

AUDIT REPORT
INDIAN RIVER DISTRICT
SCHOOL BOARD
INTERNAL ACCOUNTS
JUNE 30, 2008

**Audit Report
Indian River District School Board Internal Accounts
June 30, 2008**

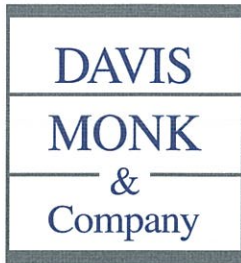
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Indian River District School Board Internal Accounts
June 30, 2008

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Independent Auditors' Report

Indian River District School Board
Indian River County, Florida

We have audited the accompanying statement of fiduciary net assets of the Indian River District School Board Internal Accounts (the "Internal Accounts") as of June 30, 2008. This financial statement is the responsibility of the management of the Indian River District School Board (the "District School Board"). Our responsibility is to express an opinion on this financial statement based on our audit.

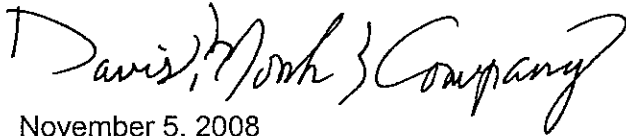
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 includes only the fiduciary net assets of the Internal Accounts, which are included in the financial reporting entity of the District School Board. The financial statement does not include other fiduciary net assets of the School Board and, accordingly, does not purport to, and does not, present the fiduciary net assets of the District School Board in conformity with 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 financial position of the Internal Accounts as of June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2008 on our consideration of the Internal Accounts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the statement of fiduciary net assets. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statement of the Internal Accounts. Such information has been subjected to the auditing procedures applied in the audit of the statement of fiduciary net assets and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.



November 5, 2008
Gainesville, Florida

Statement of Fiduciary Net Assets
June 30, 2008
Indian River District School Board Internal Accounts

ASSETS

Cash and Equivalents	\$ 1,069,491
Inventory	<u>32,558</u>
TOTAL ASSETS	<u>1,102,049</u>

LIABILITIES

Accounts Payable	5,383
Assets Held for Others	<u>1,096,666</u>
TOTAL LIABILITIES	<u>1,102,049</u>

NET ASSETS	<u><u>\$ -</u></u>
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See accompanying notes.

**Notes to Financial Statement
June 30, 2008
Indian River District School Board Internal Accounts**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statement includes the balances relating exclusively to the internal account activities of the public schools within the Indian River County, Florida school system. The financial statement does not include other fiduciary net assets of the Indian River District School Board (the "District School Board"). Therefore, the accompanying financial statement does not purport to, and does not, present the fiduciary net assets of the District School Board in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Internal Accounts are included, as agency funds, in the financial reporting entity of the District School Board.

Basis of Accounting

The accompanying financial statement is prepared on the accrual basis of accounting.

Inventory

Inventory is reported at cost under the first-in first-out method.

NOTE 2 – CASH AND EQUIVALENTS

Cash and Equivalents consists of:

Deposits with Financial Institutions	\$ 409,056
Petty Cash	1,300
Invested with State Board of Administration	<u>659,135</u>
	<u>\$ 1,069,491</u>

All deposits are placed in financial institutions that qualify as public depositories. Accordingly, all deposits are insured by Federal depository insurance and/or collateralized pursuant to Chapter 280, Florida Statutes.

The Schools invest surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. During the year, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("LGIP" and "Fund B"). The Schools had all of their investments in the LGIP at June 30, 2008.

**Notes to Financial Statement
June 30, 2008
Indian River District School Board Internal Accounts**

NOTE 2 – CASH AND EQUIVALENTS

The LGIP has adopted operating procedures consistent with the requirements for a 2a7-like fund. The Schools' investment in the LGIP is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

The Schools' investments in the State Pool exposes them to credit risk. The Schools do not have a formal investment policy relating to this risk, which is hereafter described.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The LGIP is rated by Standard and Poors and has a rating at June 30, 2008 of AAAm.

