

RFQ#11-BA/RFP-111 INDEPENDENT AUDITING SERVICES

OPENED: 2:00 P.M., MAY 19, 2011

Posted By: Nancy J. Racine

Witnessed By: Debra Knott

Time/Date: 2:20 5/26/11

Vendor	Attachment A	Attachment B	Attachment C	Attachment D	Attachment E	Attachment F	Insurance Certificate	Proposal Bond	Total Evaluation Score
Carr, Riggs & Ingram	YES	YES	YES	YES	YES	YES	YES	YES	143.15
Cherry, Bekaert & Holland,	YES	YES	YES	YES	YES	YES	YES	YES	212.6
Compass Consulting Group	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	
Crowe Horwath	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	
Ernst & Young									
Harvey Covington & Thomas, L.L.C.									
McGlädrey & Pullen,									
Moore, Stephens, Lovelace	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	
New Day Business Consult									
Purvis, Gray & Co.;	YES	YES	YES	YES	YES	YES	YES	YES	222.12

RECOMMENDATION: Award to Purvis, Gray & Co. the highest ranked vendor meeting specifications.

Failure to file a protest within the time prescribed in Section 120.53(5), Florida Statutes, shall constitute a waiver of proceeding under Chapter 120, Florida Statutes.

RFP Opened By: Nancy G. Racine

Evaluated By: Frank Farrell
Roni Campbell

Sonya Findley

**AGREEMENT BETWEEN THE SCHOOL BOARD OF CLAY COUNTY, FLORIDA,
AND PURVIS GRAY & COMPANY, LLP**

This Agreement is made and entered into effective June 16, 2011 (the "Effective Date"), and is by and between The School Board of Clay County, Florida, operating a district school system in the State of Florida (the "District"), and Purvis Gray, LLP, a Florida limited liability partnership (the "Contractor").

WITNESSETH:

Whereas, the District issued RFP No. 11-BA/RFP-111 dated on or about April 22, 2011 relating to the District's solicitation of independent auditing services (the "Services"), together with Addendum No. 1 dated May 12, 2011 (collectively, the "RFP"), a copy of which RFP is attached hereto and incorporated herein by this reference as Exhibit A;

Whereas, after free and open competition, Contractor submitted a proposal (attached hereto and incorporated herein by this reference as Exhibit B), and was selected as the best responsive and responsible Contractor by the District (the "Proposal");

Whereas, the Contractor is interested in and capable of performing the desired Services for the District and the District desires to have the Contractor perform the Services; and

Whereas, the parties have reached an agreement on the Services to be performed and the payment for the same, and therefore wish to set forth this understanding in writing in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

**ARTICLE I
SCOPE OF SERVICES**

1.1 The recitals set forth above are true and correct and are incorporated into this Agreement by this reference.

1.2 The parties agree that the purpose of this Agreement is that the Contractor shall fully and timely provide the District the Services in a manner in accordance with the District's objectives set forth in the RFP and this Agreement. The contract documents consist of this Agreement, the RFP (including the Addendum), the Proposal and the Audit Engagement Letter (attached hereto and incorporated herein by this reference as Exhibit C). In the event of any conflict or ambiguity among these documents, the priority set forth in section 13.7.15 of the RFP shall be assigned.

**ARTICLE II
COMMENCEMENT AND RENEWAL**

2.1 See section 1.6 of the RFP with the initial term commencing June 17, 2011.

2.2 Except for those actions preceding the date of this Agreement, the Services shall commence according to the schedule set forth in the RFP, unless the District notifies the Contractor otherwise in writing.

**ARTICLE III
COMPENSATION**

3.1 The compensation is as set forth in the Proposal.

3.2 The maximum obligated amount under this Agreement shall be as set forth in the Proposal documents; in no event shall the District be responsible to the Contractor for compensation in excess of the maximum obligated amounts stated in this Agreement except as increased by formal approved and executed supplemental agreement(s).

**ARTICLE IV
TERMINATION**

This Agreement may be terminated as set forth in the RFP.

**ARTICLE V
COMMUNICATIONS; RECORDS; NOTICES**

5.1 The parties agree that all communications relating to the day-to-day activities shall be exchanged between the respective representatives of the District and the Contractor, which representatives shall be designated by the parties, in writing, promptly upon commencement of the Services.

