

CLAY HIGH SCHOOL
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE INTERNAL FUNDS
For The Year Ended June 30, 2012

Joan O. Michael, CPA, PA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard, Chairman
Ms. Janice Kerekes, Vice Chairman
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 Clay High School for the year ended June 30, 2012. 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 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 basis of cash receipts and disbursements which is a comprehensive basis of accounting other than US 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 Clay High School for the year ended June 30, 2012 on the basis of accounting described in Note 1.

Joan O. Michael

Joan O. Michael, CPA, PA
August 9, 2012

CLAY HIGH SCHOOL

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS

For the year Ended June 30, 2012

| | Cash Balance July 1, 2011 | Transactions | | | Cash Balance June 30, 2012 |
|--------------------------------|---------------------------------|----------------------|----------------------|---------------|----------------------------------|
| | | Receipts | Disburse- ments | Transfers | |
| Athletics | \$ 64,690.18 | \$ 350,991.29 | \$ 341,947.06 | \$ (5,886.16) | \$ 67,848.25 |
| Music | \$ 13,678.84 | \$ 44,715.59 | \$ 39,861.25 | \$ (66.50) | \$ 18,466.68 |
| Classes, Clubs, Departments | \$ 56,357.06 | \$ 206,190.33 | \$ 216,687.40 | \$ 3,048.90 | \$ 48,908.89 |
| Trust | \$ 31,543.27 | \$ 29,947.04 | \$ 34,079.14 | \$ (8,098.38) | \$ 19,312.79 |
| General | \$ 10,369.84 | \$ 25,360.98 | \$ 32,030.91 | \$ 3,570.05 | \$ 7,269.96 |
| Outside Organizations | \$ 4,841.85 | \$ 33,551.31 | \$ 41,579.48 | \$ 7,432.09 | \$ 4,245.77 |
| Total | \$ 181,481.04 | \$ 690,756.54 | \$ 706,185.24 | \$ - | \$ 166,052.34 |

See accompanying notes and independent auditor's report.

CLAY HIGH SCHOOL
NOTES TO STATEMENT OF CASH RECEIPTS
AND DISBURSEMENTS OF THE INTERNAL FUNDS
For The Year Ended June 30, 2012

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 Clay 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 Clay 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 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 8 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, and is required under Rule 6A-1.085 of the Florida Administrative Code 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.

NOTE 2 Cash

The June 30, 2012, total cash balance of \$166,052.34 as reported on the statement of cash receipts and disbursements consists of \$29,623.29 being held in a non interest bearing checking account insured by the FDIC, \$136,251.15 held in an investment account with the Clay County School Board and \$177.90 in uncollected NSF checks.

NOTE 3 Interest Income

Interest was earned on amounts invested through the Clay County School Board in the amount of \$382.70. This represents a yield of approximately .003 percent.

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Mr. Ben Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Carol Studdard, Chairman
Ms Janice Kerekes, Vice Chairman
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, Clay High School reported the following accounts payable and encumbrances as of June 30, 2012:

Accounts Payable

| | |
|--------------------|-------------------------|
| Enterprise Leasing | \$ 95.24 |
| 5 Star Designs | 187.50 |
| Green Cove Florist | 79.80 |
| Home Depot | 14.91 |
| Josten's | 30.46 |
| Office Depot | 4.55 |
| Publix | 170.16 |
| Staples | 4.50 |
| Wal-Mart | 124.00 |
| Winn-Dixie | <u>303.56</u> |
| Total: | <u>\$1014.68</u> |

Encumbrances

| | |
|----------------------------------|-------------------------|
| 1 st Place Volleyball | \$ 260.85 |
| BSN Sports Supply Group | <u>587.40</u> |
| Total: | \$ <u>848.25</u> |

The above accounts payable list agrees with the Principals Report as of June 30, 2012. 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 2011-2012 fiscal year and accordingly, are not recorded on the statement of cash receipts and disbursements of the internal accounts of Clay High School for the year ended June 30, 2012.

Joan O. Michael

Joan O. Michael, CPA, PA
August 9, 2012

JOAN O. MICHAEL, CPA, PA

Certified Public Accountant

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

Honorable Members:

We have audited the internal funds financial statement of Clay High School for the year ended June 30, 2012, and have issued our report thereon dated August 9, 2012. 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 the internal control structure 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 the internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

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, in all material respects, in conformity with the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 outlined in the Clay County District letter dated May 21, 2012.

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 by Clay County District Schools are described in Note 1 to the internal funds financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2012. We noted no transactions entered into by the School during the year for which there was 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 statements are neutral, consistent, and clear. There are no particularly sensitive disclosures significantly affecting the financial statements.

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

Profession 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.