SUPPLEMENTAL INFORMATION

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Sebastian River High School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse-	In	Out
	7/1/2007		ments			
Athletics	\$ 43,382	\$ 310,352	\$ 308,857	\$ 47,556	\$ 58,957	\$ 33,476
Classes	20,273	45,670	63,677	19,928	6,648	15,546
Clubs	5,275	68,003	64,642	1,967	3,371	7,232
Departments	25,483	119,816	119,253	7,053	8,262	24,837
Trusts	27,820	48,599	58,162	16,964	14,393	20,828
General	11,286	57,300	51,087	4,894	6,731	15,662
Total Cash	<u>\$ 133,519</u>	<u>\$ 649,740</u>	<u>\$ 665,678</u>	<u>\$ 98,362</u>	<u>\$ 98,362</u>	117,581
Inventory						-
Accounts Payable						<u>(5,383)</u>
Assets Held for Others						<u>\$ 112,198</u>

Schedule of Assets Held for Others
 June 30, 2008
 Indian River District School Board Internal Accounts

Vero Beach High School

	Cash Balances 7/1/2007	Cash Receipts	Cash Disburse- ments	Transfers		Balances 6/30/2008
				In	Out	
Athletics	\$ 52,818	\$ 279,396	\$ 237,740	\$ 212,014	\$ 228,522	\$ 77,966
Music	14,936	132,536	135,178	4,415	4,025	12,684
Classes	39,074	180,117	152,791	15,532	11,842	70,090
Clubs	87,704	331,156	345,835	63,896	52,714	84,207
Departments	1,489	1,993	2,069	-	512	901
Trusts	34,097	96,039	89,907	6,594	8,311	38,512
General	42,051	45,596	52,953	41,666	38,191	38,169
Total Cash	<u>\$ 272,169</u>	<u>\$ 1,066,833</u>	<u>\$ 1,016,473</u>	<u>\$ 344,117</u>	<u>\$ 344,117</u>	322,529
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 322,529</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Gifford Middle School

	Cash Balances 7/1/2007	Cash Receipts	Cash Disburse- ments	Transfers		Balances 6/30/2008
				In	Out	
Athletics	\$ 20,087	\$ 39,387	\$ 39,197	\$ 101	\$ 101	\$ 20,277
Music	3,541	12,534	14,021	-	978	1,076
Classes	4,304	31,893	32,735	2,578	3,643	2,397
Clubs	19,295	11,836	21,978	-	-	9,153
Departments	6,402	10,324	11,461	152	-	5,417
Trusts	10,659	17,114	14,213	-	253	13,307
General	52,233	30,983	27,153	17,144	15,000	58,207
Total Cash	<u>\$ 116,521</u>	<u>\$ 154,071</u>	<u>\$ 160,758</u>	<u>\$ 19,975</u>	<u>\$ 19,975</u>	109,834
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 109,834</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Oslo Middle School

	Cash Balances <u>7/1/2007</u>	Cash Receipts	Cash Disburse- ments	<u>Transfers</u>		Balances <u>6/30/2008</u>
				In	Out	
Athletics	\$ 11,242	\$ 29,864	\$ 33,146	\$ 969	\$ 857	\$ 8,072
Music	7,385	16,656	20,574	3,664	3,546	3,585
Classes	5,148	36,131	35,391	894	1,780	5,002
Clubs	1,001	4,414	4,245	312	1,000	482
Departments	3,042	6,542	5,981	302	302	3,603
Trusts	5,163	7,388	7,771	2,335	1,405	5,710
General	3,506	46,047	43,160	829	415	6,807
Total Cash	<u>\$ 36,487</u>	<u>\$ 147,042</u>	<u>\$ 150,268</u>	<u>\$ 9,305</u>	<u>\$ 9,305</u>	33,261
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 33,261</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Sebastian River Middle School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse-	In	Out
	7/1/2007		ments			
Athletics	\$ 2,816	\$ 4,193	\$ 3,107	\$ -	\$ 200	\$ 3,702
Classes	11	13,596	13,674	75	-	8
Clubs	6,340	26,186	25,213	3,311	1,495	9,129
Departments	5,068	7,382	5,294	836	-	7,992
Trusts	21,681	17,372	20,045	1,391	3,078	17,321
General	33,789	50,967	47,201	1,110	1,950	36,715
Total Cash	<u>\$ 69,705</u>	<u>\$ 119,696</u>	<u>\$ 114,534</u>	<u>\$ 6,723</u>	<u>\$ 6,723</u>	74,867
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 74,867</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Beachland Elementary School