5.2 The Contractor shall provide records and information and fully cooperate (notwithstanding any Contractor claims of trade secrets, proprietary or confidential information) with the District as to all matters pertaining to any and all legal, audit, administration, and compliance requirements relating to the Services and the contract documents.

5.3 Until changed by written notice, all formal notices and communications shall be addressed as follows, and sent via certified mail (return receipt requested) or overnight delivery:

If to the District: School Board of Clay County
Attn: Mr. Benjamin Wortham, Superintendent
900 Walnut Street
Green Cove Springs, Florida 32043

With copy to: School Board of Clay County
Attn: Dr. George Copeland, Assistant Superintendent of Business Affairs
900 Walnut Street
Green Cove Springs, Florida 32207

If to the Contractor: Purvis Gray & Company, LLP
Attn: Timothy M. Westgate, CPA
2347 SE 17th Street
Ocala, FL 34471

**ARTICLE VI
PERSONNEL**

6.1 The Contractor represents and warrants that its performance of the Services shall be rendered with promptness and diligence and shall be executed in a workman-like manner, in accordance with the practices and high professional standards used in a well-managed operation performing services similar to the Services. The Contractor represents and warrants it will use an adequate number of qualified individuals with suitable training, education, experience, and skill necessary to perform the Services and the Contractor represents and warrants it will perform the Services in an efficient and cost-effective manner.

6.2 The Contractor agrees and represents that all of the Services required hereunder shall be performed by the Contractor as identified in the Proposal.

6.3 All the personnel assigned by the Contractor and any subcontractor shall be authorized under state and local laws to perform such Services, whether by appropriate license, registration, certification or other authorization.

6.4 The Contractor agrees that it will remove (within a mutually agreed upon period of time) from assignment under this Agreement any individual in its employ, if, after the matter has been reviewed jointly by the District and the Contractor, the District requests such action in writing. Any such removal shall not necessarily reflect on the capabilities or competence of the individual so removed. Nothing herein shall affect the status or responsibilities of the Contractor as an independent contractor solely responsible for the method, manner and means chosen by it to perform hereunder.

**ARTICLE VII
MISCELLANEOUS**

7.1 Failure by either party to insist upon strict performance of any of the provisions hereof or failure or delay by either party in exercising any rights or remedies provided herein or by law, the District's payment in whole or in part for services hereunder or any purported oral modification or rescission of this Agreement by an employee or agent of either party shall not release either party of any of its obligations hereunder, shall not be deemed a waiver of the rights of either party to insist upon strict performance hereof or of any of either party's rights or remedies under this Agreement or by law and shall not operate as a waiver of any of the provisions hereof. A waiver by either of the Parties of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant in this Agreement. Except as otherwise expressly provided in this Agreement, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, in equity or otherwise.

7.2 The Article and Section headings are for reference and convenience only and shall not enter into the interpretation hereof.

7.3 All of Contractor's exceptions to the RFP set forth in its Proposal, if any, are stricken in their entirety and void except as may be specifically addressed in this Agreement.

7.4 This Agreement may be executed via facsimile and in one or more counterparts, each of which will be deemed an original, but all such facsimiles and counterparts will together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ATTEST:THE SCHOOL BOARD OF CLAY COUNTY, FLORIDA

By: _____
Ben Wortham, Superintendent

By: _____
Frank Farrell, Chairman of the Board

Approved by Board on June 16, 2011

Witnesses:

Purvis Gray & Company, LLP

Name: _____

By: _____
Name: _____
Title: General Partner

Name: _____



May 26, 2011

AUDIT ENGAGEMENT LETTER

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
c/o Dr. George Copeland
Clay County District School Board
Green Cove Springs, Florida 32043

We are pleased to confirm our understanding of the services we are to provide the Clay County District School Board (the District), for the years ended June 30, 2011 through 2015, with three additional years at the option of the District. We will audit the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the District, as of and for the years then ended. Other auditors will audit the aggregate discretely presented component units and school internal accounts. Their reports will be furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal accounts and the aggregate discretely presented component units, will be based on the reports of the other auditors. For years audited by the Auditor General of the State of Florida, it will be the District's option as to what, if any, audit procedures or technical assistance we will perform.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI) such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis Prepared by District Management
- Other Required Supplemental Information as Required by Governmental Accounting Standards Board (GASB).

