

ADULT AND COMMUNITY EDUCATION

**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
4292
Orange Park, FL 32073
0391

Kingsley Center

Telephone (904) 269-

Facsimile (904) 269-

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 Adult and Community Education 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 Adult and Community Education for the year ended June 30, 2012, on the basis of accounting described in Note 1.



Emily C. Helms, CPA, PA
August 15, 2012

ADULT AND COMMUNITY EDUCATION

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
Trust	\$ 1,840.47	832.40	58.19	(1,500.00)	1,114.68
General	1,839.79	2,624.17	3,780.98	1,500.00	2,182.98
Total	\$ 3,680.26	\$ 3,456.57	\$ 3,839.17	\$ -	\$ 3,297.66

See accompanying notes and accountant's report.

ADULT AND COMMUNITY EDUCATION

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 Adult and Community Education (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 Adult and Community Education.

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.

ADULT AND COMMUNITY EDUCATION

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 \$ 3,297.66 as reported on the statement of cash receipts and disbursements consists of \$2,527.99 being held in a non interest checking account insured by the FDIC and \$769.67 held in an investment account with the Clay County School.

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 \$769.67 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 \$1515. 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 15, 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
4292
Orange Park, FL 32073
0391

Kingsley Center

Telephone (904) 269-

Facsimile (904) 269-

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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, Adult and Community Education 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 Adult and Community Education for the year ended June 30, 2012.



Emily C. Helms, CPA, PA
August 15, 2012

EMILY C. HELMS, CPA, PA
Certified Public Accountant

1279 Kingsley Avenue, Suite 103
4292
Orange Park, FL 32073
0391

Kingsley Center

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Facsimile (904) 269-

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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 Adult and Community Education as of and for the year ended June 30, 2012 and have issued our report thereon dated August 15, 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 Adult and Community Education'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.

As part of our audit, we also considered the correction of the prior year audit findings:

- The prior year audit findings 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.

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

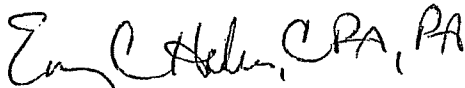
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that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

Management Representations

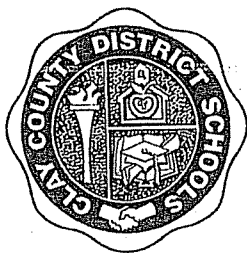
We have requested certain representations from management that are included in the management representation letter.

We commend the principal and the bookkeeper for an excellent job. It has been a pleasure to have this opportunity to serve Adult and Community Education 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 15, 2012



Ben H. Wortham
Superintendent of Schools

SCHOOL DISTRICT OF CLAY COUNTY

900 Walnut Street
Green Cove Springs, Florida 32043
Telephones:
904/284-6500 (GCS) 904/272-8100 (OP)
1-888-663-2529 (KH)
FAX 904/284-6525 TDD 904/284-6584

BOARD MEMBERS:

Carol Vallencourt
District 1
Carol Studdard
District 2
Charles Van Zant, Jr.
District 3
Frank Farrell
District 4
Lisa Graham
District 5

August 28, 2012

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

Dear Ms. Helms:

Thank you for performing our 2011-2012 audit for Adult & Community Education. We strive to follow the guidelines provided to us in the Internal Accounts Manual for Clay County Schools. We will continue to implement these procedures which have enabled us to have such great results of no discrepancies sited in our audit.

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

Sincerely,

A handwritten signature in black ink, appearing to read "S. Amburgey", with a long horizontal flourish extending to the right.

Steven B. Amburgey
Supervisor

SBA/dgg

**Argyle Elementary School
Internal Funds**

**Statement of Cash Receipts
and Disbursements**

June 30, 2012

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

June 30, 2012

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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 Argyle Elementary School Internal Funds for the year ended June 30, 2012. 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 Argyle 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 Argyle Elementary School Internal Funds for the year ended June 30, 2012, on the basis of accounting described in Note 1.