	Cash Balances 7/1/2007	Cash Receipts	Cash Disburse- ments	Transfers		Balances 6/30/2008
				In	Out	
Classes	\$ 1,976	\$ 21,279	\$ 20,931	\$ 157	\$ 2,346	\$ 135
Clubs	5,188	62,414	65,938	2,679	3,493	850
Departments	3,050	5,879	6,314	1,914	1,889	2,640
Trusts	11,090	49,915	32,164	2,450	7,012	24,279
General	7,022	29,176	29,281	8,214	674	14,457
Total Cash	<u>\$ 28,326</u>	<u>\$ 168,663</u>	<u>\$ 154,628</u>	<u>\$ 15,414</u>	<u>\$ 15,414</u>	42,361
inventory						507
Accounts Payable						-
Assets Held for Others						<u>\$ 42,868</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Citrus Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse-	In	Out
	7/1/2007		ments			
Athletics	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 150
Classes	2,445	31,486	30,449	-	1,728	1,754
Clubs	438	8,943	9,091	360	-	650
Departments	2,763	11,596	12,122	686	-	2,923
Trusts	7,093	9,290	7,989	-	36	8,358
General	9,465	9,342	12,861	568	-	6,514
Total Cash	\$ 22,204	\$ 70,657	\$ 72,512	\$ 1,764	\$ 1,764	20,349
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 20,349</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Dodgertown Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>	<u>Receipts</u>	<u>ments</u>	<u>In</u>	<u>Out</u>	<u>6/30/2008</u>
Music	\$ 50	\$ 960	\$ 1,176	\$ 166	\$ -	\$ -
Classes	65	23,677	23,687	704	439	320
Clubs	472	700	1,012	456	-	616
Departments	1,965	3,964	5,170	1,086	-	1,845
Trusts	7,734	3,955	2,641	-	5,225	3,823
General	<u>6,326</u>	<u>17,257</u>	<u>16,506</u>	<u>7,358</u>	<u>4,106</u>	<u>10,329</u>
Total Cash	<u><u>\$ 16,612</u></u>	<u><u>\$ 50,513</u></u>	<u><u>\$ 50,192</u></u>	<u><u>\$ 9,770</u></u>	<u><u>\$ 9,770</u></u>	16,933
Inventory						-
Accounts Payable						<u>-</u>
Assets Held for Others						<u><u>\$ 16,933</u></u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Fellsmere Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>		<u>ments</u>			
Classes	\$ 1,160	\$ 35,143	\$ 34,395	\$ 1,899	\$ 1,933	\$ 1,874
Clubs	112	4,253	4,197	350	-	518
Departments	1,195	4,016	4,544	-	-	667
Trusts	9,088	33,792	29,029	2,274	2,587	13,538
General	<u>3,669</u>	<u>5,988</u>	<u>6,452</u>	<u>499</u>	<u>502</u>	<u>3,202</u>
Total Cash	<u><u>\$15,224</u></u>	<u><u>\$ 83,192</u></u>	<u><u>\$ 78,617</u></u>	<u><u>\$ 5,022</u></u>	<u><u>\$ 5,022</u></u>	19,799
Inventory						-
Accounts Payable						-
Assets Held for Others						<u><u>\$ 19,799</u></u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Glendale Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>		<u>ments</u>			
Music	\$ -	\$ 420	\$ 453	\$ 33	\$ -	\$ -
Classes	681	43,974	43,977	1,113	1,127	664
Clubs	453	159	410	-	-	202
Departments	4,557	11,295	12,153	43	97	3,645
Trusts	1,626	3,451	3,322	-	1,049	706
General	13,299	16,664	9,055	3,789	2,705	21,992
Total Cash	<u><u>\$20,616</u></u>	<u><u>\$ 75,963</u></u>	<u><u>\$ 69,370</u></u>	<u><u>\$ 4,978</u></u>	<u><u>\$ 4,978</u></u>	27,209
Inventory						-
Accounts Payable						-
Assets Held for Others						<u><u>\$ 27,209</u></u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Highlands Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse- ments	In	
Classes	\$ 1,597	\$ 30,158	\$ 29,887	\$ 2,041	\$ 2,360	\$ 1,549
Clubs	2,941	1,850	1,421	-	-	3,370
Departments	954	729	717	-	-	966
Trusts	1,897	10,034	9,702	-	78	2,151
General	4,285	6,049	6,054	676	279	4,677
Total Cash	<u>\$ 11,674</u>	<u>\$ 48,820</u>	<u>\$ 47,781</u>	<u>\$ 2,717</u>	<u>\$ 2,717</u>	12,713
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 12,713</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Liberty Magnet School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse- ments	In	
	<u>7/1/2007</u>					
Music	\$ 1,035	\$ 3,855	\$ 4,137	\$ -	\$ -	\$ 753
Classes	5,227	101,045	102,277	21,146	20,978	4,163
Clubs	1,645	23,297	23,017	1,731	1,036	2,620
Departments	3,000	22,358	17,561	3,905	7,251	4,451
Trusts	13,406	30,175	34,109	3,446	3,320	9,598
General	4,498	6,810	6,619	2,361	4	7,046
	<u>\$ 28,811</u>	<u>\$ 187,540</u>	<u>\$ 187,720</u>	<u>\$ 32,589</u>	<u>\$ 32,589</u>	28,631
Total Cash						
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 28,631</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Osceola Magnet School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>		<u>ments</u>			
Music	\$ 13	\$ 1,455	\$ 1,360	\$ 3	\$ -	\$ 111
Classes	3,611	53,163	51,682	3,323	3,526	4,889
Clubs	-	32,281	29,099	-	1,994	1,188
Departments	2,044	6,744	4,504	1,763	-	6,047
Trusts	11,106	11,663	8,884	768	667	13,986
General	31,695	20,914	33,150	3,979	3,649	19,789
	<u>\$48,469</u>	<u>\$ 126,220</u>	<u>\$ 128,679</u>	<u>\$ 9,836</u>	<u>\$ 9,836</u>	46,010
Total Cash						
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 46,010</u>