We have also been engaged to report on supplementary information other than RSI which also accompanies the District's financial statements. We will subject the following information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American and will provide an opinion on it in relation to the financial statements as a whole:

- Schedule of Expenditures of Federal Awards

Certified Public Accountants

Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
Clay County District School Board
Green Cove Springs, Florida

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May 26, 2011

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplemental information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133; *Rules of the Auditor General*, Chapter 10.800 and Florida Statutes Section 218.39, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and the schedule of expenditures of federal awards and that you reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
Clay County District School Board
Green Cove Springs, Florida

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May 26, 2011

Management Responsibilities (Concluded)

have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District and the respective changes in the financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contract and grant agreements.

Management is responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include, including significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving: (1) management; (2) employees who have significant roles in internal control; and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on October 1, 2011. You are responsible for the preparation of supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplemental information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of the audit findings and recommendations. Management is also responsible for identifying for us previous audit findings, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format on that information.

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
Clay County District School Board
Green Cove Springs, Florida

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May 26, 2011

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from: (1) errors; (2) fraudulent financial reporting; (3) misappropriation of assets; or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope that would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
Clay County District School Board
Green Cove Springs, Florida

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May 26, 2011

Audit Procedures—Internal Controls (*Concluded*)

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated during AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the OMB Circular A-133, *Compliance Supplement*, for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Purvis, Gray and Company, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a Cognizant or Oversight Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Purvis, Gray and Company, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the date the auditors' report is issued. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
Clay County District School Board
Green Cove Springs, Florida

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May 26, 2011

Engagement Administration, Fees, and Other (Concluded)

We expect to begin our June 30, 2011 audit in approximately July 2011, and to issue our reports no later than March 1, 2012. I will be the engagement partner and will be responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates except that we agree that our gross fee will be as identified in our proposal response to the District, as reproduced below. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and not more than once monthly and are payable in accordance with the Local Government Prompt Payment Act. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

<u>Fiscal Year Ending</u>	<u>Audit Without Single Audit</u>	<u>Single Audit</u>	<u>Total</u>
June 30, 2011	\$ 59,900	\$ 9,600	\$ 69,500
June 30, 2012 (AG Year)	60,500	10,000	70,500
June 30, 2013	61,250	10,500	71,750
June 30, 2014	62,250	11,250	73,500
June 30, 2015 (AG Year)	63,500	11,750	75,250

This engagement letter can be extended for an additional three years at the option of the District. If the District elects to extend the term of the engagement beyond 2015, a new fee structure will be negotiated at that time.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review report and letter of comment accompanies this letter.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter please sign the enclosed copy and return it to us.

Very truly yours,

PURVIS, GRAY AND COMPANY, LLP



Timothy M. Westgate, C.P.A.
Partner

TMW/cjp
Enclosures

Honorable Ben Worthman
Superintendent of Schools and
Honorable School Board Members
Clay County District School Board
Green Cove Springs, Florida

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May 26, 2011

RESPONSE:

This letter correctly sets forth the understanding of Clay County District School Board.

Signature: _____

Title: _____

Date: _____



Fowler, Holley, Rambo & Stalvey, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Curtis G. Fowler, CPA, PFS, CFP • Carlton W. Holley, CPA • C. Wayne Rambo, CPA, CVA • Richard A. Stalvey, CPA

3208 Wildwood Plantation Drive • Post Office Box 1887 • Valdosta, GA 31603-1887 • (229) 244-1559 • (800) 360-3123 • Fax (229) 245-7369

System Review Report

September 15, 2010

To the Partners of
Purvis, Gray and Company, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Purvis, Gray and Company, LLP (the firm) in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans and an audit performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Purvis, Gray and Company, LLP in effect for the year ended May 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Purvis, Gray and Company, LLP has received a peer review rating of *pass*.

Fowler, Holley, Rambo & Stalvey, P.C.
Fowler, Holley, Rambo & Stalvey, P.C.

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James E. Folsom, CPA • R. Arden DeLoach, Jr., CPA • Josie Miller, CPA • Robert D. Elliott, CPA
Dustin C. Wilkes, CPA • Emily A. Browning, CPA, CFEA • Whitney W. Jacobs, CPA • Barbara K. Duncan, CPA

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