Disagreements with Management

We encountered no disagreement during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Other Audit Findings or Issues

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

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

1. Two (2) instances when teacher's receipts were changed and not voided as required on page 17 of the Internal Accounts Manual (IAM). We recommend the bookkeeper review page 17 of the IAM with the teachers to insure they are familiar with the proper procedures for errors on these receipts.

This report is intended solely for the information and use of Clay County School Board, management, and others within the school system. This restriction is not intended to limit the distribution of this report, which upon acceptance, is a matter of public record.

We would like to thank the Principal, bookkeeper and staff for the expeditious cooperation and courtesy extended to us during our 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.

Joan O. Michael

Joan O. Michael, CPA, PA
August 9, 2012

CLAY HIGH SCHOOL

2025 Highway 16 West - Green Cove Springs, FL 32043
Phone (904) 529-3000 - Fax (904) 529-3214

Peter J. McCabe, Principal
Cary Dicks, Assistant Principal



Deborah Segreto, Vice Principal
Matthew L. Lewis, Assistant Principal

Joan O. Michael, CPA, PA
669 Kingsley Avenue
Orange Park, FL 32073

August 22, 2012

Dear Mrs. Michael:

I would like to thank you for the recommendations and comments you shared with the bookkeeper and myself during the exit interview for this year's internal account audit.

As for your finding regarding teacher's receipt books; the bookkeeper is going to put a label, with procedures, on each receipt book issued. She will also go over the procedures with the teacher as they are issued.

It was a pleasure working with you through the audit this year. As always Clay High School will strive to follow the procedures set forth in the Internal Accounts Manual.

Sincerely,

Peter J. McCabe
Principal

CLAY HILL ELEMENTARY SCHOOL

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE INTERNAL FUNDS
For The Year Ended June 30, 2012

Steven W. Keenan, CPA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Clay Hill Elementary School for the year ended June 30, 2012. 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 Clay Hill Elementary School for the year ended June 30, 2012, on the basis of accounting described in Note 1.



Steven W. Keenan, CPA
August 17, 2012

CLAY HILL ELEMENTARY

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS

For the year Ended June 30, 2012

| | Cash Balance July 1, 2011 | Transactions | | | Cash Balance June 30, 2012 |
|--------------------------------|---------------------------------|----------------------|---------------------|-------------|----------------------------------|
| | | Receipts | Disburse- ments | Transfers | |
| Music | \$ 599.07 | \$ 1,252.10 | \$ 1,588.30 | \$ 524.55 | \$ 787.42 |
| Classes, Clubs, Departments | 13,880.70 | 40,733.90 | 44,020.60 | 3,761.40 | \$ 14,355.40 |
| Trust | 4,575.92 | 25,444.47 | 19,078.67 | 5,283.39 | 16,225.11 |
| General | 5,316.79 | 13,853.05 | 14,763.04 | 926.75 | 5,333.55 |
| Outside Organizations | 6,285.47 | 25,652.33 | 19,002.13 | (10,496.09) | 2,439.58 |
| Total | \$ 30,657.95 | \$ 106,935.85 | \$ 98,452.74 | \$ - | \$ 39,141.06 |

See accompanying notes and independent auditor's report.

CLAY HILL ELEMENTARY SCHOOL

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS For The Year Ended June 30, 2012

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 Clay Hill 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 Clay Hill 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 8 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, and is required under Rule 6A-1.085 of the Florida Administrative Code, 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

The June 30, 2012, total cash balance of \$39,141.06 as reported on the statement of cash receipts and disbursements consists of \$26,419.28 being held in a non interest bearing checking account insured by the FDIC, \$12,721.78 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 \$35.72. This represents a yield of approximately .3 percent.

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

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, Clay Hill Elementary School reported the following accounts payable and encumbrances as of June 30, 2012:

Accounts Payable

| | |
|-----------------------|------------|
| Scholastic Book Fairs | \$2,423.93 |
|-----------------------|------------|

Encumbrances

| | |
|---------------------|-------------|
| Southern Recreation | \$13,000.00 |
|---------------------|-------------|

The above accounts payable list agrees with the Principals Report as of June 30, 2012. 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 2011-2012 fiscal year and accordingly, are not recorded on the statement of cash receipts and disbursements of the internal accounts of Clay Hill Elementary School for the year ended June 30, 2012.



Steven W. Keenan, CPA
August 17, 2012

STEVEN W. KEENAN, CPA

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Clay County, Florida
Ms. Carol Studdard, Chairman
Ms. Janice Kerekes, Vice Chairman
Mr. Frank Farrell
Ms. Lisa Graham
Mr. Charles Van Zant, Jr.