DDF CPA Group

August 9, 2012

ddfcpa.com

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

**Argyle Elementary School
Internal Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Balance June 30, 2012</u>
Music	\$ 434.33	\$ 1,675.50	\$ 2,512.81	\$ 1,468.82	\$ 1,065.84
Classes, Clubs and Departments	8,396.79	47,434.57	44,483.87	(1,237.07)	10,110.42
Trusts	6,767.29	14,991.88	13,113.84	308.46	8,953.79
General	8,496.69	22,017.51	22,803.70	(540.21)	7,170.29
Outside Organizations	<u>4,596.36</u>	<u>18,638.59</u>	<u>12,903.40</u>	<u>-</u>	<u>10,331.55</u>
	<u>\$ 28,691.46</u>	<u>\$ 104,758.05</u>	<u>\$ 95,817.62</u>	<u>\$ -</u>	<u>\$ 37,631.89</u>

See accompanying Notes to Financial Statement

**Argyle Elementary School
Internal Funds
Notes to Financial Statement
For the Year Ended June 30, 2012**

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 Argyle 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 Argyle 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, 2012 cash balance, totaling \$37,631.89 consists of \$37,424.89 in a non-interest bearing checking account and \$207 in checks returned to the school for insufficient funds. The School will either collect and re-deposit the NSF checks or seek approval from the District School Board to write them off as uncollectible after collection efforts have been exhausted. Interest earnings for the year ended June 30, 2012 amounted to \$0.

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, 2012.

Accounts Payable

<u>Vendor</u>	<u>Amount</u>
Amsterdam Printing	\$ 172.35
Sam's Club	1,030.42
Follett Library	15.29
Orange Park Florist and Gifts	55.00
Publix	95.54
	1,368.60
	\$ 1,368.60

There were no encumbrances at June 30, 2012.



Management Letter

District School Board
Clay County, Florida

In planning and performing our audit of the financial statements of Argyle Elementary School as of and for the year ended June 30, 2012, 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 Argyle 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 a deficiency in internal control that we consider to be a material weakness 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 deficiency in the Argyle Elementary School's internal control to be a material weakness:

- With regard to fundraising activities, the total number of items sold multiplied by the selling price of each item should equal total cash deposited and any differences should be accompanied by a detailed explanation. We found instances where the Financial Recap form was not adequately completed to support total collections stated on the income section. Furthermore, reported total income did not agree with total cash receipts posted in the general ledger. Lastly, we noted the selling of Gator Bowl Tickets that met the definition of a fundraiser, however no fundraiser form was provided for audit. We suggest all sections of the Fundraiser Financial recap section be completely filled out to support reported income of the activity and that any activities that generate a commission have a fundraiser form completed, in accordance with Section 1 (I) of 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 Argyle Elementary School's internal control to be significant deficiencies:

- Pursuant to Section IV (F) of the Internal Accounts Manual, payments made to vendors may only be made from valid invoices. We noted in 12% of disbursements tested that no vendor invoices were available to support the amount or reason for payment. We recommend that payments are only made from vendor invoices and that paid invoices are retained and provided for audit.
- To make certain that funds collected each year are expended to benefit current students, Section I (H) of the Internal Accounts Manual set ending balance limits on certain activity accounts. A review of the school's current year calculation used to determine allowable carry forward balances revealed a formula error. This error resulted in seven ending account balances that were greater than the prescribed limits.

As part of our audit, we considered the correction of prior year findings. With regard to the findings from the June 30, 2011 audit report, the significant deficiencies noted above were also noted in the 2011 audit.

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. We 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

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.

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 dated August 9, 2012.

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 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.

We wish to take this opportunity to thank Argyle Elementary 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.

DDF CPA Group

August 9, 2012



www.clay.k12.fl.us/aes

We are all Pioneers...

...Pathfinders on the Trail of a New Frontier

Theresa Roman, Principal
troman@mail.clay.k12.fl.us

Jessica Parman, Assistant Principal
jppullen@mail.clay.k12.fl.us

August 29, 2012

DDF CPA GROUP.
P.O. Box 996
Fleming Island FL 32006

Dear DDF CPA Group:

This letter is in response to the audit report of the internal funds of Argyle Elementary School for the year ending June 30, 2012. Steps have been taken to correct the items noted in our audit draft for the 2012-2013 school year.

