

THE SCHOOL DISTRICT OF ESCAMBIA COUNTY Curriculum & Instruction/Human Resource Services/ Risk Management		SCHOOL BOARD AGENDA EXECUTIVE SUMMARY	
TITLE CORRECTIVE ACTION PLAN FOR FINANCIAL RECOVERY A. A. DIXON CHARTER SCHOOL OF EXCELLENCE		SUBMITTED BY: VICKIE MATHIS DIRECTOR, ALTERNATIVE EDUCATION	
PERIOD OF GRANT/ CONTRACT/ REQUEST September 21, 2011 – June 30, 2012	FUNDING SOURCE FEFP-95% , Title I, Charter School Startup Grant	PROJECT COORDINATOR AND DEPARTMENT PAUL FETSKO ASSISTANT SUPERINTENDENT CURRICULUM AND INSTRUCTION	
AMOUNT OF FUNDING REQUEST 0		TOTAL PROJECT 0	
PURPOSE To provide the School's plan for financial Corrective Action Plan for the 2011-2012 fiscal year.			
IMPLEMENTATION PLAN A Financial Correction Action Plan for AA Dixon Charter School as required in Florida Statutes concerning the 2010-2011 audited financial statements. The School's plan should address the funding sources available, the deficit fund balance as of June 30, 2011, and the plan for continuing to operate the School while achieving a positive fund balance.			
PARTICIPATING SCHOOLS/AGENCIES A. A. Dixon Charter School of Excellence Escambia County School District			
ACTION REQUIRED Board approval			
STRATEGIC ALIGNMENT PILLAR: Finance Goal F.1: To increase fiscal efficiencies while maintaining good stewardship of the District's fiscal assets Goal F.3: To improve transparency of financial information to all stakeholders			
DIRECTOR		DATE	DATE OF BOARD APPROVAL
ASSISTANT SUPERINTENDENT		DATE	

Corrective Action Plan



A.A. Dixon Charter School of Excellence

Dated September 1, 2011



A.A. Dixon Charter School of Excellence

BOARD RESOLUTION

Members present: (List board members present when resolution passed.)

At the meeting of the Board of Directors of A.A. Dixon Charter School of Excellence on August 29, 2011, the following resolution was proposed and approved by the board:

Resolved:

A.A. Dixon Charter School of Excellence acknowledges the severity of the school's financial condition and the reasons the district is requiring a Corrective Action Plan;

Thus, the A.A. Dixon Charter School of Excellence Board is in full support of and approves the following Corrective Action Plan for submission to the Escambia County School District.

Approved: August 29, 2011

LuTimothy May
Board President

CONDITIONS THAT INITIATED DEVELOPMENT OF CORRECTIVE ACTION PLAN

Under Section 218.503(1), Florida Statutes, the financial emergency conditions that initiated the development and implementation of a Corrective Action are as follows:

- "Failure to pay uncontested claims from creditors within 90-days after the claim is presented, as a result of lack of funds"; and
- "An unreserved or total fund balance or retained earning deficit, or unrestricted or total net assets deficit, as reported on the balance sheet or statement of net assets on the general purpose or fund financial statements, for which sufficient resources of the local government entity, charter school, charter technical career center, or district school board, as reported on the balance sheet or statement of net assets on the general purpose or fund financial statements, are not available to cover the deficit."

A.A. Dixon Charter School of Excellence had an audited, negative fund balance of (\$100,668) at the end of 2010-2011.

ACTIONS BEING TAKEN TO RESOLVE FINANCIAL CONDITIONS

- A budget based on an enrollment of 140 students has been prepared and is included as Attachment 1 of this document.
- A budget will be prepared based on the actual enrollment after the 10-day count, and at the October and February counts.
- The budget is separating into: 1) General Fund, 2) Title I, and 3) Implementation II (Federal Startup Grant).
- Five vendors/service providers have agreed to donate the amount of their outstanding debts for fiscal year ended June 30, 2011. This has the effect of reducing the accounts payable and fund balance deficit by \$27,328.74.
- The school's management company has agreed to waive its fees for 2011-2012, and will only begin receiving its fee when the school has sufficient revenue.
- Negotiations for repayment are being done with other vendors to whom outstanding balances are owed. The plan is to increase enrollment, and subsequently FEFP revenue, to allow for these outstanding amounts will be repaid in full by June 30, 2012.
- All bills and invoices will be kept current throughout the year.
- There will be strict adherence to following all school spending protocols and procedures.
- No expenditures will be made or indebtedness incurred unless based on the current budget and funds being available.
- Weekly review of all payables will be done.
- A cash flow projection by month will be prepared and updated on a monthly basis.
- Transportation costs have been reduced and the plan is outlined in a separate section of this Corrective Action Plan document.

