Elementary School (the "School") as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, 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.

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. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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 statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the following to be a significant deficiency in internal control.

- Our audit revealed that incompatible employee responsibilities were not always segregated. For example, an employee who maintains the accounting records also handles cash, prepares receipts and the bank deposit, and reconciles the bank statement.

While we acknowledge that personnel may not always be available to permit an acceptable separation of duties and responsibilities, we think it is important to make you aware of this condition. During our audit we did notate that the School's bank deposits were validated by more than one School employee before being deposited which exceeds the requirements stated in the Internal Accounts Manual; however we believe further actions should be taken, if possible, to segregate duties beyond bank deposits only. We also wish to inform you that we discovered compliance violations (listed below) and accordingly, we recommend you note these violations and take mitigating actions to improve the general environment and climate of your operations. Without more attention by your staff and your accountant (bookkeeper) to the compliance requirements as described in the Internal Accounts Manual, you are increasing your risk that errors or other more serious actions may occur and not be detected in the normal course of your business. We encourage you to reinforce the importance of each staff person or teacher to follow the guidelines described in the Internal Accounts Manual and for you to train each person in the required steps of performance.

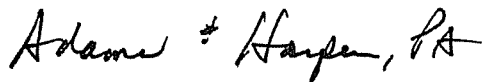
Listed below are the items we discovered which were not in accordance with the rules and regulations presented in the Internal Accounts Manual and the reason accompanying each violation.

- Three instances of deposits being held over the weekend without documentation of a bank night drop.
- One instance of a teacher losing her receipt book.
- Three instances of missing fundraiser numbers on the Report of Monies Collected.
- Two instances of teacher receipts being altered instead of voided.
- One instance of incorrect dates reported on the Report of Monies Collected or teacher receipt.
- Two instances of totals from teacher receipts listed not matching the total from the Report of Monies Collected.
- Two instances of the General Ledger not agreeing with the financial recaps.
- One instance of a missing fundraiser application.

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 your school and look forward to a continuing relationship.

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



Adams and Harper, PA
Orange Park, FL
August 11, 2010

KEYSTONE HEIGHTS ELEMENTARY SCHOOL
“Where Every Kid Is A Winner”

MARY S. MIMBS
Principal

ANGELA M. GENTRY
Assistant Principal

September 2, 2010



MELBA B. JOHNSON
Guidance Counselor

CODY M. CLARK
Guidance Counselor

Mr. Joey Bryan, CPA
Adams & Harper, PA
1665 Kingsley Avenue - Suite 100
Orange Park, FL 32073

Dear Mr. Bryan:

This letter is being written in response to the Independent Auditor's Report received during our school's exit interview on Tuesday, August 25, 2009. We have reviewed all comments very carefully and listed below are our responses.

Independent Auditor's Report on the Internal Control and Other Matters: Segregation of responsibilities has been thoroughly discussed at our District Bookkeepers' Meetings. It is virtually impossible to implement this "perfect system". However, as noted in your report, KHES has followed suggested CCSB Business Affairs Guidelines to have additional personnel to verify all monies collected forms with the sequential list of receipts. The calculator tape and deposit ticket are also attached to these documents for review by the Principal, Assistant Principal, School Secretary, or the School Records Secretary. Their initials appear on bank deposit slips. Keystone Heights Elementary School will continue to follow this procedure for all monies collected and deposited.

1. One instance where the Report of Monies Collected had been altered without being initialed: The importance of initialing errors has been discussed thoroughly in preceding years. Again, this point was stressed during this year's Pre-Planning. The bookkeeper explained to the Faculty and Staff that in the event the monies collected form had errors which were not initialed prior to turning it in, they would be asked to re-do the monies collected form.
2. Three instances of deposits being held over the weekend without documentation of a bank night drop: Every effort will be made to provide the "Bank Hold Bags" for documentation purposes for bank night drops over the weekend.
3. One instance of a teacher losing her receipt book. The teacher in question provided a written letter regarding her lost receipt book. This matter was reported by the teacher to the Principal and Bookkeeper in a timely manner.
4. Three instances of missing Fundraiser Numbers on the Report of Monies Collected. A careful review of each Report of Monies Collected that references a Fundraiser will be conducted throughout the year. Each monies collected as well as all disbursements as it relates to Fundraisers will reference the Fundraiser Number and highlight the number for accuracy and convenience.
5. Two instances of teacher receipts being altered instead of voided. Clarification on these two occurrences were asked by the Bookkeeper to the Auditors and on both occasions the alteration involved a correction of the date(s) on the wrong line and the numerical month recorded on the receipt. None of the alterations noted involved the name of the payee or the amount paid. For these minor alterations, it was our understanding that this was permitted as long as the teacher initialed the change. However, all faculty and staff who are in possession of receipt books have been instructed this year that even the smallest error requires a voided receipt and a new one re-issued. This procedure is has been thoroughly covered in our Faculty and Staff Handbook and discussed during Pre-Planning. To ensure that correct guidelines and procedures are followed for voiding and re-issuing receipts, it will be required for all teachers to turn in their receipt book with the monies collected and the monies collected form.

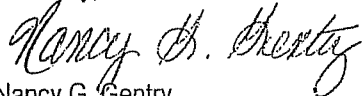
This procedure is has been thoroughly covered in our Faculty and Staff Handbook and discussed during Pre-Planning. To ensure that correct guidelines and procedures are followed for voiding and re-issuing receipts, it will be required for all teachers to turn in their receipt book with the monies collected and the monies collected form.

6. Two instances of incorrect dates reported on the Report of Monies Collected or teacher receipt. The importance of accurately recording correct dates on the Report of Monies Collected and the receipt has been discussed with each teacher and staff member. As monies collected are turned in for verification, the Bookkeeper will check to make sure that all dates are recorded correctly.
7. Two instances of totals from teacher receipts listed not matching the total from the Report of Monies Collected. All monies collected will be checked for accuracy against the teacher receipts.
8. Two instances of the General Ledger not agreeing with the financial recaps. As done in previous years, the Bookkeeper will be provided a detailed financial report for sponsors of fundraisers to complete financial recaps for accuracy in reporting. Once the sponsor(s) have completed the financial re-cap for the fundraiser, another individual will be asked to verify the information submitted.
9. One instance of a missing fundraiser application. KHES annually conducts the "Jump Rope For Heart" which does not provided any financial benefit to the school. Since this was the case, a fundraiser form was not completed for this school-wide activity last year or in previous years. All fundraisers whether they financially benefit the school or not will have a completed fundraiser form on file.