1. In regards to the Financial Recap section on the Fundraiser forms not having documentation. The bookkeeper reviewed the guidelines and explained the importance of completing all sections of the form. The bookkeeper also shared ideas given during the exit audit on ways to make the completion process easier for all.
2. In regards to disbursements not having proper documentations for payment, the bookkeeper will note before any disbursement are made that it contains the proper documentations and insure payments are only made from valid invoices.
3. In regards to the account limits set on ending balances, the bookkeeper will make certain the correct formula is used when calculating ending account balances.

Argyle Elementary appreciates the patience and guidance of our auditor, DDF CPA Group. We would like to thank DDF CPA Group for being extremely helpful and understanding.

Sincerely,

A handwritten signature in cursive script that reads 'Theresa Roman'.

Theresa Roman
Principal

BANNERMAN LEARNING CENTER

**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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1279 Kingsley Avenue, Suite 103
Orange Park, FL 32073

Kingsley Center

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

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Clay County, Florida
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Mr. Charles Van Zant, Jr.
Mr. Frank Farrell
Ms. Lisa Graham

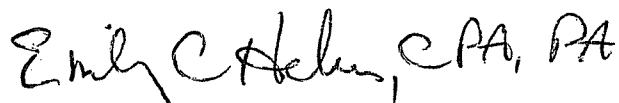
Honorable Members:

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



Emily C. Helms, CPA, PA
August 14, 2012

BANNERMAN LEARNING CENTER

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
Classes, Clubs, Departments	\$ 2,823.13	7,588.00	6,545.90	182.94	\$ 4,048.17
Trust	667.97	19,698.95	18,889.23	(413.60)	\$ 1,064.09
General	6,028.92	751.00	4,822.80	230.66	2,187.78
Total	\$ 9,520.02	\$ 28,037.95	\$ 30,257.93	\$ -	\$ 7,300.04

See accompanying notes and accountant's report.

BANNERMAN LEARNING CENTER

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 Bannerman Learning Center (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 Bannerman Learning Center.

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.

BANNERMAN LEARNING CENTER

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 \$7,300.04 as reported on the statement of cash receipts and disbursements consists of \$7,300.04 being held in a non interest checking account insured by the FDIC.

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 had no investment with Florida Prime. The weighted average days to maturity of the Florida PRIME at June 30, 2012, is 38 days.

- 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 has no 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 14, 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

Kingsley Center

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, Bannerman Learning Center 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 Bannerman Learning Center for the year ended June 30, 2012.



Emily C. Helms, CPA, PA
August 14, 2012

EMILY C. HELMS, CPA, PA
Certified Public Accountant

1279 Kingsley Avenue, Suite 103
Orange Park, FL 32073

Kingsley Center

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:

We have audited the internal funds financial statement of Bannerman Learning Center as of and for the year ended June 30, 2012 and have issued our report thereon dated August 14, 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 Bannerman Learning Center'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.

As part of our audit, we also considered the correction of the prior year findings:

Prior year audit finding have been addressed and corrected.

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 could not be reconciled 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.
- Orders are being placed before the Request for Purchase Approval and Check Requisition is approved. We recommend that the bookkeeper review with the teachers and sponsors the Disbursement Procedures and Instructions for Request for Purchase Approval and Check Requisition as outlined on pages 33 through 37 of the Clay County School Board Internal Accounts Manual.

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 Bannerman Learning Center 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 14, 2012

BANNERMAN LEARNING CENTER

608 Mill Street - Green Cove Springs, Florida 32048
Main Office: (904) 529-2100 Fax: (904) 529-2103
Fax: (904) 529-1025(ESE) Fax: (904) 529-2599 (Administration)

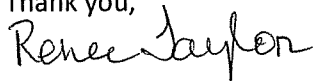
Michael Elia, Principal
Amanda George, Assistant Principal

August 20, 2012

Dear Ms. Helms,

Bannerman Learning Center will meet with our teachers/sponsors to review the instructions for all fund raising applications and also the procedures for purchase approvals/check requisitions.