Honorable Members:

We have audited the internal funds financial statement of Clay Hill Elementary School for the year ended June 30, 2012, and have issued our report thereon dated August 17, 2012. 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 the internal control structure 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 the internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

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 outlined in the Clay County District letter dated May 21, 2012.

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 by Clay County District Schools are described in Note 1 to the internal funds financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2012. We noted no transactions entered into by the School during the year for which there was 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 statements are neutral, consistent, and clear. There are no particularly sensitive disclosures significantly affecting the financial statements.

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

Profession 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.

Disagreements with Management

We encountered no disagreement during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Other Audit Findings and Issues

We would like to point out that there were no items noted that were not in accordance with the rules and regulations directed in the Internal Accounts Manual. As part of our audit, we also considered the correction of prior year findings. The prior year discrepancy reported was corrected.

This report is intended solely for the information and use of Clay County School Board, management, and others within the school system. This restriction is not intended to limit the distribution of this report, which upon acceptance, is a matter of public record.

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 17, 2012



Clay Hill Elementary School

6345 CR 218 West

Jacksonville, Florida 32234

Main Office 289-7193 Fax 289-9667

Tracey Kendrick
Principal

www.clay.k12.fl.us/che

Bonnie Barker
Assistant Principal

August 27, 2012

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

Dear Mr. Keenan:

Thank you for performing a thorough audit of our internal accounts for the 2011-2012 school year.

Clay Hill Elementary strives to follow the guidelines provided to us in the internal accounts manual for Clay County Schools. As you noted there were no irregularities, or discrepancies involving management or employees in the internal control structure at Clay Hill Elementary. This is in no small part due to the efforts of the bookkeeper's (Mrs. Tammy Taylor), attention to detail.

Thank you again for the professional way in which you have handled our audit.

Sincerely,

Tracey Kendrick
Principal
Clay Hill Elementary

Cc: Roni Campbell

COPPERGATE ELEMENTARY SCHOOL

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

For the Year Ended June 30, 2012

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SHIRLEY W. HATCHER, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT



INDEPENDENT AUDITOR'S REPORT

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

Honorable Members:

I have audited the accompanying statement of cash receipts and disbursements of the internal funds of Coppergate Elementary School for the year ended June 30, 2012. This financial statement is the responsibility of the School's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my 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 U.S. generally accepted accounting principles.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the internal funds of Coppergate Elementary School for the year ended June 30, 2012, on the basis of accounting described in Note 1.

Shirley W. Hatcher, CPA, P.A.

SHIRLEY W. HATCHER, CPA, P.A.
August 8, 2012

COPPERGATE ELEMENTARY SCHOOL
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 OF THE INTERNAL FUNDS
 For the Year Ended June 30, 2012

| | Cash Balance <u>July 1, 2011</u> | Transactions | | | Cash Balance <u>June 30, 2012</u> |
|---------------------------------|--|---------------------|----------------------------|--------------------------------|---|
| | | <u>Receipts</u> | <u>Disburse- ments</u> | <u>Interfund Transfers</u> | |
| Athletics | \$.00 | \$.00 | \$.00 | \$.00 | \$.00 |
| Music | 244.21 | 1,653.27 | 1,670.24 | 108.10 | 335.34 |
| Classes, Clubs & Departments | 11,952.22 | 49,279.55 | 51,289.51 | 1,947.92 | 11,890.18 |
| Trust | 5,827.28 | 18,612.00 | 21,666.14 | 2,486.17 | 5,259.31 |
| General | 7,339.98 | 19,099.75 | 20,166.33 | 171.41 | 6,444.81 |
| Outside Organization | <u>5,131.36</u> | <u>17,048.11</u> | <u>13,119.00</u> | <u>(4,713.60)</u> | <u>4,346.87</u> |
| Total | <u>\$ 30,495.05</u> | <u>\$105,692.68</u> | <u>\$ 107,911.22</u> | <u>\$.00</u> | <u>\$ 28,276.51</u> |

See accompanying notes to statement of cash receipts and disbursements.

COPPERGATE ELEMENTARY SCHOOL
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 2012

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 Coppergate 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 Coppergate 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 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. 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.

COPPERGATE ELEMENTARY SCHOOL
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(CONTINUED)
For the Year Ended June 30, 2012

NOTE 2 – Cash and Cash Equivalents

The June 30, 2012 cash balance of \$28,276.51 as reported on the Statement of Cash Receipts and Disbursements consists of \$28,276.51 which is being held in a non-interest bearing checking account insured by the FDIC.

NOTE 3 - Interest Income

There was no interest earned during the year ended June 30, 2012.