Every year at Keystone Heights Elementary School, the Principal and Bookkeeper review all money issues with our faculty and staff at the beginning of each school year. Included in each employee's handbook are the guidelines covering monies collected, disbursements, fundraisers, etc. We will continue to work with our teachers and staff in following internal accounts guidelines throughout the year.


In closing, Keystone Heights Elementary School would like to thank you for the time and effort put forth in completing our audit. We look forward to working with you in the future.

Sincerely,



Nancy G. Gentry
Principal's Secretary and Bookkeeper

cc: Roni Campbell
Accounting and Internal Accounts Coordinator
Clay County School Board

Mary S. Mimbs 
Principal
Keystone Heights Elementary School

Keystone Heights Jr/Sr High School

**Statement of Cash Receipts and Disbursements
of the Internal Funds**

For the Year Ended June 30, 2010

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Independent Auditors' Report

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
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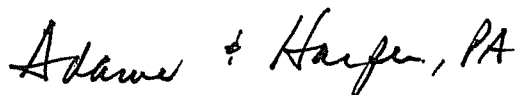
Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Keystone Heights Jr/Sr High School for the year ended June 30, 2010. This financial statement is the responsibility of the School'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, 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 accounting principles generally accepted in the United States of America.

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 Keystone Heights Jr/Sr High School for the year ended June 30, 2010, on the basis of accounting described in Note 1.



Adams & Harper, PA
Certified Public Accountants
August 9, 2010

**Keystone Heights Jr/Sr High School
Statement of Cash Receipts and Disbursements
of the Internal Funds
For the Year Ended June 30, 2010**

	Cash Balance July 1, 2009	Transactions			Cash Balance June 30, 2010
		Receipts	Disburse- ments	Transfers	
Athletics	\$ 47,610.13	\$ 209,247.28	\$ (223,747.35)	\$ 4,712.37	\$ 37,822.43
Music	814.40	4,871.61	(4,251.38)	694.50	2,129.13
Classes, Clubs, Departments	81,883.16	114,971.66	(120,425.64)	(1,115.94)	75,313.24
Trust	20,450.25	81,869.05	(69,505.77)	(14,694.11)	18,119.42
General	13,570.34	5,609.41	(27,068.88)	11,125.68	3,236.55
Outside Funds	4,941.17	12,866.21	(11,392.43)	(722.50)	5,692.45
Total	\$ 169,269.45	\$ 429,435.22	\$ (456,391.45)	\$ -	\$ 142,313.22

See accompanying notes and independent auditors' report

**Keystone Heights Jr/Sr High School
Notes to Statement of Cash Receipts
and Disbursements of the Internal Funds
For the Year Ended June 30, 2010**

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 Keystone Heights Jr/Sr High 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 Keystone Heights Jr/Sr High 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.

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 classified as cash equivalents, consisting of the State Board of Administration Local Government Surplus Trust Funds Investment Pool, which effective July 1, 2009, became known as Florida PRIME.

An investment in Florida PRIME is not insured or guaranteed by any government or government agency. Such investments are considered a contingent risk under generally accepted accounting principles

Notes to Statement of Cash Receipts and Disbursements of the Internal Funds
Page 2

Note 2 - Cash

The June 30, 2010, ending cash balance of \$ 142,313.22 consists of \$ 42,561.67 held in the School's checking account (insured by the Federal Deposit Insurance Corporation (FDIC)) and \$ 99,751.55 held in an investment account with Florida PRIME, as described in Note 1.

Note 3 - Interest Income

Investment interest was earned on amounts invested with Florida PRIME, as described in Note 1, in the amount of \$ 323.33, representing an annual yield of approximately .28%.

Note 4 – Subsequent Events

The School has evaluated subsequent events through August 9, 2010, the date of the independent auditors' report. There were no material subsequent events to report.

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Schedule of Accounts Payable and Encumbrances

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida

Ms. Carol Studdard

Mr. Charles Van Zant, Jr.

Ms. Carol Vallencourt

Ms. Lisa Graham

Mr. Frank Farrell

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, listed below is a schedule of the accounts payable and encumbrances at June 30, 2010 of the Keystone Heights Jr/Sr High School internal funds as reported to us by the School.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of accounts payable and encumbrances. The accounts payable and encumbrances were not paid during the 2009-2010 fiscal year, and accordingly, are not recorded on the statement of receipts and disbursements of the internal funds of Keystone Heights Jr/Sr High School for the year ended June 30, 2010.

<u>Accounts Payable</u>	<u>Vendor</u>	<u>Amount</u>
	Omni Cheer	\$ 2,044.75
	Varsity Cheer	36.75
	Locker Room	330.00
	TOTAL	\$ 2,411.50
<u>Encumbrances</u>	<u>Vendor</u>	<u>Amount</u>
	TOTAL	\$ -

The above accounts payable and encumbrances amounts agree with the Principal's Monthly Report as of June 30, 2010.

Adams & Harper PA

Adams & Harper, PA
Certified Public Accountants
August 9, 2010

ADAMS & HARPER, PA

Certified Public Accountants

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of Certified Public Accountants

Independent Auditors' Report on the Internal Control Structure and Other Matters

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

Honorable Members:

In planning and performing our audit of the financial statement of Keystone Heights Jr/Sr High School (the "School") as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Keystone Heights Jr/Sr High 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.

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. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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 statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the following to be a significant deficiency in internal control.

- Our audit revealed that incompatible employee responsibilities were not always segregated. For example, an employee who maintains the accounting records also handles cash, prepares receipts and the bank deposit, and reconciles the bank statement.

While we acknowledge that personnel may not always be available to permit an acceptable separation of duties and responsibilities, we think it is important to make you aware of this condition so you might be more cognizant of the need for proper oversight.

We also wish to inform you that we discovered many compliance violations (listed below) and accordingly, we recommend you note these violations and take mitigating actions to improve the general environment and climate of your operations. Without more attention by your staff and your accountant (bookkeeper) to the compliance requirements as described in the Internal Accounts Manual, you are increasing your risk that errors or other more serious actions may occur and not be detected in the normal course of your business. We encourage you to reinforce the importance of each staff person or teacher to follow the guidelines described in the Internal Accounts Manual and for you to train each person in the required steps of performance.

We would alert the readers of this report that several of the compliance violations listed below originated at the oversight level within the school administrative staff (we have highlighted some of these violations to better gain the reader's attention). In this context, the oversight level refers to the joint efforts of the principal and the bookkeeper for ensuring the proper utilization of the school's accounting function. Such evidence points to a greater concern on our part as auditors for the safeguarding of school assets and the appropriate reporting of school transactions.

Listed below are the items we discovered which were not in accordance with the rules and regulations presented in the Internal Accounts Manual (IAM) and the reason accompanying each violation. The following items provide an overview of areas that need attention during the next school year.