Thank you,



Renee Taylor

Mike Elia



Charles E. Bennett Elementary School

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

For the Year Ended June 30, 2012

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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 and Board Members
Clay County, Florida

Honorable Members:

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

Adams & Harper, PA

Adams & Harper, PA
Certified Public Accountants
August 14, 2012

**Charles E. Bennett Elementary School
Statement of Cash Receipts and Disbursements
of the Internal Funds
For the Year Ended June 30, 2012**

	<u>Cash Balance July 1, 2011</u>	<u>Transactions</u>			<u>Cash Balance June 30, 2012</u>
		<u>Receipts</u>	<u>Disburse- ments</u>	<u>Transfers</u>	
Music	\$ 1,030.25	\$ 9,942.40	\$ 10,073.92	\$ -	\$ 898.73
Classes, Clubs, Departments	9,835.42	31,918.38	26,058.85	(672.73)	15,022.22
Trust	1,507.71	17,078.29	15,270.51	26.95	3,342.44
General	11,213.51	27,806.47	22,212.55	645.78	17,453.21
Outside Funds	10,213.45	-	7,388.97	-	2,824.48
Total	\$ 33,800.34	\$ 86,745.54	\$ 81,004.80	\$ -	\$ 39,541.08

See accompanying notes and independent auditors' report

**Charles E. Bennett 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 include the effects of transactions and balances relating to the internal accounts of Charles E. Bennett 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 Charles E. Bennett Elementary School.

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

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

Basis of accounting

The accompanying financial statement is prepared on the cash basis of accounting and, therefore, reflects only cash received and disbursed. Such basis is a generally accepted basis of accounting for Florida school internal accounts as defined by Chapter 7 of the Florida Department of Education's Financial and Program Cost Accounting and Reporting for Florida Schools. Receivables and payables, accrued revenues and expenditures, and property and depreciation, if any, are not reflected. Consequently, this statement is not intended to present financial position nor results of operations in conformity with generally accepted accounting principles, applicable in the United States of America.

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, applicable in the United States of America.

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

Note 2 - Cash

The June 30, 2012, ending cash balance of \$ 39,541.08 consists of \$ 18,324.98 held in the School's checking account (insured by the Federal Deposit Insurance Corporation (FDIC)), \$ 21,216.10 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 \$ 59.59, representing an annual yield of approximately 0.28%.

Note 4 – Subsequent Events

The School has evaluated subsequent events through August 14, 2012; the date of the independent auditors' report and the date which the financial statement is considered available to issue. There were no material subsequent events to report.

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

Schedule of Accounts Payable and Encumbrances

Mr. Ben Wortham, Superintendent of Schools and Board Members
Clay County, Florida

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, 2012 of the Charles E. Bennett 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 2011-2012 fiscal year, and accordingly, are not recorded on the statement of receipts and disbursements of the internal funds of Charles E. Bennett Elementary School for the year ended June 30, 2012.

<u>Accounts Payable</u>	<u>Vendor</u>	<u>Amount</u>
	Lifetouch	\$ 3,368.61
	TOTAL	\$ 3,368.61

<u>Encumbrances</u>	<u>Vendor</u>	<u>Amount</u>
	TOTAL	\$ -

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

Adams & Harper, PA

Adams & Harper, PA
Certified Public Accountants
August 14, 2012

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

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Kathlyn C. Jordan, CPA

Members:
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of Certified Public Accountants

Mr. Ben Wortham, Superintendent of Schools and Board Members
Clay County, Florida

Honorable Members:

Our report on internal control and our communication with those charged with governance for Charles E. Bennett Elementary School follows.

Independent Auditors' Report on Internal Control

In planning and performing our audit of the financial statement of Charles E. Bennett Elementary School for the year ended June 30, 2012, 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 statement 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 a material weakness as defined above. However, we identified a single deficiency in internal control over financial reporting which is described below, 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 over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following single item to be a significant deficiency in internal control.

1. Our audit revealed that incompatible employee responsibilities are not always segregated. For example, the bookkeeper 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 and to encourage the use of oversight and monitoring.