A budget based on 140 students allows for a \$105,740 increase to the fund balance; resulting in a positive fund balance at year –end of \$5,072. This will also allow for full repayment of the outstanding payables.

HOW THE SCHOOL WILL MEET CLASS SIZE AMENDMENT REQUIREMENTS

The school will address how the requirements of the Class Size Amendment will be met in light of probable staffing reductions.

Florida's Class Size Amendment requires that the maximum number of students in each core class be as follows:

- 18 students in prekindergarten through grade 3;
- 22 students in grades 4 through 8; and
- 25 students in grades 9 through 12.

2011-2012 enrollment numbers with 140 students for A. A. Dixon Charter School of Excellence, the number of classes, and student/ teacher ratios are as follows:

Grade	# Students	Classes	S:T Ratio	Cluster S:T Ratio
K	16	1	16:1	
1	25	2	12.5:1	
2	25	1	25:1	
3	18	1	18:1	K-3 :T Ratio = 16.8:1
4	20	1	20:1	
5	18	1	18:1	
6	18	1	18:1	4-6 S:T Ratio = 18.7

This enrollment snapshot has resulted in core classes, which are below the average size of all classes in the different clusters of K-3 and 4-8, as allowed for charter schools. While the school expects enrollment to increase over the beginning weeks of school, students will be placed in classes so that the K-3 and 4-8 class size clusters do not exceed the allowable maximum. If class sizes exceed the allowable maximum, then the school will submit for approval a written plan to the Florida Department of Education outlining steps to be taken to bring class size into compliance for the next fiscal year. If approved, such a plan will eliminate the 75% class size penalty from the Florida Department of Education.

GENERAL CLASSROOM STAFFING FORMULA

The school has developed and its board approved a general staffing formula for classroom teachers, classroom support, school administration, and any other paid employee categories.

The following is the school's approved staffing formula for all paid school employees.

		<u>Number of Staff by Position</u>		
Enrollment:		140	192	276
Position				
Teachers		8.00	10.00	14.00
Total FTE Positions:		8.00	10.00	14.00

ESE Teacher	0.50	1.00	1.00
Reading Specialist	1.00	1.00	1.00
PE Teacher	0.50	0.75	1.00
Art Teacher	<u>0.00</u>	<u>0.75</u>	<u>1.00</u>
Total FTE Positions:	2.00	3.50	4.00
Teacher Assistant	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>
Total FTE Positions:	0.00	2.00	2.00
Principal / Director	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Total FTE Positions:	1.00	1.00	1.00
Exec Secretary	1.00	1.00	1.00
Receptionist	0.00	0.50	0.50
Cafeteria Manager	1.00	0.75	1.00
Cafeteria Worker	0.00	1.00	2.00
Parent Liaison	0.00	0.00	0.00
Instructional and Student Support Supervisor	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>
Total FTE Positions:	3.00	4.25	5.50
Total FTE for All Positions:	13.00	20.75	26.50

PROCESS FOR REDUCING EXPENDITURES RELATIVE TO REDUCED ENROLLMENT

The FEFP worksheet has been used to recalculate projected FEFP funding. The revised general fund revenue based on 140 students is projected to be \$767,457, which is \$280,095 less than the original budget based on 190 students. The 2011-2012 budgeted expenditures for A.A. Dixon have also been recalculated based on projected lower enrollment of 140 students.

Some of the savings were achieved through reduction of the following expense line items: staff salaries (\$115,462), travel (\$15,000), rent (\$12,000), custodial contract (\$10,000), waiving of management company fees (\$62,853), and reduction in fees for financial/HR/payroll services (\$26,065).

The budget will be revisited and revised as necessary, based on the actual enrollment in place at the end of the 10-day count, and at the October and February counts.

PROPER USE OF TITLE I AND STARTUP GRANT FUNDS

The school administration and accounting services are familiar with the proper use of the funds received from each of the school's funding sources. The budgeted revenues and expenditures have been calculated by: 1) General Fund, 2) Title I, and 3) Implementation II (Federal Startup Grant). Financial statements will be broken down by the three funding groups also. Each month the school and its

governing board will see exactly what has been received from each funding source, and the same for expenditures.

PLAN TO REDUCE SUPPLEMENTAL TITLE I SERVICES FOR 2012-2013

For the 2011-2012 year there are additional supplemental funds of \$62,658 that will not be available for the 2012-2013 year. This year, the school will apply the supplemental funds toward one-time items, such as additional computers, software, learning materials, and consultants to provide training and instruction for teaching staff. In 2012-2013, the priorities for the Title I funds will be for the salary and benefits of the school's reading specialist. All remaining funds will go toward the purchase of additional learning materials for the students.