Disbursements

- **A sponsor received two reimbursements which were not appropriately substantiated. For example, one reimbursement was based upon a sales quote. No invoice or proof of payment was received from the sponsor. The other reimbursement was based on a sales quote and an invoice; however, the invoice showed that a family member paid for item, not the school sponsor. This sponsor in particular received an abnormal amount of reimbursements; more so than any other sponsor in the School. To avoid this, the School should refrain from writing reimbursement checks and pay the vendor directly, when possible.**
- **A difference in the bookkeeper's signature was noted on the Purchase Approval forms. The bookkeeper indicated that she had a student helper and represented that the student was observed (by the bookkeeper) when signing forms. While there is no mention of a student helper in the IAM, we believe it is appropriate for the student (even if signing forms on the bookkeeper's behalf) to be aware of the IAM policies and procedures and document that he has read such policies. In addition, the student should initial by the bookkeepers signature, when authorized, to indicate the signature was performed by someone other than the bookkeeper.**

Ticket Logs

- Our testing of ticket sales indicated that none of the ticket logs were properly completed. A different Ticket Disbursement Sheet should be used for each color of tickets, not for each sponsor as it was used for this fiscal year. Most importantly, the Master Ticket Inventory Sheet

was not complete. These incomplete forms make it impossible to trace back receipts from ticket sale events and confirm monies collected.

Accounts Payable

- The school entered into a loan agreement with the Clay County School Board on November 3, 2005 and April 18, 2007 in the amounts of \$38,600 and \$20,000, respectively. These loans were for the purchase of baseball lights and chairbacks for the football stadium. The outstanding balance on these loans as of June 30, 2009 was \$29,735, collectively. The loans were paid in full during 2009/2010 fiscal year.

The outstanding balances were not recorded as part of accounts payable in fiscal year 2008/2009. In addition, they were not recorded as accounts payable during 2009/2010 fiscal year on the Principal's Monthly Report. With this transaction being a material amount, it is important for the School to disclose all liabilities on the appropriate reports.

Below are other specific items found which were not in accordance with the requirements of the IAM.

- Three instances of monthly bank statements not being signed by principal.
- Three instances of funds held over the weekend.
- One Report of Monies Collected had an alteration with no initials.
- Five instances of no fundraiser number on the Report of Monies Collected.
- One instance of ticket beginning and ending numbers not agreeing to the number sold and ticket disbursement sheet.
- Six instances of the total monies collected not totaled or incorrectly totaled on the Report of Monies Collected.
- Four instances of alterations on teacher receipts.
- Four instances of fundraising reports not being properly completed.
- One instance of fundraiser not receiving prior approval before the starting sale date.
- One instance of expected income not comparable to actual income of the fundraiser.
- Three instances where the financial recap did not tie to the general ledger.
- Two instances where the ticket disbursement sheet is not complete and does not agree to the report of tickets sold.
- Twenty two instances where the "Total Sold" column on the tickets sold report is not calculated correctly.
- Eighteen instances where the transfer number was incorrect. The number did not include any indication to the school year.
- Twelve instances where the sponsor's signature for transfer from information was not valid and was completed with "Principal" or "Bookkeeper" on the signature line.
- Ten instances where the sponsor's signature for transfer to information was not valid and was completed with "Principal" or "Bookkeeper" on the signature line
- Three instances where the check amount did not agree to the invoice or other supporting documentation.
- Eight instances where the Purchase Order or Purchase Requisition was not properly completed.

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Page 4

- Four instances where the Purchase Request payee or amount did not agree to invoice or provide adequate support.
- Two instances where the gift card recipient did not sign to indicate they received the gift.

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, especially our request to meet you on short notice during your busy schedule. We have sincerely enjoyed our association with the Clay County District School Board and your school and look forward to a continuing relationship with both.

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

Adams & Harper, PA

Adams and Harper, PA
August 9, 2010

September 2, 2010

Joseph L. Bryan
Adams & Harper, PA
1665 Kingsley Avenue, Suite 100
Orange Park, FL 32073

Mr. Bryan,

I received your draft of the Independent Auditors' Report on the Internal Control Structure and Other Matters for the year ending June 30, 2010 and even after meeting with you on August 26 to review the document there are several areas of concern to me. In my initial phone conversation with Gary Harper to set up our meeting to clarify two issues about which you had questions, Mr. Harper said that he knew of my reputation as a principal who had received recognition for exemplary performance, and that my reputation had been discussed in your firm's office. He indicated that he believed I may not be taking a hands-on approach to overseeing the school's finances. On August 4 at 1:00 p.m., you, your intern, school district coordinator of Internal Accounts Roni Campbell, and school bookkeeper Denise Dull met with me in my office to clarify your areas of concern. At the conclusion of that meeting, I read you a list of procedures I perform as principal to oversee school finances and asked you if you knew of any more things I should be doing to maintain control over school finances. Neither you nor your intern could suggest any further procedures or steps I should be taking. Mrs. Campbell stated to you that she didn't know of any other principal who went to the lengths that I stated for oversight of internal funds.

Under the Disbursements section, boldfaced bullet point one refers to a sponsor receiving reimbursements which were not appropriately substantiated and the same sponsor receiving a large number of reimbursements. I want you to know that this sponsor was removed from her position in June 2010 so there will be no future issues of this nature.

On August 26, 2010 bookkeeper Denise Dull shared with you that she had performed her duties to the best of her abilities in an honest and professional way with the training afforded to her. She also stated that we have a unique situation within this school as we are the only school in Clay County that houses a junior and senior high on one campus. We have athletic events that encompass junior high, junior varsity, and varsity levels. Fundraising is also done at each level by sports, clubs, and other campus organizations. When we discussed the volume and complexity of bookkeeping required by our unique school, Mr. Bryan agreed that he would say that this is the hardest bookkeeping job at a school site.

Mrs. Dull states, "From the beginning of this audit when my books were picked up by Joey Bryan and I was handed a copy of an article relating to a Duval County teacher arrested for theft of a candy fundraiser, I felt like I was under suspicion of wrong doing. I had worked with this firm for the previous two years and had on more than one occasion relayed to Mr. Bryan that I appreciated him asking any questions in the form of an e-mail. This way gave me time to research the questions in order to give the most accurate information available to me. The e-mail format was used for some questions, but a speaker phone was also used with at least two people asking numerous questions. I feel like I have always answered any questions very honestly. I also feel like this firm's evasiveness with me was unprofessional, scheduling meetings that I was not invited to and not asking me about the concerns they had. Mr. Bryan stated that he had always tried to be up-front with us, but I did not feel that was accurate with this year's audit."