NOTE 4 - Subsequent Events

Generally accepted accounting principles require the disclosure of significant events or transactions that occur after the balance sheet date but before the financial statements are issued. The School has evaluated subsequent events through August 8, 2012 and found no significant events or transactions that should be recorded. The evaluation date is considered to be the date the financial statements are available to be issued.

SHIRLEY W. HATCHER, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT



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

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, Coppergate Elementary School reported no accounts payable items or encumbrances at June 30, 2012 for the internal funds.

ACCOUNTS PAYABLE

NONE

ENCUMBRANCES

NONE

The above amount agrees with the list provided by the school at June 30, 2012 and with the Principal's Report. Auditing procedures as I considered necessary under the circumstances were applied to the verification of these accounts payable.

Shirley W. Hatcher, CPA, P.A.

SHIRLEY W. HATCHER, CPA, P.A.
August 8, 2012

SHIRLEY W. HATCHER, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT



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

Honorable Members:

In planning and performing my audit of the statement of cash receipts and disbursements of the internal funds of Coppergate Elementary School for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, I considered its internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the school's internal control. Accordingly, I do not express an opinion on the effectiveness of Coppergate Elementary School's internal control.

My 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.

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. I did not find any deficiencies that I consider to be material weaknesses in internal control of Coppergate Elementary School.

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 the governance. During my audit, I found no items considered to be significant deficiencies in internal control for Coppergate Elementary School.

However, I noted the following items which were not in compliance with the Internal Funds Manual:

1. Two checks were written as donations to individuals to assist during financial hardships. A W-9 was not obtained from these individuals, and no 1099 was issued. The school should be aware that any payments to individuals require issuance of a 1099 in accordance with the Internal Funds Manual and Internal Revenue Code.
2. Sales tax was not paid on shirts purchased for resale. The shirts were purchased from an out-of-state vendor; therefore, Florida state sales tax was not paid. The school should implement procedures to insure sales tax is paid when necessary or remit the sales tax to the Florida Department of Revenue.

ITEMS TO INCLUDE AFTER FINAL VISIT TO SITE

Communication with Those Charged with Governance

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies 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. I noted no transactions entered during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Statement of Cash Receipts and Disbursements in the proper period.

Accounting estimates are an integral part of the financial statements 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.

Difficulties Encountered in Performing the Audit - I 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.

Disagreements with Management - For purposes of this letter, professional standards define a disagreement with management as a financial accounting, report, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of our audit.

Management Representations - I have requested certain representations from management that are included in the management representation letter dated August 8, 2012.

Other Auditing Findings or Issues - I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

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.

Overall the records of Coppergate Elementary School were extremely neat and orderly. I wish to take this opportunity to commend the staff and faculty of Coppergate Elementary School for the cooperation and courtesies extended during my audit. I look forward to a continued relationship.

Shirley W. Hatcher, CPA, P.A.

SHIRLEY W. HATCHER, CPA, P.A.
August 8, 2012



COPPERGATE ELEMENTARY SCHOOL

2250 CR 209 NORTH
MIDDLEBURG, FL 32068-4371
PHONE (904) 291-5594
FAX (904) 291-5597

David Nix
Principal

"Home of the Colts"
www.clay.k12.fl.us/CGE

Debra Gaynes
Asst. Principal

August 23, 2012

Shirley W. Hatcher, CPA, P.A.
P.O. Box 541
Middleburg, FL 32050-0541

Dear Ms. Hatcher:

Thank you for your time and effort in your audit of the Coppergate Elementary Internal Accounts again this year. It was a pleasure seeing you and hearing your assessment of our accounts.

As regards the two noted items, we will take the following steps to make sure these issues are not repeated:

- Our faculty decided, in both cases, to donate the funds from the hospitality account, collected from faculty and staff for the privilege of wearing jeans on Wednesdays, to a family facing financial hardship due to the father's cancer, and to one of our employees who was tragically injured and permanently disabled. We neglected, however, to get a W-9 from the individuals. In these instances, we really did not think of these donations as requiring 1099's. In the future, should our faculty wish to donate, we will instruct them to make their donations directly to the individuals themselves, or we will attempt to identify an organization who can accept the donation on behalf of the individuals. If that is not a possibility, we will obtain a W-9 before making the donation.
- In the case of purchasing school t-shirts from an out of state company, who did not charge us tax, we will not purchase any items, meant for re-sale or fundraising, from any company outside the state. This will alleviate the problem of not paying the required sales tax on fundraisers. This case was an oversight, and not our usual practice.

I was very pleased with your positive comments regarding our bookkeeper, Bonnie Dubberly. Mrs. Dubberly takes great pride in her work and is very conscientious in her duties. I know she was grateful, as was I, for your acknowledgement of the good job she does. We are so fortunate to have an exemplary faculty and staff, who strive to do the best job possible. Rest assured that we will continue to strive for excellence in this area.