Schedule of Assets Held for Others
 June 30, 2008
 Indian River District School Board Internal Accounts

Pelican Island Elementary School

	Cash Balances 7/1/2007	Cash Receipts	Cash Disburse- ments	Transfers		Balances 6/30/2008
				In	Out	
Athletics	\$ -	\$ -	\$ -	\$ 108	\$ -	\$ 108
Music	-	-	-	53	-	53
Classes	939	24,684	24,356	1,668	2,087	848
Clubs	1,628	6,157	5,486	1,389	3,688	-
Departments	3,287	6,477	6,793	978	457	3,492
Trusts	5,540	24,706	21,234	2,055	718	10,349
General	4,885	5,450	8,012	2,663	1,964	3,022
Total Cash	<u>\$ 16,279</u>	<u>\$ 67,474</u>	<u>\$ 65,881</u>	<u>\$ 8,914</u>	<u>\$ 8,914</u>	17,872
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 17,872</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Rosewood Magnet School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>		<u>ments</u>			
Music	\$ 195	\$ 100	\$ 72	\$ -	\$ -	\$ 223
Classes	13,771	92,405	90,512	6,699	6,768	15,595
Departments	3,580	14,685	12,543	-	-	5,722
Trusts	21,647	20,330	27,600	3,505	3,621	14,261
General	10,366	18,306	15,242	250	65	13,615
Total Cash	<u><u>\$ 49,559</u></u>	<u><u>\$ 145,826</u></u>	<u><u>\$ 145,969</u></u>	<u><u>\$ 10,454</u></u>	<u><u>\$ 10,454</u></u>	49,416
Inventory						-
Accounts Payable						-
Assets Held for Others						<u><u>\$ 49,416</u></u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Sebastian Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse-	In	Out
	<u>7/1/2007</u>		ments			
Athletics	\$ 60	\$ -	\$ 149	\$ 89	\$ -	\$ -
Music	33	680	725	40	-	28
Classes	5,094	40,955	40,548	1,302	4,126	2,677
Clubs	1,750	13,830	14,469	(17)	112	982
Departments	975	8,067	8,542	2,809	2,842	467
Trusts	14,026	42,387	42,660	4,908	2,355	16,306
General	6,491	5,246	6,244	856	552	5,797
Total Cash	<u>\$28,429</u>	<u>\$111,165</u>	<u>\$ 113,337</u>	<u>\$ 9,987</u>	<u>\$ 9,987</u>	26,257
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 26,257</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Thompson Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>		<u>ments</u>			
Athletics	\$ -	\$ 855	\$ 2,044	\$ 1,252	\$ 20	\$ 43
Music	93	846	879	24	27	57
Classes	6,758	13,074	15,545	549	2,718	2,118
Clubs	864	4,380	6,394	3,427	-	2,277
Departments	3,740	6,649	5,805	122	2,251	2,455
Trusts	35,446	3,652	32,808	709	1,745	5,254
General	1,200	4,766	5,467	2,830	2,152	1,177
Total Cash	<u><u>\$ 48,101</u></u>	<u><u>\$ 34,222</u></u>	<u><u>\$ 68,942</u></u>	<u><u>\$ 8,913</u></u>	<u><u>\$ 8,913</u></u>	13,381
Inventory						-
Accounts Payable						-
Assets Held for Others						<u><u>\$ 13,381</u></u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Treasure Coast Elementary School