RECALCULATIONS OF REVENUE

Enrollment will be closely monitored throughout the school year and compared to budgeted numbers for expenses and staff salary costs. If necessary, adjustments and/or budget amendments to reduce expenditures will be made within 30-days of discovery of any negative budget variance.

STUDENT TRANSPORTATION PLAN

- The school will continue to use the same bus company, Durham, as last year.
- The number of buses has been reduced from three (3) to two (2) through October 31, 2011. After that date, the number of buses will be reduced to one (1). Total cost of running two (2) buses through October 2011 and one (1) bus for the remainder of the year is \$54,050. The resulting annual savings over last year's costs will be \$69,750.
- Reductions in the number of buses have been made possible by also revising the criteria for a student to qualify for transportation as follows:
 - Students living within a 4-5 block radius of the school must walk; and
 - Developed more centralized group student pickup/drop locations versus the door-to-door service provided last year.
- The transportation plan was finalized after the board meeting August 29, 2011.

This plan has been developed in accordance with Florida law, which requires transportation be provided for students within a reasonable distance from a public school, unless the student's IEP states otherwise, or there is a dangerous condition closer than the reasonable distance. There are no such dangerous conditions that exist within the 4-5 block radius of the A.A. Dixon Charter School of Excellence.

Any student with an IEP requiring transportation will be provided with such regardless of the distance to the school.

PREPARATION OF BUDGETS AND FINANCIAL STATEMENTS

Beginning August 2011, all financial statements and budgets for the school will have separate statements and budgets for: 1) General Fund, 2) Title I, and 3) Implementation II (Federal Startup Grant). Financial statements will include a comparison by month and year-to-date of actual revenues/expenses to budgeted revenues/expenses.

Completed financial statements will be made available to the school's principal and governing board no later than 10 days after the close of the month.

The budget for the 2011-2012 year has been recalculated based on 130 students and is shown in Attachment 1.

TIMELINE FOR CORRECTIVE ACTION STEPS

Immediately (Before or by September 1, 2011):

- A budget based on enrollment of 140 students will be developed and have separate budgets for: 1) General Fund, 2) Title I, and 3) Implementation II (Federal Startup Grant).
- Accounts payable and outstanding debts have been reduced by \$27,328.74.
- Transportation plan has been developed that results in an annual savings of \$69,750.
- Staffing plan has been developed and submitted to the governing board for approval and implementation will happen immediately following said approval.
- Payment plan agreements will have been reached with all vendors having money owed to them from the prior fiscal year.

August 29, 2011:

- Corrective Action Plan was voted on by the A.A. Dixon governing board.

Monthly:

- Budgets and financial statements will be prepared for each major funding source: 1) General Fund, 2) Title I, and 3) Implementation II (Federal Startup Grant).
- Financial statements will be prepared by the 10th of every month for submission to the A.A. Dixon governing board.
- Governing board will review and make any necessary recommendations based on the budget and a comparison of actual revenues/expenditures to the budget.
- All bills/invoices will be kept current.
- Depending upon enrollment and FEFP revenue, payments will be made to vendors that had outstanding balances owed to them as of June 30, 2011. Goal is for full repayment.

June 30, 2012

- Based on current budget and enrollment, increase fund balance to a positive \$5,072.

Full implementation of the Corrective Action Plan will occur as soon as the school receives approval of the plan from the district and commissioner.

SUMMARY OF THE BOARD'S CAP MONITORING PROCEDURES

Financial statements will be presented to the school's governing board no later than (ten) 10 days after the close of the month. A committee of the governing board has been established to monitor reports and results of the plan on a monthly basis. The governing board will make any corrections/adjustments based on current revenue projections and expenses.

BOARD SCHEDULE FOR REPORTING PROGRESS TO THE DISTRICT

The school's governing board will provide reports to the district based on the district's recommendations. It is expected that this will be a minimum of monthly; at least for the first six (6) months. No matter what frequency of reporting is requested by the district, the governing board will abide by the district's reporting requirements.