Auditor Communications With Those Charged With Governance

Professional standards require that we communicate with you concerning certain important items and matters related to our audit.

We have audited the statement of cash receipts and disbursements of Charles E. Bennett Elementary School Internal Accounts (School) for the year ended June 30, 2012 and have issued our report thereon dated August 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 12, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Your Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Charles E. Bennett Elementary School Internal Funds are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Disclosures in the financial statements are clear and consistent. The use of the cash basis of reporting is highlighted to alert any reader of that convention.

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. No such adjustments were noted during our audit.

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 previously delivered to us in connection with our audit.

Other Audit Findings or Issues

We also wish to inform you that we discovered other minor compliance violations (listed below) and accordingly, we recommend you review the frequency and materiality of these violations and take mitigating actions to improve the general environment and climate of your operations. Without the attention of your staff and your 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 operations. We encourage you to reinforce the importance with each staff person or teacher to follow the guidelines described in the Internal Accounts Manual, provide an adequate training environment for participating employees or volunteers to understand their duties and for you to expect each such person to comply with 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.

- Two instances of improperly completed principal's reports.
- One instance of an improperly completed Report of Monies Collected.
- One instance of incomplete deposit documentation.
- Two instances of improperly completed fundraiser applications.
- One instance of a check missing dual signatures.
- One instance of a purchase being made prior to approval.

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

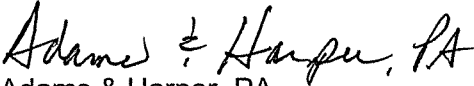
Follow-up on Prior Year Audit Findings

As part of our current year audit, we considered your attention to prior year audit findings. We noted minor violations of the Internal Accounts Manual again this year which were comparable to those noted in the prior year.

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 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 & Harper, PA
Orange Park, FL
August 14, 2012

Charles E. Bennett Elementary School

1 South Oakridge Avenue
Green Cove Springs, FL 32043
(904) 529-2126
(904) 529-2133 – FAX

Evelyn Chastain
Principal

www.clay.k12.fl.us/ceb/

Mark G. Phelps
Assistant Principal

August 17, 2012

Adams & Harper, PA
1665 Kingsley Avenue
Suite 100
Orange Park, FL 32073

To Whom It May Concern:

Dolly Conner and I would like to thank you for the professional way the audit was conducted at Charles E. Bennett Elementary School. Nate Woodruff was knowledgeable and willing to provide information on questions regarding specific procedures initiated by the bookkeeper.

1. Multiple copies of Principal Reports are generated on a monthly basis. One page of the April report kept on file was not signed. That is not a common procedure, just an inadvertent mistake. The June report did not have a \$3368.61 accounts payable listing. A new one with that information has been sent to your office and to Roni Campbell at the Clay County School Board.
2. Teachers were inserviced on the procedures for Monies Collected forms. They now know to initial any changes to the form.
3. The one missing deposit documentation happened because that specific deposit was put in a drop box. The bank did not send back the deposit ticket when the bag was picked up on Monday.
4. Teacher did not put a start date on a Fundraiser Application Form. It was not caught by the bookkeeper. All other pertinent information was noted, just that block was not filled in. The bookkeeper was not aware that a Fundraiser Application Form had to be completed within 30 days of the end of the activity. That will not happen again.
5. One check was inadvertently issued without 2 signatures.
6. The music teacher ordered candy bars prior to filling out a request for purchase and check requisition. A copy of the documentation was made and given to her so that she does follow the proper procedures in the future.

All of these audit findings have been addressed with the personnel involved, so that these issues are not repeated at Charles E. Bennett Elementary School. Mr. Woodruff was efficient, very pleasant to deal with, and provided valuable feedback for the questions that were addressed during this audit.