We are taking steps to insure that the infractions listed in the audit report are minimized or completely deleted from our future audits. Some of the actions taken are as follows:

- As in the past, we make a verbal and written effort to inform our teachers/staff of the internal funds rules. We will continue this effort throughout the year and will notify them as infractions occur. Copies of these notifications will be kept in the bookkeeper's office.
- We are no longer reimbursing individuals for items purchased, except under extreme circumstances.
- Corrections made by teachers/staff members on paperwork that have not been initialed will be sent back before being processed.
- Student aides will no longer sign for the bookkeeper, even in a non-required signature space.
- E-mail reminders of certain procedures will occur throughout the school year.

We train our faculty and staff on internal accounts procedures at the beginning of the year and have done so every year for the eight years I have been principal of KHHS. They are always given written instructions for internal accounts as well. Throughout the year my bookkeeper and I remind employees of procedures to follow. I take the school's financial accounts very seriously and will continue to support my bookkeeper as she enforces the policies in the IAM.

Susan H. Sailor, Ph.D.
Principal

LAKE ASBURY ELEMENTARY SCHOOL

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE INTERNAL FUNDS
For The Year Ended June 30, 2010

EMILY C. HELMS, CPA, PA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Mr. Ben H Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

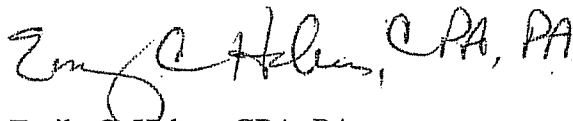
Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Lake Asbury Elementary School for the year ended June 30, 2010. This financial statement is the responsibility of the School'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 statement of cash receipts and disbursements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts, and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the cash basis of accounting, 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 Lake Asbury Elementary School for the year ended June 30, 2010, on the basis of accounting described in Note 1.



Emily C. Helms, CPA, PA
August 12, 2010

LAKE ASBURY ELEMENTARY SCHOOL

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS

For the year Ended June 30, 2010

	Cash	Transactions			Cash
	Balance		Disburse-	Interfund	Balance
	July 1, 2009	Receipts	ments	Transfers	June 30, 2010
Music	\$ 1,881.79	\$ 3,009.00	\$ 4,847.98	\$ -	\$ 42.81
Classes, Clubs, Departments	22,214.98	71,765.92	70,059.89	1,245.23	25,166.24
Trust	4,447.67	22,698.05	21,374.18	(2,082.37)	3,689.17
General	27,688.05	11,230.69	20,907.93	4,275.35	22,286.16
Outside Organizations	19,963.80	26,033.06	25,045.62	(3,438.21)	17,513.03
Total	\$ 76,196.29	\$ 134,736.72	\$ 142,235.60	\$ -	\$ 68,697.41

See accompanying notes and accountant's report.

LAKE ASBURY ELEMENTARY SCHOOL

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS For The Year Ended June 30, 2010

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 Lake Asbury 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 Lake Asbury 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 included 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. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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.

LAKE ASBURY ELEMENTARY SCHOOL

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS

For The Year Ended June 30, 2010

NOTE 2 Cash

The June 30, 2010, total cash balance of \$ 68,697.41 as reported on the statement of cash receipts and disbursements consists of \$ 11,077.89 being held in an interest bearing checking account insured by the FDIC, \$ 57,619.52 held in an investment account with the Clay County School.

NOTE 3 Interest Income

Total interest earned of \$ 174.01 was earned on amounts invested through the Clay County School Board in the amount of \$ 8.65 and an interest bearing checking account in the amount of \$ 165.36. Interest income is maintained in a separate fund account.

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Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, Lake Asbury Elementary School reported the following accounts payable and encumbrances as of June 30, 2010:

Accounts Payable

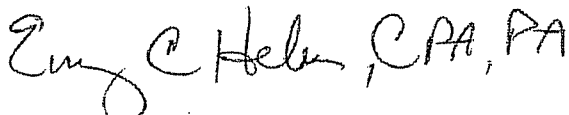
School Specialty	<u>\$ 308.08</u>
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Encumbrances

None

The above accounts payable list agrees with the Principal's Monthly Report as of June 30, 2010.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of accounts payable and encumbrances. These accounts payable and encumbrances were not paid during the 2009-2010 fiscal year and accordingly, are not recorded on the statement of cash receipts and disbursements of the internal accounts of Lake Asbury Elementary School for the year ended June 30, 2010.



Emily C. Helms, CPA, PA
August 12, 2010

EMILY C. HELMS, CPA, PA
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Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
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Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

Honorable Members:

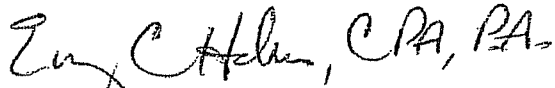
In planning and performing our audit of the statement of cash receipts and disbursements of the internal funds of Lake Asbury Elementary School for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control structure.

Deficiencies reported in the prior year management letter have been corrected.

The internal funds accounting records were overall very neat and orderly. We found that the School substantially followed the procedures outlined in the Internal Accounts Manual of the Clay County School Board.

We commend the principal and the bookkeeper for an excellent job. It has been a pleasure to have this opportunity to serve Lake Asbury Elementary School and the Clay County District Schools.

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



Emily C. Helms, CPA, PA
August 12, 2010



Lake Asbury Elementary School

2901 Sandridge Road
Green Cove Springs, Florida 32043

Office: 291-5440 • Guidance: 291-5442 • Clinic: 291-5445 • Cafeteria: 291-5443
Fax: 291-5444



Jackie Cory
PRINCIPAL

Carole McCullough
ASSISTANT PRINCIPAL

September 3, 2010

Emily C. Helms
Certified Public Account
1279 Kingsley Avenue, Suite 103
Orange Park, FL 32073

Dear Ms. Helms,

I would like to take this opportunity to thank you for the professionalism in which the Lake Asbury Elementary School audit for the 2009-2010 school year was conducted. We appreciate your remarks and suggestions for improvement and look forward to working with you again next year.

Again, thank you for your time.

Sincerely,

A handwritten signature in cursive script that reads "Jackie Cory".

Jackie Cory
Principal

CC: Roni Campbell

LAKE ASBURY JUNIOR HIGH SCHOOL

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

**FOR THE YEAR ENDED
JUNE 30, 2010**



DuVal & Company

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL ASSOCIATION

INDEPENDENT AUDITORS' REPORT

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Lake Asbury Junior High School for the year ended June 30, 2010. 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 Lake Asbury Junior High School for the year ended June 30, 2010, on the basis of accounting described in Note 1.