THREE MOST RECENT FINANCIAL STATEMENTS

See Attachment 2

ANNUAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2011

See Attachment 3

ATTACHMENT 1

2011-2012 Budget
Based on 140 Students

AA DIXON CHARTER SCHOOL
PROJECTED REVENUES AND EXPENSES
FISCAL YEAR 2011 - 12

	Function Object Code	FY12 Budget	General	Title I	Implem II
ENROLLMENT		140			
FUND BALANCE SPENABLE		(100,668)			
REVENUES					
FEFP	1003310	767,457	767,457	-	-
Florida Teacher Lead Pgm	1003334	3,023	3,023		
Title I	1003440	132,668	-	132,668	
Other Misc. Revenue	1003473	27,329	27,329		
Implementation Grant	4903290	100,000	-	-	100,000
TOTAL REVENUES		1,030,477	797,809	132,668	100,000
EXPENDITURES					
SPECIAL REVENUE EXPENSES	4900				
Administrator Principal - SR	4900110	-			
Professional Services - SR	4900310	20,000			20,000
Travel/Conf/Workshops - SR	4900330	5,000			5,000
Facility Lease - SR	4900360	-			
Marketing & Advertising - SR	4900391	30,000			30,000
Textbooks - SR	4900520	20,000			20,000
A/V Materials - SR	4900620	15,000			15,000
Furniture and Equipment - SR	4900641	5,000			5,000
Computers - SR	4900643	5,000	-	-	5,000
Total Special Revenue Expenses		100,000			100,000
GENERAL BASIC EDU EXPENSES	5100				
Classroom Teachers	5100120	237,600	237,600		
Specialty Teachers	5100130	84,850	37,350	47,500	
Substitute Teachers	5100140	8,000	8,000		
Classroom Aides	5100150	-	-	-	
Retirement	5100210	-	-	-	
Social Security	5100220	24,667	21,034	3,634	
Group Insurance	5100230	22,000	18,000	4,000	
Workers Compensation	5100240	2,958	2,508	450	
Unemp Compensation	5100250	3,480	3,480		
Professional Services	5100310	23,832	-	23,832	
Other Purchased Services	5100390	1,000	1,000		
Marketing & Advertising	5100391	-	-	-	
Instructional Materials	5100510	20,074	-	20,074	
Textbooks	5100520	-	-	-	
Other Materials	5100590	1,688	-	1,688	
Computers	5100643	10,000	-	10,000	
Software	5100690	21,490	-	21,490	
Total Instruction Other		461,639	328,972	132,668	
BOARD	7100				
Legal and Audit	7100310	16,000	16,000		
Contracted Consultants	7100315	-	-		
Insurance General Liability	7100320	6,410	6,410		
Travel Conf/Workshops	7100330	-	-		
Advertising	7100390	-	-		
Dues and Fees	7100730	200	200		
Interest Expense	7100780	1,000	1,000		
Bank Charges	7100795	1,500	1,500		
Total Board		25,110	25,110		
PRINCIPAL EXPENSES	7300				
Payroll	66000				
Administrator/Principal	7300110	65,000	65,000		
Support Staff	7300160	43,320	43,320		
Retirement	7300210	650	650		
Social Security	7300220	8,286	8,286		

AA DIXON CHARTER SCHOOL
PROJECTED REVENUES AND EXPENSES
FISCAL YEAR 2011 - 12

	Function	FY12		
Group Insurance	7300230	6,000	6,000	
Workers Compensation	7300240	1,083	1,083	
Unemployment Compensation	7300250	1,150	1,150	
Insurance	7300320	430	430	
Travel/Conf/Workshops	7300330	-	-	
Postage	7300371	2,000	2,000	
Other Purchased Services	7300390	-	-	
Advertising/Recruitment	7300391	-	-	
Copy/Printing	7300392	3,500	3,500	
Office Expense	7300510	3,000	3,000	
Office Furniture	7300641	-	-	
Total Principal Expenses		134,420	134,420	
FACILITY CONSTRUCTION EXP.	7400			
Contract Services	7400350	-	-	
Facility Lease	7100360	12,000	12,000	
Furniture and Equipment	7400641	-	-	
Improvements	7400642	-	-	
Total Facilities Acquisition		12,000	12,000	
FISCAL SERVICES EXPENSES	7500			
Contracted Services - Finance	7500310	15,349	15,349	
Payroll/HR Service	7500311	7,675	7,675	
Total Fiscal Other		23,024	23,024	
FOOD SERVICE	7600			
Food Service Clerk	7600160	16,320	16,320	
Social Security	7600220	1,248	1,248	
Group Insurance	7600230	-	-	
Unemployment Compensation	7600250	360	360	
Contracted Food Service	7600310	2,000	2,000	
Food Service Supplies	7600510	2,500	2,500	
Dues and Fees	7600730	250	250	
Total Food Service Expenses		22,678	22,678	
TRANSPORTATION	7800			
Transportation - Contract Services	7800350	54,050	54,050	
Motor Vehicles	7800650	-	-	
Total Transportation Expenses		54,050	54,050	
PLANT OPERATIONS	7900			
Insurance - Building	7900320	3,816	3,816	
Contract Custodial Service	7900351	20,000	20,000	
Communications/Telephone	7900370	9,000	9,000	
Water, Sewer, Garb.	7900380	12,500	12,500	
Other Contracted Bldg Sers	7900390	-	-	
Electricity - General	7900430	36,000	36,000	
Custodial Supplies	7900510	8,000	8,000	
Total Plant Operations		89,316	89,316	
PLANT MAINTENANCE	8100			
Repairs and Maintenance	8100350	2,500	2,500	
Maintenance Supplies	8100510	-	-	
Total Plant Maintenance		2,500	2,500	
TOTAL EXPENDITURES		924,737	692,070	132,668
EXCESS REVENUES OVER EXPENDITURES		105,740	105,739	0
FUND BALANCE, ENDING		5,072		