	<u>Cash Balances 7/1/2007</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Transfers</u>		<u>Balances 6/30/2008</u>
				<u>In</u>	<u>Out</u>	
Music	\$ 5	\$ 625	\$ 525	\$ -	\$ -	\$ 105
Classes	563	25,705	25,782	1,701	1,482	705
Clubs	40	-	-	-	-	40
Departments	6,859	13,444	17,263	915	-	3,955
Trusts	1,722	15,286	13,978	30	718	2,342
General	723	16,031	12,962	4,959	5,405	3,346
	<u>\$ 9,912</u>	<u>\$ 71,091</u>	<u>\$ 70,510</u>	<u>\$ 7,605</u>	<u>\$ 7,605</u>	10,493
Total Cash						
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 10,493</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Vero Beach Elementary School

	Cash	Cash	Cash	Transfers		Balances
	Balances			Receipts	Disburse-	
	<u>7/1/2007</u>		<u>ments</u>			
Classes	\$ 700	\$ 15,701	\$ 15,846	\$ 442	\$ 551	\$ 446
Clubs	269	59	-	-	-	328
Departments	1,702	7,115	7,147	780	527	1,923
Trusts	2,825	8,044	6,709	1,352	4,588	924
General	8,561	6,347	10,270	5,368	2,276	7,730
Total Cash	<u>\$ 14,057</u>	<u>\$ 37,266</u>	<u>\$ 39,972</u>	<u>\$ 7,942</u>	<u>\$ 7,942</u>	11,351
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 11,351</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Adult and Community Education

	<u>Cash Balances 7/1/2007</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Transfers</u>		<u>Balances 6/30/2008</u>
				In	Out	
Music	\$ -	\$ 6,364	\$ 6,364	\$ -	\$ -	\$ -
Classes	-	-	-	-	-	-
Clubs	14,286	49,239	50,442	7,392	6,862	13,613
Trusts	-	3,570	4,104	655	-	121
General	3,856	26,807	24,795	88	1,273	4,683
Total Cash	<u>\$ 18,142</u>	<u>\$ 85,980</u>	<u>\$ 85,705</u>	<u>\$ 8,135</u>	<u>\$ 8,135</u>	18,417
Inventory						32,051
Accounts Payable						-
Assets Held for Others						<u>\$ 50,468</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Alternative Education

	<u>Cash Balances 7/1/2007</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Transfers</u>		<u>Balances 6/30/2008</u>
				<u>In</u>	<u>Out</u>	
Classes	<u>\$ 860</u>	<u>\$ 6,666</u>	<u>\$ 5,586</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 1,940
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 1,940</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Wabasso School

	Cash	Cash	Cash	Transfers		Balances
	Balances		Receipts	Disburse-	In	
	<u>7/1/2007</u>		<u>ments</u>			
Clubs	\$ 20,887	\$ 737	\$ 4,316	\$ -	\$ 249	\$ 17,059
Trusts	7,969	4,957	4,590	1,127	2,764	6,699
General	26,852	22,004	39,411	1,895	9	11,331
Total Cash	<u>\$ 55,708</u>	<u>\$ 27,698</u>	<u>\$ 48,317</u>	<u>\$ 3,022</u>	<u>\$ 3,022</u>	35,089
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 35,089</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