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

Sincerely,

David Nix, Principal

DN:bd

✓cc: Roni Campbell

DOCTORS INLET ELEMENTARY SCHOOL
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE INTERNAL FUNDS
For The Year Ended June 30, 2012

EMILY C. HELMS, CPA, PA
Certified Public Accountant

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EMILY C. HELMS, CPA, PA
Certified Public Accountant

EMILY C. HELMS, CPA, PA
Certified Public Accountant

1279 Kingsley Avenue, Suite 103
Orange Park, FL 32073

Kingsley Center

Telephone (904) 269-4292
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INDEPENDENT AUDITOR'S REPORT

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

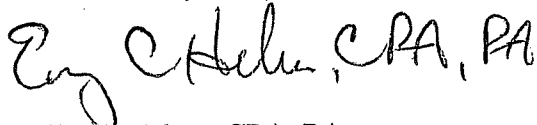
Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of the internal funds of Doctors Inlet Elementary School for the year ended June 30, 2012. 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 Doctors Inlet Elementary School for the year ended June 30, 2012, on the basis of accounting described in Note 1.



Emily C. Helms, CPA, PA
August 08, 2012

DOCTORS INLET ELEMENTARY SCHOOL

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS For the year Ended June 30, 2012

| | Cash | Transactions | | | Cash |
|--------------------------------|---------------------|----------------------|----------------------|-------------|---------------------|
| | Balance | | Disburse- | Interfund | Balance |
| | July 1, 2011 | Receipts | ments | Transfers | June 30, 2012 |
| Music | \$ - | \$ 3,899.44 | \$ 3,107.46 | | \$ 791.98 |
| Classes, Clubs, Departments | 31,375.53 | 66,827.34 | 67,730.42 | (1,426.09) | 29,046.36 |
| Trust | 3,040.50 | 13,799.54 | 13,597.65 | (1,000.00) | 2,242.39 |
| General | 6,220.43 | 7,554.26 | 9,331.93 | 1,926.85 | 6,369.61 |
| Outside Organizations | 5,460.20 | 16,343.91 | 14,413.78 | 499.24 | 7,889.57 |
| Total | \$ 46,096.66 | \$ 108,424.49 | \$ 108,181.24 | \$ - | \$ 46,339.91 |

See accompanying notes and accountant's report.

DOCTORS INLET ELEMENTARY SCHOOL

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS For The Year Ended June 30, 2012

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 Doctors Inlet Elementary School (the School) within the Clay County, Florida school system.

The accompanying financial statement is not intended to be a complete presentation of all the internal account activities of the school system because this financial statement only includes the accounts at Doctors Inlet 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 classified as cash equivalents with the Florida State Board of Administration (SBA) Local Government Investment Pool (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.

DOCTORS INLET ELEMENTARY SCHOOL

NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS OF THE INTERNAL FUNDS For The Year Ended June 30, 2012

NOTE 2 Cash

The June 30, 2012, total cash balance of \$46,339.91 as reported on the statement of cash receipts and disbursements consists of \$33,425.68 being held in a non interest checking account insured by the FDIC, \$12,813.23 held in an investment account with the Clay County School and \$101.00 held as uncollected NSF Funds.

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

NOTE 3 Investments

In accordance with GASB Statement No. 40, as of June 30, 2012 the School invested \$12,813.23 with Florida Prime. The weighted average days to maturity of the Florida PRIME at June 30, 2012, is 38 days. Interest was earned on amounts invested through the Clay County School Board in the amount of \$35.97. Investment interest is maintained in a separate fund account.

- **Interest Rate Risk:** Clay District School Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- **Credit Risk:** Clay District School Board policy limits investments to the Local Government Surplus Trust Fund or any intergovernmental investment pool, interest bearing time deposits or savings accounts held in qualified public depositories.

As of June 30, 2012 the Schools invested money in Florida PRIME. The State Board of Administration's interpretation of GASB 31 is that Florida Prime is currently considered a SEC 2a-7 like fund, thus the account balance equals the fair value. The Florida PRIME is rated by Standard and Poor's. The current rating is AAAM.

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

NOTE 4 Subsequent Events

The School has evaluated subsequent events through August 08, 2012, the date of the independent auditor's report. There were no material subsequent events to report.

Supplemental Information

EMILY C. HELMS, CPA, PA
Certified Public Accountant

1279 Kingsley Avenue, Suite 103
Orange Park, FL 32073

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Telephone (904) 269-4292
Facsimile (904) 269-0391

Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Janice Kerekes
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, Doctors Inlet Elementary School reported the following accounts payable and encumbrances as of June 30, 2012:

Accounts Payable

None

Encumbrances

None

The above accounts payable and encumbrance lists agree with the Principal's Monthly Report as of June 30, 2012.