ATTACHMENT 2

Financial Statements
Most Recent Three Months

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Accrual Basis

AA Dixon Charter School of Excellence

Balance Sheet

As of April 30, 2011

	Apr 30, 11
ASSETS	
Current Assets	
Checking/Savings	
100 · 100 GENERAL FUND INCOME	
1001111 · Cash in bank - Operating Fund	4,211.46
Total 100 · 100 GENERAL FUND INCOME	4,211.46
891 · 891 SCHOOL DONATION FUND INCOME	
8911111 · Cash in bank - Donation Fund	1,069.75
Total 891 · 891 SCHOOL DONATION FUND INCOME	1,069.75
Total Checking/Savings	5,281.21
Other Current Assets	
1001135 · Other Receivables	171.65
1001230 · Prepaid Expenses	5,836.57
A-100 · A-100 CURRENT ASSETS GEN	
1001130 · Revenue Receivable	41,915.71
Total A-100 · A-100 CURRENT ASSETS GEN	41,915.71
Total Other Current Assets	47,923.93
Total Current Assets	53,205.14
Fixed Assets	
1001340 · Furniture Fixtures and Equipmen	
1001341 · Telephone System	12,240.00
1001342 · Computer System	39,573.40
1001343 · School Furniture	12,849.50
1001344 · Admin Furniture	18,887.00
Total 1001340 · Furniture Fixtures and Equipmen	83,549.90
Total Fixed Assets	83,549.90
TOTAL ASSETS	136,755.04
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	101,860.41
Total Accounts Payable	101,860.41
Other Current Liabilities	
24000 · Payroll Liabilities	145.39
L-100 · L-100 GENERAL LIABILITY	
1002100 · Accrued Salaries	28,493.16
1002206 · Loan payable	2,907.80
Total L-100 · L-100 GENERAL LIABILITY	31,400.96
Total Other Current Liabilities	31,546.35
Total Current Liabilities	133,406.76
Total Liabilities	133,406.76
Equity	
Net Income	3,348.28
Total Equity	3,348.28
TOTAL LIABILITIES & EQUITY	136,755.04

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Accrual Basis

AA Dixon Charter School of Excellence
Balance Sheet
As of May 31, 2011

	May 31, 11
ASSETS	
Current Assets	
Checking/Savings	
100 · 100 GENERAL FUND INCOME	
1001111 · Cash in bank - Operating Fund	4,108.78
Total 100 · 100 GENERAL FUND INCOME	4,108.78
891 · 891 SCHOOL DONATION FUND INCOME	
8911111 · Cash in bank - Donation Fund	823.82
Total 891 · 891 SCHOOL DONATION FUND INCOME	823.82
Total Checking/Savings	4,932.60
Other Current Assets	
1001135 · Other Receivables	171.65
1001230 · Prepaid Expenses	4,834.16
A-100 · A-100 CURRENT ASSETS GEN	
1001130 · Revenue Receivable	21,871.71
Total A-100 · A-100 CURRENT ASSETS GEN	21,871.71
Total Other Current Assets	26,877.52
Total Current Assets	31,810.12
Fixed Assets	
1001340 · Furniture Fixtures and Equipmen	
1001341 · Telephone System	12,240.00
1001342 · Computer System	39,573.40
1001343 · School Furniture	12,849.50
1001344 · Admin Furniture	18,887.00
Total 1001340 · Furniture Fixtures and Equipmen	83,549.90
Total Fixed Assets	83,549.90
TOTAL ASSETS	115,360.02
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	81,159.32
Total Accounts Payable	81,159.32
Other Current Liabilities	
L-100 · L-100 GENERAL LIABILITY	
1002100 · Accrued Salaries	28,493.16
1002206 · Loan payable	2,907.80
Total L-100 · L-100 GENERAL LIABILITY	31,400.96
Total Other Current Liabilities	31,400.96
Total Current Liabilities	112,560.28
Total Liabilities	112,560.28
Equity	
Net Income	2,799.74
Total Equity	2,799.74
TOTAL LIABILITIES & EQUITY	115,360.02