Transportation

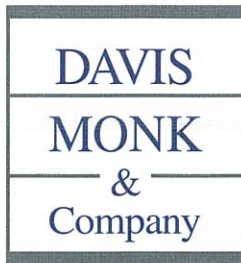
	<u>Cash Balances 7/1/2007</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Transfers</u>		<u>Balances 6/30/2008</u>
				<u>In</u>	<u>Out</u>	
General	<u>\$ 1,174</u>	<u>\$ 3,047</u>	<u>\$ 3,544</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 677
Inventory						-
Accounts Payable						<u>-</u>
Assets Held for Others						<u>\$ 677</u>

Schedule of Assets Held for Others
June 30, 2008
Indian River District School Board Internal Accounts

County Office

	<u>Cash Balances 7/1/2007</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Transfers</u>		<u>Balances 6/30/2008</u>
				<u>In</u>	<u>Out</u>	
Trusts	\$ 11,243	\$ 950	\$ 2,632	\$ -	\$ -	\$ 9,561
General	998	3,177	1,215	361	361	2,960
Total Cash	<u>\$ 12,241</u>	<u>\$ 4,127</u>	<u>\$ 3,847</u>	<u>\$ 361</u>	<u>\$ 361</u>	12,521
Inventory						-
Accounts Payable						-
Assets Held for Others						<u>\$ 12,521</u>

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS/
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**



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Indian River District School Board
Indian River County, Florida

We have audited the statement of fiduciary net assets of the Indian River District School Board Internal Accounts (the "Internal Accounts") as of June 30, 2008, and have issued our report thereon dated November 5, 2008. Our report on the financial statement included a paragraph explaining that the financial statement includes only the fiduciary net assets of the Internal Accounts and does not include other fiduciary net assets of the Indian River District School Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Internal Accounts' internal control over financial reporting 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 Internal Accounts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Internal Accounts' 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. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Internal Accounts' 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 Internal Accounts' financial statements that is more than inconsequential will not be prevented or detected by the Internal Accounts' internal control. We consider the deficiency described in the accompanying Schedule of Findings and Other Matters as item 08-1 to be a significant deficiency in internal control over financial reporting.

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 by the Internal Accounts' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Internal Accounts' financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Other Matters. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management in the accompanying Schedule of Findings and Other Matters.

Communication with Those Charged with Governance

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

Our Responsibility under U.S. Generally Accepted Auditing Standards

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

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

The disclosures in the financial statement are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

Disagreements with Management

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

Management Representations

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

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

A handwritten signature in black ink, appearing to read "Davis, Mark Crump". The signature is written in a cursive style with a large, sweeping flourish at the end.

November 5, 2008
Gainesville, Florida

**Schedule of Findings and Other Matters
For the Year Ended June 30, 2008
Indian River District School Board Internal Accounts**

SIGNIFICANT DEFICIENCY

08-1 **Finding** – We noted that some school employees who maintain accounting records also handle cash collections, cosign checks, and reconcile bank statement balances to the accounting records. Internal control over cash transactions would be strengthened if these duties were separated among employees. While we acknowledge that personnel may not always be available to permit such a separation of employee duties and responsibilities, we think it is important that you are made aware of this condition. We encourage the principals to review the bank reconciliations in order to help compensate for the lack of segregation of duties. We further encourage the principals to require that the bank statements be routed to them unopened and that they examine the cancelled checks (or check copies) for alternations or unusual payees.

District's Response – We acknowledge that incompatible duties cannot always be adequately separated and will do our best to provide compensating controls.

OTHER MATTERS

In addition to the significant deficiency described above, our audit procedures disclosed other conditions involving the internal control over financial reporting and immaterial instances of noncompliance at various schools, which are hereafter presented for your consideration. For schools that are not specifically identified, our audit procedures did not disclose other conditions that we feel should be brought to your attention.