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 2011-2012 fiscal year and accordingly, are not recorded on the statement of cash receipts and disbursements of the internal accounts of Doctors Inlet Elementary School for the year ended June 30, 2012.



Emily C. Helms, CPA, PA
August 08, 2012

EMILY C. HELMS, CPA, PA
Certified Public Accountant

1279 Kingsley Avenue, Suite 103
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Telephone (904) 269-4292
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Mr. Ben H. Wortham, Superintendent of Schools,
Clay County, Florida
Ms. Janice Kerekes
Ms. Carol Studdard
Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

Honorable Members:

We have audited the internal funds financial statement of Doctors Inlet Elementary School as of and for the year ended June 30, 2012 and have issued our report thereon dated August 08, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting
And on Compliance and Other Matters**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of the 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 significant deficiency in internal control, or combination of deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected. We did not find any deficiency that we considered to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. We did not find any deficiency that we considered to be a material weakness.

We did note the following matters that were not in accordance with the rules and regulations presented in the Internal Accounts Manual:

- Fund Raiser Application and Financial Recaps were incomplete, incorrect or did not agree with the General Ledger Report of sales collected. We recommend the bookkeeper review the Instructions for Fund Raising Applications, pages 11 through 14 of the Clay County School Board Internal Accounts Manual, with the sponsors prior to approval of the fund raiser.

Prior year audit matters were 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.

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

Communication with Those Charged with Governance

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

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The firm of Emily C. Helms, CPA, PA has remained independent of Clay County District School Board, as defined by AU Section 220, U.S. Professional Auditing Standards and the AICPA's Interpretation 101-3, *Performance of Nonattest Services*.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the internal funds financial statements are free of material misstatements. As part of our audit, we considered the internal control of Clay County District School Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Our audit of the internal funds financial statements 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 outlined in the Clay County District School Board letter dated May 21, 2012.

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 by Clay County District Schools are described in Note 1 to the internal funds financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2012. We noted no transactions entered into by the School during the year for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements 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 particularly sensitive estimates significantly affecting the internal funds financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter.

We commend the principal and the bookkeeper for an excellent job. It has been a pleasure to have this opportunity to serve Doctors Inlet 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 08, 2012

Doctors Inlet Elementary School



Anne H. Miller
Principal
Ruth Casias
Assistant Principal

2634 County Road 220
Middleburg, Florida 32068
(904) 213-3000
Fax: (904) 213-3011

August 27, 2012

Emily C. Helm
Certified Public Accountant
1279 Kingsley Avenue, Suite 103
Orange Park, Florida 32073

Dear Ms. Helm,

The following procedures have been put into place to correct the deficiency noted:

1. The Bookkeeper will conduct training with all Grade Chairmen on Fund Raising procedures and forms. This training will take place by the first week of September. All forms will be checked by the Bookkeeper to ensure they are correct.

Thank you for your advice in correcting our deficiency.

Sincerely,

A handwritten signature in cursive script that reads "Anne H. Miller".

Anne H. Miller

FLEMING ISLAND ELEMENTARY SCHOOL

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

For the Year Ended June 30, 2012

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SHIRLEY W. HATCHER, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT



INDEPENDENT AUDITOR'S REPORT

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

Honorable Members:

I have audited the accompanying statement of cash receipts and disbursements of the internal funds of Fleming Island Elementary School for the year ended June 30, 2012. This financial statement is the responsibility of the School's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my 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 U.S. generally accepted accounting principles.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the internal funds of Fleming Island Elementary School for the year ended June 30, 2012, on the basis of accounting described in Note 1.

Shirley W. Hatcher, CPA, PA

SHIRLEY W. HATCHER, CPA, P.A.
August 8, 2012

FLEMING ISLAND ELEMENTARY SCHOOL
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
OF THE INTERNAL FUNDS
For the Year Ended June 30, 2012

| | Cash Balance <u>July 1, 2011</u> | Transactions | | | Cash Balance <u>June 30, 2012</u> |
|---------------------------------|--|---------------------|----------------------------|--------------------------------|---|
| | | <u>Receipts</u> | <u>Disburse- ments</u> | <u>Interfund Transfers</u> | |
| Athletics | \$.00 | \$.00 | \$.00 | \$.00 | \$.00 |
| Music | 685.14 | 1,716.61 | 2,301.23 | 1,338.50 | 1,439.02 |
| Classes, Clubs & Departments | 15,018.95 | 79,595.58 | 73,978.59 | (2,206.04) | 18,429.90 |
| Trust | 13,147.12 | 28,399.31 | 26,880.59 | 10,309.63 | 24,975.47 |
| General | 3,299.49 | 31,634.81 | 35,322.33 | 6,958.39 | 6,570.36 |
| Outside Organization | <u>16,539.14</u> | <u>63,296.70</u> | <u>46,308.43</u> | <u>(16,400.48)</u> | <u>17,126.93</u> |
| Total | <u>\$ 48,689.84</u> | <u>\$204,643.01</u> | <u>\$ 184,791.17</u> | <u>\$.00</u> | <u>\$ 68,541.68</u> |

See accompanying notes to statement of cash receipts and disbursements.