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Accrual Basis

AA Dixon Charter School of Excellence
Balance Sheet
As of June 30, 2011

	Jun 30, 11
ASSETS	
Current Assets	
Checking/Savings	
100 · 100 GENERAL FUND INCOME	
1001111 · Cash in bank - Operating Fund	896.93
Total 100 · 100 GENERAL FUND INCOME	896.93
891 · 891 SCHOOL DONATION FUND INCOME	
8911111 · Cash in bank - Donation Fund	1,366.13
Total 891 · 891 SCHOOL DONATION FUND INCOME	1,366.13
Total Checking/Savings	2,263.06
Other Current Assets	
1001135 · Other Receivables	171.65
1001230 · Prepaid Expenses	3,831.75
A-100 · A-100 CURRENT ASSETS GEN	
1001130 · Revenue Receivable	1,825.71
Total A-100 · A-100 CURRENT ASSETS GEN	1,825.71
Total Other Current Assets	5,829.11
Total Current Assets	8,092.17
Fixed Assets	
1001330 · Buildings and Fixed Equipment	49,169.00
1001340 · Furniture Fixtures and Equipmen	
1001341 · Telephone System	12,240.00
1001342 · Computer System	39,573.40
1001343 · School Furniture	12,849.50
1001344 · Admin Furniture	18,887.00
Total 1001340 · Furniture Fixtures and Equipmen	83,549.90
Total Fixed Assets	132,718.90
TOTAL ASSETS	140,811.07
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	74,693.78
Total Accounts Payable	74,693.78
Other Current Liabilities	
L-100 · L-100 GENERAL LIABILITY	
1002100 · Accrued Salaries	31,158.83

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Accrual Basis

AA Dixon Charter School of Excellence

Balance Sheet

As of June 30, 2011

	Jun 30, 11
1002206 · Loan payable	2,907.80
Total L-100 · L-100 GENERAL LIABILITY	34,066.63
Total Other Current Liabilities	34,066.63
Total Current Liabilities	108,760.41
Total Liabilities	108,760.41
Equity	
Net Income	32,050.66
Total Equity	32,050.66
TOTAL LIABILITIES & EQUITY	140,811.07

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Accrual Basis

AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
July 2010 through April 2011

	Jul '10 - Apr 11	Budget	\$ Over Budget	% of Budget
Income				
1003310 · Escambia School District	1,172,004.00	884,723.30	287,280.70	132.5%
I-100 · I-100 OTHER INCOME GEN				
1003334 · Florida Teachers Lead Pgm-Gen	3,022.69			
1003473 · Other Misc. Revenue-Gen	2,383.83	13,956.60	-11,572.77	17.1%
Total I-100 · I-100 OTHER INCOME GEN	5,406.52	13,956.60	-8,550.08	38.7%
I-410 · I-410 FOOD SERVICE INCOME				
4103451 · School Lunch Revenue-FS	0.00	17,128.30	-17,128.30	0.0%
Total I-410 · I-410 FOOD SERVICE INCOME	0.00	17,128.30	-17,128.30	0.0%
I-490 · I-490 SPECIAL REVENUE INCOME				
4903290 · Special Revenue	225,000.00	225,000.00	0.00	100.0%
Total I-490 · I-490 SPECIAL REVENUE INCOME	225,000.00	225,000.00	0.00	100.0%
Total Income	1,402,410.52	1,140,808.20	261,602.32	122.9%
Gross Profit	1,402,410.52	1,140,808.20	261,602.32	122.9%
Expense				
4900 · 4900-SPECIAL REVENUE EXPENSES				
4900110 · Administrator/Principal-SR	6,900.00	12,000.00	-5,100.00	57.5%
4900310 · Professional Services-SR	22,663.65	59,000.00	-36,336.35	38.4%
4900330 · Travel/Conf/Workshope-SR	0.00	5,000.00	-5,000.00	0.0%
4900360 · Facility Lease-SR	12,000.00	12,000.00	0.00	100.0%
4900391 · Marketing and advertising-SR	17,327.00	10,000.00	7,327.00	173.3%
4900520 · Textbooks-SR	61,648.00	40,000.00	21,648.00	154.1%
4900620 · A/V Materials-SR	0.00	5,000.00	-5,000.00	0.0%
4900641 · Furniture and Equipment-SR	0.00	75,000.00	-75,000.00	0.0%
Total 4900 · 4900-SPECIAL REVENUE EXPENSES	120,538.65	218,000.00	-97,461.35	55.3%
5100 · 5100 GENERAL BASIC EDU EXPENSES				
5100120 · Classroom Teachers - Gen	324,704.77	243,000.00	81,704.77	133.6%
5100130 · Special Teachers-Gen	66,878.15	63,818.19	3,059.96	104.8%
5100140 · Substitute Teacher-Gen	7,702.71	3,520.00	4,182.71	218.8%
5100150 · Classroom Aides - Gen	12,825.00	58,909.05	-46,084.05	21.8%
5100210 · Retirement - Gen	0.00	5,485.95	-5,485.95	0.0%
5100220 · Soc Security - Gen	29,520.61	30,298.05	-777.44	97.4%
5100230 · Grp Insurance - Gen	24,925.81	39,272.67	-14,346.86	63.5%
5100240 · Workers Compensation - Gen	0.00	3,657.24	-3,657.24	0.0%
5100250 · Unemp Compensation - Gen	4,214.04			
5100310 · Professional Services- Gen	23,375.00	18,125.00	5,250.00	129.0%
5100390 · Other Purchased Services- Gen	1,874.41	833.30	1,041.11	224.9%
5100391 · Marketing and Advertising-Gen	550.00			
5100510 · Instructional Materials - Gen	15,979.40			
5100520 · Textbooks - Gen	3,826.90			
5100590 · Other Materials	6,611.75	6,525.00	86.75	101.3%