Unless otherwise indicated, all references are to the District's *Policies and Procedures for Internal Accounts, Rule 6GX31-7*.

All Schools

Cash Collections

Rule 7.53(B), states that collections made outside of the school office must be turned in to the school office no later than the next business day. Generally, we noted instances whereby monies collected outside the school office were not remitted to the bookkeeper in the prescribed time. Internal controls over cash collections would be improved if all collections were turned in for deposit in a timely manner.

Rule 7.53(C) states that funds collected must be deposited within five working days after receipt. We noted instances where collections were not deposited within five working days of receipt.

Transportation

Rule 7.53(C)(1) states that raffles and other activities of chance shall not be conducted for school-connected activities. It was noted in our audit that the Transportation Department held a raffle as a fundraising activity.

**Schedule of Findings and Other Matters
For the Year Ended June 30, 2008
Indian River District School Board Internal Accounts**

Rule 7.52(E) states that no checks will be issued payable to cash. All payments will reflect the person, institution, or fund to which payment is to be made. We noted several instances whereby checks were made payable to Cash as a means to reimburse an employee for purchases made personally on behalf of the internal accounts. Further review of the supporting documentation indicated that purchases being submitted for reimbursement had been made as long as five months prior to the request for reimbursement. We recommend that all expenditures be timely submitted for reimbursement and that all checks be issued directly to the vendor for which payment is to be made.

County Office

Rule 7.53(C) states that all money collected be deposited intact in a depository as frequently as feasible and as dictated by sound business practice. In any event, funds collected must be deposited within five working days after receipt. It was noted in our audit that the Maintenance Department sold scrap metal over a 10 month period and collected \$1,830. These proceeds were not deposited in the internal accounts depository for up to 12 months after the initial cash collection.

Vero Beach High School

Rule 7.50(M), states that invoices or other approved substantiating evidence shall be required for all payments. In our review of disbursements we noted one reimbursement made to a booster club for expenditures incurred while assisting the school activities related to a concert for fundraising purposes. This disbursement, totaling \$12,828, was substantiated by a list of expenditures but not supporting invoices.

Glendale Elementary School

During the school year, a police report was filed for monies totaling \$654 that went missing from the school bookkeeper's desk prior to deposit into the bank. There is an ongoing investigation of this matter. The School has implemented additional safeguard procedures in the transfer of monies collected.

Sebastian River High School

Rule 7.553 states that each fundraising activity must be approved in writing by the organization sponsor and the principal utilizing the district form prior to the activity taking place. Additionally, a financial report for each school sponsored fundraising activity shall be filed with the principal's office at its close. We noted several instances whereby the school did not properly complete a fundraising activity permit or financial report for the fundraising activity.

Rule 7.53(A) states that all money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold, or other auditable records. We noted instances whereby school records indicated that collections were substantiated by teacher receipt books; however, those receipt books were not available for audit review. Additionally, we noted two instances whereby the total funds deposited was less than the amount collected as indicated by the supporting receipts.

**Schedule of Findings and Other Matters
For the Year Ended June 30, 2008
Indian River District School Board Internal Accounts**

Oslo Middle School

Rule 7.543, in accordance with Rule 12A-1.011(3)(c)1.a.-b., Florida Administrative Code, states that all items purchased for resale are subject to Florida sales tax unless specifically exempted. Schools are authorized to pay Florida sales tax based on the purchase price to the vendor when purchasing taxable goods or services for resale. We noted several instances whereby sales tax was not paid to the vendor on the cost of items purchased for resale nor was sales tax collected and paid to the Florida Department of Revenue for these items sold.

Gifford Middle School

Rule 7.53(A) states that a single receipt of cash exceeding \$10 should be substantiated by an official receipt. Single cash receipts of \$10 or less may be substantiated by completing a monies collected form. The school sold P.E. uniforms for an average price of \$20 each. Rather than issuing each student a receipt for their purchase, the collections were listed on a monies collected form. We also noted that the supporting documentation that was provided for these collections did not mathematically agree with the cash deposits, which were less than the amounts indicated on the monies collected forms.

Adult and Community Education

In conflict with Board Rule 7.53(A), it was noted in one instance that a deposit and the general ledger coding of monies collected could not be substantiated by appropriate supporting documentation.