**FLEMING ISLAND ELEMENTARY SCHOOL
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 2012**

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 Fleming Island 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 Fleming Island 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 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. 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.

FLEMING ISLAND ELEMENTARY SCHOOL
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(CONTINUED)
For the Year Ended June 30, 2012

NOTE 2 – Cash and Cash Equivalents

The June 30, 2012 cash balance of \$68,541.68 as reported on the Statement of Cash Receipts and Disbursements consists of \$38,668.78 which is being held in a non-interest bearing checking account insured by the FDIC, and \$29,872.90 which is being held in an investment account with the Clay County School Board.

NOTE 3 - Interest Income

Interest in the amount of \$83.91 was earned at the rate of approximately .28% during the year ended June 30, 2012.

NOTE 4 - Subsequent Events

Generally accepted accounting principles require the disclosure of significant events or transactions that occur after the balance sheet date but before the financial statements are issued. The School has evaluated subsequent events through August 8, 2012 and found no significant events or transactions that should be recorded. The evaluation date is considered to be the date the financial statements are available to be issued.

SHIRLEY W. HATCHER, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT



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

Honorable Members:

In accordance with the instructions prepared by the Clay County School Board, Fleming Island Elementary School reported no accounts payable items or encumbrances at June 30, 2012 for the internal funds. However, during my auditing procedures, I noted the following accounts payable items at June 30, 2012:

Accounts Payable

| | |
|----------------------------|-------------------|
| Teacher Direct | \$ 70.92 |
| Rochester 100, Inc. | 840.00 |
| Insight | 155.43 |
| ID Cards | 351.00 |
| Florida Mathematics League | 240.00 |
| The Gallery Invoice | <u>236.34</u> |
| Total Accounts Payable | <u>\$1,893.69</u> |

The above amount does not agree with the list provided by the school at June 30, 2012 or with the Principal's Report. Auditing procedures as I considered necessary under the circumstances were applied to the verification of these accounts payable.

Shirley W. Hatcher, CPA, PA

SHIRLEY W. HATCHER, CPA, P.A.
August 8, 2012

SHIRLEY W. HATCHER, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT



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

Honorable Members:

In planning and performing my audit of the statement of cash receipts and disbursements of the internal funds of Fleming Island Elementary School for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, I considered its internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the school's internal control. Accordingly, I do not express an opinion on the effectiveness of Fleming Island Elementary School's internal control.

My 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.

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. I did not find any deficiencies that I consider to be material weaknesses in internal control of Fleming Island Elementary School.

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 the governance. During my audit, I found the following items which I consider to be significant deficiencies in internal controls.

1. Official receipts are not being prepared on a daily basis. The bookkeeper is preparing the official receipts after making the bank deposit. Per the IFM Page 18, "Upon receipt of a Report of Monies Collected form and money, the bookkeeper should Then an official receipt should be prepared on the EPES system ..." Because of this discrepancy, the receipt numbers are not in chronological order, and, therefore, it is difficult to determine if the funds are being deposited daily with the bookkeeper.
2. Numerous teacher receipts and Report of Monies Form exceptions were noted including changes to dates, monies being held over nights and weekends, and voided white copies of the receipts were missing,
3. Numerous disbursement exceptions were noted during my audit including lack of supporting documentation for purchases, purchases prior to approval, coding of disbursements to various accounts where "funds are available" rather than coding to the appropriate account, payments made from statements rather than invoices, nine checks with only one signature, purchase of a maintenance contract on a copy machine, and lack of sponsor signatures on requisitions.
4. Payment to an individual as a donation for charitable purpose was made. No W-9 was completed or received by the school. Any individual receiving payment should be required to complete a W-9 and a 1099 should be issued in accordance with the School Board policies and the requirements of the Internal Revenue Code.
5. Sales tax is not being paid on purchases of items for resale such as shirts and candy for resale. All persons responsible for purchasing products should be aware of the Florida Department of Revenue's requirements for payment of sales tax.
6. Several account numbers in the chart of accounts are not in compliance with the listing provided by the Clay County School Board's District Office. A review of the approved listing should be made and the school's chart of accounts should be updated accordingly.