DuVal & Company, CPA's, P.A.
DuVal & Company, CPA's, P.A.
August 13, 2010

Lake Asbury Junior High School

Statement of Cash Receipts and Disbursements of the Internal Funds For the Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Balance June 30, 2010</u>
Athletics	\$ 24,127.60	\$ 56,815.59	\$ 53,274.63	\$ 25.04	\$ 27,693.60
Music	7,447.77	26,227.76	32,224.69	1,612.00	3,062.84
Classes, Clubs and Departments	28,025.48	82,563.44	81,330.30	(1,736.28)	27,522.34
Trusts	4,594.40	21,486.54	22,527.45	505.00	4,058.49
General	23,176.14	17,332.75	14,046.99	94.24	26,556.14
Outside Organizations	4,772.70	2,396.52	3,447.91	(500.00)	3,221.31
TOTALS	<u>\$ 92,144.09</u>	<u>\$ 206,822.60</u>	<u>\$ 206,851.97</u>	<u>\$ 0.00</u>	<u>\$ 92,114.72</u>

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

LAKE ASBURY JUNIOR HIGH SCHOOL

Notes to Statement of Cash Receipts and Disbursements of the Internal Funds For the Year Ended June 30, 2010

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 Lake Asbury Junior High 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 Lake Asbury Junior High 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 included 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.

LAKE ASBURY JUNIOR HIGH SCHOOL

**Notes to Statement of Cash Receipts and Disbursements
of the Internal Funds
For the Year Ended June 30, 2010**

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, 2010 cash balance, totaling \$92,114.72 consists of \$49,013.85, in a non-interest bearing checking account with Wachovia Bank and \$43,100.87 in an investment account with the Clay County School Board. There are no NSF checks outstanding.

The school confirmed that there are no other bank accounts set up other than those listed above.

NOTE 3 - INTEREST INCOME

Interest earned on the investment account during the year ended June 30, 2010 was \$123.72. This represented a yield of approximately .29% for that period.



DuVal & Company

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL ASSOCIATION

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

Honorable Members:

As requested by the Clay County School Board, listed below is a schedule of accounts payable and encumbrances for Lake Asbury Junior High School at June 30, 2010.

ACCOUNTS PAYABLE

Varsity Spirit Fashions	\$ 2,137.94
Orlando Team Sports	572.50
Herff Jones	239.35
Office Depot	72.57
Office Depot	818.35
Authorization for Official	47.00
Gail Browning	20.00
Total	<u>\$ 3,907.71</u>

ENCUMBRANCES

Frey Scientific	\$ 119.34
Orlando Team Sports	1,279.50
Varsity Spirit Fashions	6,999.95
DEMCO	186.62
Southern Lock & Supply, Inc.	490.45
Positive Promotions	143.45
Banners and Signs	825.00
Office Depot	29.96
Total	<u>\$ 10,074.27</u>

The accounts payable and encumbrances above agree with the Principal's Monthly Report for June 30, 2010.

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

DuVal & Company, CPA's, PA

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

August 13, 2010



DuVal & Company

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL ASSOCIATION

Mr. Ben Wortham, Superintendent of Schools
Clay County, Florida
Ms. Carol Vallencourt
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Wayne Bolla
Ms. Lisa Graham

Honorable Members:

In connection with our audit of Lake Asbury Junior High School's (the "school") financial statement as of June 30, 2010 and for the year ended, and our audit of the school's internal control over financial reporting as of June 30, 2010 ("integrated audit"), the standards established by the American Institute of Certified Public Accountants required that we advise you of the following internal control matters identified during our integrated audit.

Our responsibility is to plan and perform our integrated audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and whether effective internal control over financial reporting was maintained in all material respects. The integrated audit is not designed to detect deficiencies that, individually or in combination, are less severe than a material weakness. However, we are responsible for communicating to management and those charged with governance, significant deficiencies and material weaknesses identified during the integrated audit. We are also responsible for communicating to management deficiencies that are of a lesser magnitude than a significant deficiency.

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the school's financial statements will not be prevented, or detected and corrected on a timely basis. We did not find any deficiencies that we consider to be material weaknesses.

A significant deficiency, or a combination of deficiencies, in internal control over financial reporting that, in the auditor's professional judgment, is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not find any deficiencies that we consider to be significant deficiencies.

As part of our audit we consider the correction of prior year findings. One of the deficiencies noted in the prior year audit was substantially corrected. However, the following issue still remains a concern:

1. During our cash receipts testing we noted a few occasions where money was held by the teacher and not turned into the bookkeeper in accordance with school board policy.

In addition, we would like to point out the following items noted during our current audit:

1. During our cash testing we noted several outstanding checks were written more than six (6) months ago and should either be written off or reissued.

Overall, we found the internal accounting records neat and orderly. One of the issues listed in the prior-year auditor's report was addressed and corrected. In addition, we found the procedures outlined in the Internal Funds Manual of the Clay County School Board were substantially followed by the school. The bookkeeper is doing an outstanding job in facilitating compliance with the manual even though some teachers still fail to comply with the requirements as instructed.

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

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

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

DuVal & Company, CPA's, P.A.
August 13, 2010



Lake Asbury Junior High School
Home of the Tigers

2851 Sandridge Road, Green Cove Springs, FL 32043
Telephone 904-291-5582 Fax - 904-291-5593 <http://www.clay.k12.fl.us/LAJH>



Catherine Richardson, Principal

Christina Cornwell
Vice Principal

David Burke
Asst Principal

August 27, 2010

Stephen DuVal
DuVal & Company, CPA's, PA
428 Walnut Street
Green Cove Springs, FL 32043

Dear Mr. DuVal:

This letter is in response to the comments made on your audit report for Lake Asbury Junior High School for the fiscal year ended June 30, 2010.

Comment #1 Regarding teachers not turning in money to the bookkeeper in accordance with school board policy.

Teachers will continue to be reminded of school board policy stating that all money is to be turned in daily.

Comment #2 Outstanding checks were written more than six (6) months ago and should either be written off or reissued.

Letters have been mailed to individuals who had outstanding checks more than six (6) months ago. Based on the responses, checks will be written off or reissued.

It has been a pleasure working with you, and we look forward to working with you again in the future.

Sincerely,

Catherine Richardson

Catherine Richardson
Principal

cc: Roni Campbell, Accounting Coordinator, CCSB
Kim Lassiter, Bookkeeper, LAJH

"An Equal Opportunity Employer"

**Lakeside Elementary School
Internal Funds**

**Statement of Cash Receipts
and Disbursements**

June 30, 2010

**Lakeside Elementary School
Internal Funds
Statement of Cash Receipts and Disbursements**

June 30, 2010

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Independent Auditors' Report

District School Board
Clay County, Florida

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the Lakeside Elementary School Internal Funds for the year ended June 30, 2010. 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 Statements, the accompanying financial statement includes only the financial activities of the Lakeside Elementary School Internal Funds. 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 the Lakeside Elementary School Internal Funds for the year ended June 30, 2010, on the basis of accounting described in Note 1.