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AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
July 2010 through April 2011

	Jul '10 - Apr 11	Budget	\$ Over Budget	% of Budget
5100643 · Computers-Gen	935.30			
5100690 · Computer Software-Gen	10,970.75	5,500.00	5,470.75	199.5%
5100750 · SubTeachers No Contract- Gen	0.00	3,600.00	-3,600.00	0.0%
Total 5100 · 5100 GENERAL BASIC EDU EXPENSES	534,894.60	482,544.45	52,350.15	110.8%
66900 · Reconciliation Discrepancies	62.81			
7100 · 7100 BOARD EXPENSES				
7100310 · Legal and Audit - Gen	9,105.50	1,666.60	7,438.90	546.4%
7100315 · Contracted Consultants-Gen	22,350.00	47,857.50	-25,507.50	46.7%
7100320 · Insurance General Liability-Gen	5,012.65	4,166.60	846.05	120.3%
7100330 · Travel/Conferences/Workshops	1,313.12	833.30	479.82	157.6%
7100390 · Advertising-Gen	1,540.29			
7100730 · Dues and Fees-Gen	189.50	44,235.80	-44,046.30	0.4%
7100780 · Interest Expense-Gen	3,000.00			
7100795 · Bank Charges-Gen	1,063.93			
Total 7100 · 7100 BOARD EXPENSES	43,574.99	98,759.80	-55,184.81	44.1%
7300 · 7300 PRINCIPAL EXPENSES				
66000 · PAYROLL	129.74			
7300110 · Administrator/Principal-Gen	84,047.65	66,666.60	17,381.05	126.1%
7300160 · Admin Asst - Gen	44,357.64	41,666.60	2,691.04	106.5%
7300210 · Retirement-Gen	0.00	1,625.00	-1,625.00	0.0%
7300220 · Social Security-Gen	8,770.45	8,760.00	10.45	100.1%
7300230 · Group Insurance	4,266.50	8,000.00	-3,733.50	53.3%
7300240 · Workers Compensation-Gen	0.00	1,083.30	-1,083.30	0.0%
7300250 · Unemployment Compensation-Gen	924.75			
7300320 · Insurance-Gen	708.30			
7300330 · Travel/Conf./Workshops-Gen	4,161.60	833.30	3,328.30	499.4%
7300371 · Postage 1-Gen	2,070.76	1,500.00	570.76	138.1%
7300390 · Other Purchased Services-Gen	97,920.00	3,500.00	94,420.00	2,797.7%
7300391 · Advertising/Recruitment- Gen	9,155.45	3,750.00	5,405.45	244.1%
7300392 · Copy/Printing-Gen	11,423.36			
7300510 · Office Expense-Gen	31,721.69	4,625.00	27,096.69	685.9%
7300641 · Office Furniture	445.08	3,125.00	-2,679.92	14.2%
Total 7300 · 7300 PRINCIPAL EXPENSES	300,102.97	145,134.80	154,968.17	206.8%
7400 · 7400 FACILITY CONSTRUCTION EXP.				
7400350 · Contract Services-Gen	1,650.00			
7400360 · Facility Lease-Gen	38,000.00	50,000.00	-12,000.00	76.0%
7400641 · Furniture and Equipment-Gen	5,561.00	4,375.00	1,186.00	127.1%
7400642 · Improvements	49,169.00			
Total 7400 · 7400 FACILITY CONSTRUCTION EXP.	94,380.00	54,375.00	40,005.00	173.6%
7500 · 7500 FISCAL SERVICES EXPENSES				
7500310 · Contract Controller Service-Gen	33,957.42	33,619.20	338.22	101.0%
7500311 · Payroll Service-Gen	22,638.28	16,810.00	5,828.28	134.7%