Other items were noted in the audit which I do not consider to be material weaknesses or significant deficiencies. However, these items are not in compliance with the Internal Funds Manual, and appropriate steps should be taken to follow the guidelines as prescribed by the District School Board. These items are as follows:

1. When funds received are less than \$5, a teacher's receipt is not required. However, a listing should be provided on the ROMC form showing the payer's name. Several teachers included a summary such as "15 students @ \$2" as the description.
2. The bookkeeper is completing the majority of the purchase requisitions and transfer forms. This creates a lack of segregation of duties and is in conflict with the Internal Funds Manual. Furthermore, the workload on the bookkeeper is tremendous. Persons requesting payments and/or transfers should complete the appropriate forms, and provide his/her signature indicating approval to spend and/or transfer the funds. Many descriptions on the purchase requisitions simply state "merchandise." The purpose of the purchase should be described in better detail.
3. One check cleared the bank for an amount different than the actual amount written. Instead of voiding and correcting the check amount, the bookkeeper made an adjustment to the 5100 account which is not the account the check was coded. In the future, check corrections should be made and any difference reflected in the appropriate account.
4. Several fundraising forms were not completed for school spirit shirt sales, snow cone sales, ticket sales for the Drama Club. Any and all activities which generate excess funds for the school should be considered a fundraiser and the appropriate forms completed.
5. A number of accounts payable items were noted which were not included on the year-end Principal's Report. Because individuals are making purchases prior to approval, the bookkeeper is unaware of outstanding items to be paid. All purchases should be approved prior to purchase, and the bookkeeper should include any unpaid items on the monthly Principal's Report.

I recommend the bookkeeper meet with the District School Board staff for assistance in addressing these items.

ITEMS TO INCLUDE AFTER FINAL VISIT TO SITE

Communication with Those Charged with Governance

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies 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. I noted no transactions entered during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Statement of Cash Receipts and Disbursements in the proper period.

Accounting estimates are an integral part of the financial statements 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.

Difficulties Encountered in Performing the Audit - I 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.

Disagreements with Management - For purposes of this letter, professional standards define a disagreement with management as a financial accounting, report, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of our audit.

Management Representations - I have requested certain representations from management that are included in the management representation letter dated August 8, 2012.

Other Auditing Findings or Issues - I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Fleming Island Elementary School
Management Letter (2011-2012)
Page -5-

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.

I wish to take this opportunity to commend the staff and faculty of Fleming Island Elementary School for the cooperation and courtesies extended during my audit. I look forward to a continued relationship.

Shirley W. Hatcher CPA, P.A.

SHIRLEY W. HATCHER, CPA, P.A.
August 8, 2012

Fleming Island Elementary

4425 Lakeshore Drive
Orange Park, Fl. 32003

Phone: 904-278-2020
Fax: 904-278-2026

Sandra Mead
Principal

Jeanne Hiatt Jones
Assistant Principal

August 23, 2012

Shirley W. Hatcher, CPA, PA
2239 Blanding Blvd. Suite 2
Middleburg, FL. 32068

Dear Sirs:

We are responding to the audit of internal funds at Fleming Island Elementary School. 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 the governance.

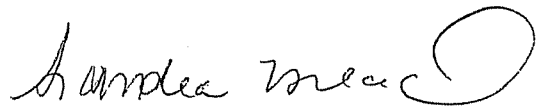
1. The bookkeeper will prepare the official receipts on a daily bases.
2. We will talk to the teachers on the procedure of the receipt books.
3. My bookkeeper will make sure that the monies will be disbursed out of the appropriate accounts.
4. My bookkeeper will make sure that a W-9/1099 number will be given/provided with the fundraiser.
5. My bookkeeper will make sure all Sales tax will be paid on fundraisers.
6. My bookkeeper will correct all the schools accounts to comply with the District Office chart.

Other items were noted in the audit which the auditor did not consider to be material weaknesses or significant deficiencies:

1. We will talk to the teachers when collecting \$5 dollars or less that they will have to the students names.
2. We will talk with the teachers explaining on how to complete the purchase requisitions forms.
3. My bookkeeper if ever she has to do a journal adjustment to make sure that it is taken or putting in the right account.
4. My bookkeeper will have the teachers fill out a fundraising form when they order their classroom shirts, snow cones sales, ticket sales for the drama club.
5. My bookkeeper will not order any items in June to start up the next year.

Thank you very much for your suggestions.

Sincerely,

A handwritten signature in cursive script that reads "Sandra Mead". The signature is written in black ink and is positioned above the typed name.

Sandra Mead,
Principal

Cc: George Copeland, Assistant Superintended