DDF CPA Group

July 23, 2010

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, Fleming Island, Florida 32006
4729 US Highway 17 S, Suite 204, Fleming Island, Florida 32003 | tel 904.264.9768 toll 866.811.9701 fax 904.269.7091

**Lakeside Elementary School
Internal Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2010**

	Balance <u>July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	Balance <u>June 30, 2010</u>
Music	\$ 20.23	\$ 587.24	\$ 409.66	\$ 300.00	\$ 497.81
Classes, Clubs and Departments	6,438.65	23,029.06	23,260.69	117.00	6,324.02
Trusts	475.14	14,422.42	14,649.95	942.46	1,190.07
General	3,805.89	13,196.29	10,367.94	(1,342.46)	5,291.78
Outside Organizations	<u>9,934.49</u>	<u>37,964.47</u>	<u>33,657.02</u>	<u>(17.00)</u>	<u>14,224.94</u>
	<u>\$ 20,674.40</u>	<u>\$ 89,199.48</u>	<u>\$ 82,345.26</u>	<u>\$ -</u>	<u>\$ 27,528.62</u>

See accompanying Notes to Financial Statement

**Lakeside Elementary School
Internal Funds
Notes to Financial Statement
For the Year Ended June 30, 2010**

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The accompanying financial statement includes the effects of transactions and balances relating to the internal fund activities of Lakeside Elementary School.

The accompanying financial statement is not intended to be a complete presentation of all the internal account activities of the Clay County School Board, as this financial statement only includes the accounts at Lakeside Elementary School.

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, 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, 2010 cash balance, totaling \$27,528.62 consists of \$21,657.50 in a non-interest bearing checking account and \$5,871.12 invested with the State Board of Administration. Interest earnings for the year ended June 30, 2010 amounted to \$16.84.

Note 3 - Accounts Payable and Encumbrances

As requested by the Clay County School Board, the following is a schedule of accounts payable at June 30, 2010.

<u>Vendor</u>	<u>Amount</u>
Hagan Ace Hardware	\$ 116.36
Staples	81.58
McKinney	197.30
Little	412.30
	<u>807.54</u>

There were no encumbrances at June 30, 2010.



Management Letter

District School Board
Clay County, Florida

In planning and performing our audit of the financial statement of Lakeside Elementary School as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, 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 Lakeside Elementary School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Lakeside Elementary School's internal control to be material weaknesses:

- The fundraising forms were not always completed (inventory section) and documentation to support the cash receipts generated from some fundraisers was inadequate. Due to the high level of risk that is associated with fundraisers, the principal should carefully consider the sponsor's willingness to meet the financial reporting obligations when approving fundraisers.
- Cash receipts from the school store were not routinely deposited when the cash received reached \$50 as required by the Internal Accounts Manual. When cash is held and not deposited, the risk of theft increases.
- We noted several occasions where gift cards were purchased, however the signature of the recipient of the gift card was not obtained as set forth in the Internal Accounts Manual.

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. We consider the following deficiencies in Lakeside Elementary School's internal control to be significant deficiencies:

- During our testing of purchasing and cash disbursements, we found on several occasions where it appears as though a teacher/sponsor made a purchase over the summer in anticipation of the PFA budget approval and requested reimbursement in October after the budget was approved. The purchase was not approved by the principal until the budget was approved in October. In accordance with the Internal Accounts Manual, purchases should be approved prior to receiving the goods or services. We suggest that these policies be reviewed with teachers.
- During our testing of yearbook receipts, we noted that the school collected \$5,965 for yearbook orders and the total cost of the production of the yearbooks was calculated to be \$4,475, resulting in a \$1,490 profit. Additionally, there were disbursements from the yearbook account that were unrelated to the yearbook production and sale. In accordance with policy, a fundraising form should have been completed; however we found no evidence of one.

As part of our audit, we considered the correction of prior year findings. With regard to the findings from the June 30, 2009 audit report, all items noted were either corrected or we noted that improvement was made.

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

DDF CPA Group

July 23, 2010

Lakeside Elementary



2752 Moody Avenue
Orange Park, FL 32073
(904) 213-2966

John L. Schlichtman
Principal

Katina Allen
Assistant Principal

August 18, 2010

ddf CPA Group
P. O. Box 9089
Fleming Island, FL 32006

Dear Sirs:

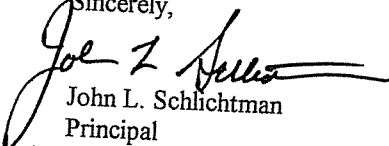
This letter is in response to the recent audit of the Internal Accounts for the 2009-2010 school year at Lakeside Elementary. It was a pleasure to meet with you, and we appreciate your constructive comments about our system.

Regarding the notes –

- Fundraiser Forms – we will reiterate to the sponsors completing the forms to take extreme care when doing the final recap, along with proper inventory.
- School Store – normally, the school store sponsor turns in money every Friday; however, if it is less than \$50, she would wait until the next Friday to make a deposit; we have advised her that she needs to make a deposit as soon as the amount reaches \$50.
- Gift cards – on most occasions, we had the recipient of the gift card sign the receipt; however, on a couple of occasions, we missed the signature. We have generated a form letter for recipients to complete from now on when receiving a gift card.
- Purchasing disbursements – some of the teachers made purchases in the summer anticipating a refund once the PFA budget was approved in October. We have advised all staff that this can no longer be the practice. Purchases must be approved first.
- Yearbooks – in years past, we had been advised that a fundraiser form was not necessary for yearbooks – similar to commission on student pictures. However, since we may profit from the sale of yearbooks, we will always do a fundraiser form in the future.

I have total confidence in our Bookkeeper and Principal's Secretary, Judy Crook. Each and every one of the 19 years that we have worked together, I have been extremely pleased with her organizational skills, efficiency, and ability to effectively manage multiple tasks. We are fortunate to have her handling our financial records, and will strive to maintain a high level of performance.

Sincerely,


John L. Schlichtman
Principal

JLS/jlc

"An Equal Opportunity Employer"

LAKESIDE
JUNIOR HIGH SCHOOL
INTERNAL ACCOUNTS

AUDIT REPORT

JUNE 30, 2010

**Lakeside Junior High School
June 30, 2010**

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CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
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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 Lakeside Junior High School Internal Accounts for the year ended June 30, 2010. 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 Lakeside Junior High School Internal Accounts for the year ended June 30, 2010, on the basis of accounting described in Note 1.