Sincerely,



Evelyn Chastain, Principal

**W. E. Cherry Elementary School
Internal Funds**

**Statement of Cash Receipts
and Disbursements**

June 30, 2012

**W. E. Cherry Elementary School
Internal Funds
Statement of Cash Receipts and Disbursements**

June 30, 2012

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Management Letter & Communication with Those Charged with Governance	4



Independent Auditors' Report

District School Board
Clay County, Florida

Honorable Members:

We have audited the accompanying statement of cash receipts and disbursements of W.E. Cherry Elementary School Internal Funds for the year ended June 30, 2012. 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 W.E. Cherry 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 W.E. Cherry Elementary School Internal Funds for the year ended June 30, 2012, on the basis of accounting described in Note 1.

DDF CPA Group

August 8, 2012

ddfcpa.com

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

**W. E. Cherry Elementary School
Internal Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Balance June 30, 2012</u>
Music	\$ 224.79	\$ 365.00	\$ 572.17	\$ -	\$ 17.62
Classes, Clubs and Departments	7,532.10	35,788.00	37,494.40	414.06	6,239.76
Trusts	2,373.39	17,119.07	17,424.88	644.29	2,711.87
General	1,061.88	30.00	1,152.65	379.15	318.38
Outside Organizations	<u>673.34</u>	<u>29,658.71</u>	<u>26,127.01</u>	<u>(1,437.50)</u>	<u>2,767.54</u>
	<u>\$ 11,865.50</u>	<u>\$ 82,960.78</u>	<u>\$ 82,771.11</u>	<u>\$ -</u>	<u>\$ 12,055.17</u>

See accompanying Notes to Financial Statement

**W. E. Cherry Elementary School
Internal Funds
Notes to Financial Statement
For the Year Ended June 30, 2012**

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 W. E. Cherry 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 W. E. Cherry 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, 2012 cash balance, totaling \$12,055.17 consists of \$12,051.67 in a non-interest bearing checking account and \$3.50 in checks returned to the school for insufficient funds. The School will either collect and re-deposit the NSF checks or seek approval from the District School Board to write them off as uncollectible after collection efforts have been exhausted. Interest earnings for the year ended June 30, 2012 amounted to \$0.

Note 3 - Accounts Payable and Encumbrances

There were no accounts payable or encumbrances at June 30, 2012.



Management Letter

District School Board
Clay County, Florida

In planning and performing our audit of the financial statements of W.E. Cherry Elementary School as of and for the year ended June 30, 2012, 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 W.E. Cherry 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 a certain deficiency in internal control that we consider to be a material weakness and other deficiencies 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 deficiency in the W.E. Cherry Elementary School's internal control to be a material weakness:

- Regarding fundraising activities, the total number of items sold multiplied by the selling price of each item should equal total cash deposited and any differences should be accompanied by a detailed explanation. We found instances where the Financial Recap form was not adequately completed to support total collections stated on the income section. Furthermore, reported total income did not agree with total cash receipts posted in the general ledger. Lastly, we noted two book fairs and Santa Shop sales that met the definition of a fundraiser, however no fundraiser form was provided for audit. We suggest all sections of the fundraiser Financial Recap form be completely filled out to support reported income of the activity and that any activities that generate a commission have a fundraiser form completed in accordance with Section 1(I) of 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 W.E. Cherry Elementary School's internal control to be significant deficiencies:

- Pursuant to Section IV (F) of the Internal Accounts Manual, gifts purchased are required to have the signature of the receiver. Testing of disbursements revealed four purchases to assist "families in need" that lacked sufficient documentation to support that the intended recipient actually received the benefit. Disbursements noted were as follows:
 - The purchase of a swim suit for an Orange Park High School student
 - A \$100 disbursement for payment of a family's past due electric bill
 - A purchase of eye glasses for a student
 - Purchase of contact lenses for a student

Furthermore, the Florida Department of Education's "Redbook" (2011 Edition) states that purchases for articles of personal use for any student is deemed inappropriate and shall not be made, except from trust funds collected for that specifically identified purpose. Although the above referenced disbursements were made out of the PSA account, a school-based, direct-support organization, fundraising revenues of the PSA were general in nature and were not raised specifically to be used for personal items for students or other persons.