Carr, Riggs & Ingram, LLC

August 18, 2010
Gainesville, Florida

**Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2010
Lakeside Junior High School Internal Accounts**

	Cash Balances <u>July 1, 2009</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Interfund <u>Transfers</u>	Cash Balances <u>June 30, 2010</u>
Athletics	\$ 64,105	\$ 66,149	\$ 60,278	\$ (10,744)	\$ 59,232
Music	13,819	17,236	23,728	(1,725)	5,602
Classes, Clubs & Departments	57,899	67,383	68,478	3,779	60,583
Trust	23,738	30,314	20,265	(9,379)	24,408
General	13,524	11,473	30,689	17,656	11,964
Outside Organizations	2,125	16,255	16,584	413	2,209
TOTAL	<u>\$ 175,210</u>	<u>\$ 208,810</u>	<u>\$ 220,022</u>	<u>\$ -</u>	<u>\$ 163,998</u>

**Notes to Financial Statement
For the Year Ended June 30, 2010
Lakeside Junior 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 Lakeside Junior 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 \$163,998 at June 30, 2010, consists of \$14,684 being held in the checking account, \$149,239 invested with the State Board of Administration, and \$75 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, 2010.

<u>Vendor</u>	<u>Amount</u>
Hagan Ace Management	\$ 4
Sam's Club	106
Walmart	<u>38</u>
Total	<u>\$ 148</u>

**Notes to Financial Statement
For the Year Ended June 30, 2010
Lakeside Junior High School Internal Accounts**

NOTE 3 – ACCOUNTS PAYABLE AND ENCUMBRANCES

The following is a schedule of encumbrances at June 30, 2010.

<u>Vendor</u>	<u>Amount</u>
Boyer, Scott	\$ 104
Brain POP	195
History.com	255
Jacksonville Stage Lighting	1,962
Orange Park Florist & Gifts	76
President's Fitness Challenge	176
Storagecraft, Inc.	<u>12,858</u>
TOTAL	<u><u>\$ 15,626</u></u>

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



District School Board
Clay County, Florida

We have audited the statement of cash receipts and disbursements of Lakeside Junior High School Internal Accounts (the "School") for the year ended June 30, 2010, and have issued our report thereon dated August 18, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings as item 09-1, that we consider to be a significant deficiency in internal control over financial reporting. 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.

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. There were no misstatements identified during the audit.

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 School 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.

Can, Reggs ; Ingram, LLC

August 18, 2010
Gainesville, Florida

**Schedule of Findings
For the Year Ended June 30, 2010
Lakeside Junior High School Internal Accounts**

- 09-1 We noted that the School's control procedures over ticket custody and distribution, in addition to reconciliations of cash receipts to ticket control sheets were not consistently followed. We recommend the School adhere to established control procedures over ticket custody, distribution and ticket activity reconciliations.

LAKESIDE JUNIOR HIGH SCHOOL

Accredited

Southern Association of Colleges and Schools
2750 Moody Avenue * Orange Park, Florida 32073 * (904) 213-2900 * Fax (904) 213-2987

Randall G. Oliver
Principal

John W. Green, Jr.
Vice-Principal 213-2982

Linda Pratt
Assistant Principal 213-2980

Lloyd Patterson
Activities Director 213-2980

August 18, 2010

Carr, Riggs & Ingram, LLC
906 South State Road 19
Palatka, Florida 32177

Dear Sir/Madam:

Your firm made the following comments in the August 17, 2010 letter to the Superintendent, Mr. Ben Wortham, and the Clay County School Board Members concerning the audit of the Internal Funds of Lakeside Junior High School.

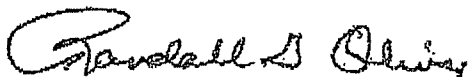
In response to CY Finding:

It was noted the School's control procedures over ticket custody and distribution, in addition to reconciliations of cash receipts to ticket control sheets were not consistently followed.

We will take steps to assure the ticket control procedures are adhered to in the future.

Thank you for bringing the above finding to our attention and thank you again for your audit of our Internal Accounts. We appreciate your comments and will make every effort to be more assiduous in the areas mentioned above.

Sincerely,



Randall G. Oliver
Principal

RGO/ltk

We are an Equal Opportunity Employer. We do not discriminate on the basis of race, religion, color, sex, marital status, age, national origin or disability. Employment of personnel in Clay County is in compliance with Federal and State Laws regarding nondiscrimination and preference. Individuals with disabilities are encouraged to apply. Any person who believes he/she may need reasonable accommodations during the application, testing or interview process should notify the appropriate department or school office in advance.

McRae Elementary School

**Statement of Cash Receipts and Disbursements
of the Internal Funds**

For the Year Ended June 30, 2010

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ADAMS & HARPER, PA

Certified Public Accountants

1665 Kingsley Avenue, Suite 100

Orange Park, Florida 32073

Telephone (904) 269-7077 Fax (904) 264-0930

www.adams-harper-pa.com

Gary O. Harper, CPA
John A. Adams, CPA
Beth A. Linder, CPA
Kathlyn C. Jordan, CPA

Members:
American and Florida Institutes
of Certified Public Accountants

Independent Auditors' Report

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

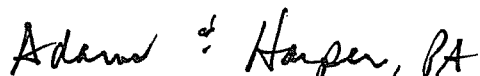
Honorable Members:

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, 2010. This financial statement is the responsibility of the School'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, 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 accounting principles generally accepted in the United States of America.

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, 2010, on the basis of accounting described in Note 1.



Adams & Harper, PA
Certified Public Accountants
August 6, 2010

**McRae Elementary School
Statement of Cash Receipts and Disbursements
of the Internal Funds
For the Year Ended June 30, 2010**

	Cash Balance July 1, 2009	Transactions			Cash Balance June 30, 2010
		Receipts	Disburse- ments	Transfers	
Music	\$ 0.48	\$ 922.35	\$ (1,176.39)	\$ 430.51	\$ 176.95
Classes, Clubs, Departments	9,368.04	32,227.56	(32,929.89)	290.50	8,956.21
Trust	2,979.69	12,038.03	(13,120.79)	1,101.48	2,998.41
General	16,898.02	16,264.20	(19,224.52)	2,210.07	16,147.77
Outside Funds	1,120.63	10,200.32	(6,930.57)	(4,032.56)	357.82
Total	\$ 30,366.86	\$ 71,652.46	\$ (73,382.16)	\$ -	\$ 28,637.16

See accompanying notes and independent auditors' report

McRae Elementary School
Notes to Statement of Cash Receipts
and Disbursements of the Internal Funds
For the Year Ended June 30, 2010

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 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.