Additionally, we noted a disbursement in the amount of \$171 for "secretary's day" where complete documentation was not provided to show what was purchased and for whom. Moreover, another disbursement showed an \$80 tip on a \$41 restaurant bill for an awards luncheon which did not have sufficient documentation to support the reason for the excessive tip. We suggest all disbursements from internal accounts have adequate documentation and purchases of gifts have signatures from recipients to ensure compliance with established policies and procedures.

- Section IV (B) of the Internal Accounts Manual states that materials and supplies purchased by the school for use in carrying out the school's educational duties are tax-exempt. We noted educational purchases where sales tax was paid when the school's credit card was being used to make the purchase. Conversely, the school should pay sales tax when purchasing items for resale, such as fundraising activities. If sales tax is not paid when the resale item was purchased for the fundraising event, the school is acting as a vendor and is required to collect and remit sales tax on the gross amount collected. We noted two fundraisers where items for resale was purchased and sales tax was not paid to the vendor, nor did the school collect or remit the sales tax to the Florida Department of Revenue in accordance to the Internal Accounts Manual. We recommend that the school pay sales tax directly to the vendor for items of resale and stop paying sales tax on educational supplies and materials when making purchases with its credit card.

- We noted tickets issued for a school dance and a school carnival, however no Report of Tickets Sold was completed. Furthermore, the school is not maintaining a Master Ticket Log or Ticket Disbursement Sheet as required by the Internal Accounts Manual. We recommend that the school follow the required procedures for the use and tracking of tickets.
- Disbursement policies stated in the Internal Accounts Manual state that an Internal Funds Request for Purchase Approval form must be completed and proper authorization for the purchase must be obtained from the Principal or their designee before making the actual purchase. We noted in 23% of the Purchase Approval forms tested the Principal/designee's approval occurred after the purchase took place or was not dated by the Principal/designee to support that approval occurred before the purchase was made. We suggest that teachers and sponsors are reminded that a signed commitment from the principal or designee must be on file before any purchase is made.

As part of our audit, we considered the correction of prior year findings. With regard to the findings from the June 30, 2011 audit report, all items noted were repeated with the exception of the teacher's/sponsor's dating of teacher's receipts and Report of Monies Collected forms, which we consider to be corrected.

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. We 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

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.

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 dated August 8, 2012.

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 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.

We wish to take this opportunity to thank W.E. Cherry Elementary 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.

DDF CPA Group

August 8, 2012

W. E. CHERRY ELEMENTARY SCHOOL

420 EDSON DRIVE

ORANGE PARK, FLORIDA 32073

(904) 278- 2050

FAX (904) 278-2056

<http://www.clay.k12.fl.us/wec>

AMY VANN

ASSISTANT PRINCIPAL

ANGELA WHIDDON
PRINCIPAL

August 20, 2012

Douglas, Douglas and Farnsworth
4729 US Highway 17S, Suite 204
Orange Park, FL 32003

Dear Madam or Sir:

This letter is in response to the audit report of the internal funds of W. E. Cherry Elementary School for the year ending 2011-2012. Steps have been taken to correct the items noted in our audit draft for the 2011-2012 school year.

1. With regards to the fundraising activities, we will ensure the forms are completely filled out to support reported income and there will be appropriate documentation attached to each fundraising form.
2. With regards to items/services (water, electric, etc.) provided by PSA and/or Children in Need Fund, we will provide sufficient documentation to support the intended recipient (Clay Country School System student/family) received the benefit. We will also ensure the fundraising forms state the fund raising revenues of the PSA are raised for families in need. I would like to clarify the disbursement for an \$80 tip on a \$41 restaurant bill. We took 87 students for the FCAT limo ride for a reward lunch. The student's meals were free and based on the actual cost of the meals the tip would equal \$80.
3. With regards to paying sales tax on fundraising events, we will pay sales tax directly to the vendor for items of resale.
4. With regards to tickets issued for an event, we will follow the required procedures for the use and tracking of tickets.
5. As Internal Funds must have prior authorization, we will remind the teachers and sponsors that a signed commitment from the principal or designee must be on file before any purchase is made.

W. E. Cherry appreciates the patience of our auditors at Douglas, Douglas and Farnsworth.

Sincerely,



Angela Whiddon
Principal, W. E. Cherry Elementary