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 classified as cash equivalents, consisting of the State Board of Administration Local Government Surplus Trust Funds Investment Pool, which effective July 1, 2009, became known as Florida PRIME.

An investment in Florida PRIME is not insured or guaranteed by any government or government agency. Such investments are considered a contingent risk under generally accepted accounting principles.

Notes to Statement of Cash Receipts and Disbursements of the Internal Funds
Page 2

Note 2 - Cash

The June 30, 2010, ending cash balance of \$ 28,637.16 consists of \$ 13,840.97 held in the School's interest bearing checking account (insured by the Federal Deposit Insurance Corporation (FDIC)) and \$ 14,719.19 held in an investment account with Florida PRIME, as described in Note 1, and \$77.00 of NSF checks.

Note 3 - Interest Income

Investment interest was earned on amounts invested with Florida PRIME, as described in Note 1, in the amount of \$ 42.26, representing an annual yield of approximately 0.29%. Investment interest was earned on amounts invested through M & S Bank in the amount of \$202.84, representing an annual yield of approximately 1.37%.

Note 4 – Subsequent Events

The School has evaluated subsequent events through August 6, 2010, the date of the independent auditors' report. There were no material subsequent events to report.

ADAMS & HARPER, PA

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Schedule of Accounts Payable and Encumbrances

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida

Ms. Carol Studdard

Mr. Charles Van Zant, Jr.

Ms. Carol Vallencourt

Ms. Lisa Graham

Mr. Frank Farrell

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, listed below is a schedule of the accounts payable and encumbrances at June 30, 2010 of the McRae Elementary School internal funds as reported to us by the school.

Such auditing procedures as we considered necessary in the circumstances were applied to the verification of accounts payable and encumbrances. The accounts payable and encumbrances were not paid during the 2009-2010 fiscal year, and accordingly, are not recorded on the statement of receipts and disbursements of the internal funds of McRae Elementary School for the year ended June 30, 2010.

<u>Accounts Payable</u>	<u>Vendor</u>	<u>Amount</u>
	None	\$ -
	TOTAL	\$ -

<u>Encumbrances</u>	<u>Vendor</u>	<u>Amount</u>
	None	\$ -
	TOTAL	\$ -

The above accounts payable and encumbrances amounts agree with the Principal's Monthly Report as of June 30, 2010.

Adams & Harper, PA

Adams & Harper, PA
Certified Public Accountants
August 6, 2010

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Independent Auditors' Report on the Internal Control Structure and Other Matters

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Ms. Carol Vallencourt
Ms. Lisa Graham
Mr. Frank Farrell

Honorable Members:

In planning and performing our audit of the financial statement of McRae Elementary School (the "School") as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, 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.

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. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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 statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the following to be a significant deficiency in internal control.

- Our audit revealed that incompatible employee responsibilities were not always segregated. For example, an employee who maintains the accounting records also handles cash, prepares receipts and the bank deposit, and reconciles the bank statement.

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Page 2

While we acknowledge that personnel may not always be available to permit an acceptable separation of duties and responsibilities, we think it is important to make you aware of this condition.

We also wish to inform you that we discovered many compliance violations (listed below) and accordingly, we recommend you note these violations and take mitigating actions to improve the general environment and climate of your operations. Without more attention by your staff and your accountant (bookkeeper) to the compliance requirements as described in the Internal Accounts Manual, you are increasing your risk that errors or other more serious actions may occur and not be detected in the normal course of your business. We encourage you to reinforce the importance of each staff person or teacher to follow the guidelines described in the Internal Accounts Manual and for you to train each person in the required steps of performance.

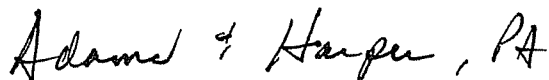
Listed below are the items we discovered which were not in accordance with the rules and regulations presented in the Internal Accounts Manual and the reason accompanying each violation.

- One instance of the Principal's Monthly Report not being signed within the required time.
- Five instances of cash receipts not being deposited in a timely manner.
- Two instances of Reports of Monies Collected being altered.
- Five instances of teacher receipts being altered instead of voided by teachers.
- One instance of a deposit package not containing a copy of the client prepared deposit slip.
- Three instances of financial recaps from fundraising forms not agreeing with the general ledger.
- One instance of a report of tickets sold being improperly completed.
- One instance of a check missing dual signatures.

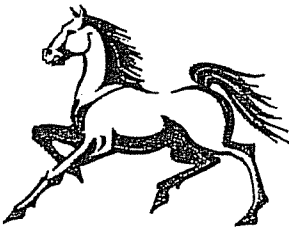
This report is intended solely for the information and use of the Clay County District School Board and its management and is not intended to be and should not be used by anyone other than these specified parties.

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 your school and look forward to a continuing relationship.

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



Adams and Harper, PA
Orange Park, FL
August 6, 2010



*Marcus Dooley
Principal*

McRae Elementary School

"Home of the Mavericks"

*6770 County Road 315C
Keystone Heights, Florida 32656
Phone: 352-473-5686
Fax: 352-473-5148*



*Vicki Chappell
Assistant Principal*

August 30, 2010

Adams & Harper, P.A.
1665 Kingsley Avenue, Suite 100
Orange Park, Florida 32073

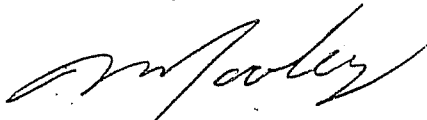
This is in response to the 2010 audit of the internal accounts for McRae Elementary School completed by your firm.

- In the future all Principal's Monthly Reports will be completed by the 15th of the month.
- Procedures are being implemented that would allow another employee to prepare and deposit funds in the absence of the bookkeeper.
- In accordance with the Internal Accounts Manual, page 16, any corrections to a Report of Monies Collected must be initialed by the teacher/sponsor. The faculty and staff received training on this guideline.
- Page 16, Internal Accounts Manual, has guidelines for "teacher receipt". Proper procedure has been reviewed with faculty and staff.
- Although the deposit package did not contain a copy of the client prepared deposit slip, it did contain the "receipt" issued by the bank indicating proof of deposit.
- The areas of concern on the financial recaps from fundraising forms completed by various teachers/sponsors were discussed with Mr. Bryan in an effort to gather information to assist in the education of teachers/sponsors when completing the fundraising form.

- Discussion with Mr. Bryan provided several options that could be utilized in the future to assist in proper completion of report of tickets sold.
- An over sight by the bookkeeper

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

Sincerely,



Marcus Dooley
Principal

MD/ac

cc: Roni Campbell