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AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
 July 2010 through April 2011

	Jul '10 - Apr 11	Budget	\$ Over Budget	% of Budget
Total 7500 · 7500 FISCAL SERVICES EXPENSES	56,595.70	50,429.20	6,166.50	112.2%
7600 · 7600 FOOD SERVICE EXPENSES				
7600160 · Food Service Clerk-FS	19,216.00	55,411.38	-36,195.38	34.7%
7600220 · Social Security-FS	1,366.73			
7600230 · Group Insurance-FS	181.96			
7600250 · Unemployment Compensation-FS	321.72			
7600310 · Contracted Food Service-FS	1,773.25			
7600510 · Food Service Supplies-FS	2,113.46			
7600730 · Dues and Fees-FS	200.00			
Total 7600 · 7600 FOOD SERVICE EXPENSES	25,173.12	55,411.38	-30,238.26	45.4%
7800 · 7800 TRANSPORTATION EXPENSES				
7800350 · Transportation-Cont. Serv.-Gen	93,765.00	69,218.19	24,546.81	135.5%
7800650 · Motor Vehicles-Gen	525.68			
Total 7800 · 7800 TRANSPORTATION EXPENSES	94,290.68	69,218.19	25,072.49	136.2%
7900 · 7900 OPERATION OF PLANT EXPENSE				
7900320 · Insurance-Building-Gen	5,022.50	6,666.60	-1,644.10	75.3%
7900351 · Contract Custodial Service-Gen	34,338.00	5,000.00	29,338.00	686.8%
7900370 · Communications/Telephone-Gen	7,418.24	2,500.00	4,918.24	296.7%
7900380 · Water, Sewer, Garb. -Gen	8,896.06			
7900390 · Other Contracted Bldg Sers- Gen	9,564.36	2,500.00	7,064.36	382.6%
7900430 · Electricity-Gen	29,268.49	12,500.00	16,768.49	234.1%
7900510 · Custodial Supplies-Gen	11,817.01			
Total 7900 · 7900 OPERATION OF PLANT EXPENSE	106,324.66	29,166.60	77,158.06	364.5%
8100 · 8100 MAINT. OF PLANT EXPENSES				
8100350 · Repairs and Maintenance-Gen	18,102.91	25,000.00	-6,897.09	72.4%
8100510 · Maint. Supplies	5,021.15	833.30	4,187.85	602.6%
Total 8100 · 8100 MAINT. OF PLANT EXPENSES	23,124.06	25,833.30	-2,709.24	89.5%
Total Expense	1,399,062.24	1,228,872.72	170,189.52	113.8%
Net Income	3,348.28	-88,064.52	91,412.80	-3.8%

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AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
July 2010 through May 2011

	Jul '10 - May 11	Budget	\$ Over Budget	% of Budget
Income				
1003310 · Escambia School District	1,289,205.00	973,195.63	316,009.37	132.5%
I-100 · I-100 OTHER INCOME GEN				
1003334 · Florida Teachers Lead Pgm-Gen	3,022.69			
1003473 · Other Misc. Revenue-Gen	2,905.12	15,352.26	-12,447.14	18.9%
Total I-100 · I-100 OTHER INCOME GEN	5,927.81	15,352.26	-9,424.45	38.6%
I-410 · I-410 FOOD SERVICE INCOME				
4103451 · School Lunch Revenue-FS	0.00	18,841.13	-18,841.13	0.0%
Total I-410 · I-410 FOOD SERVICE INCOME	0.00	18,841.13	-18,841.13	0.0%
I-490 · I-490 SPECIAL REVENUE INCOME				
4903290 · Special Revenue	225,000.00	225,000.00	0.00	100.0%
Total I-490 · I-490 SPECIAL REVENUE INCOME	225,000.00	225,000.00	0.00	100.0%
Total Income	1,520,132.81	1,232,389.02	287,743.79	123.3%
Gross Profit	1,520,132.81	1,232,389.02	287,743.79	123.3%
Expense				
4900 · 4900-SPECIAL REVENUE EXPENSES				
4900110 · Administrator/Principal-SR	6,900.00	12,000.00	-5,100.00	57.5%
4900310 · Professional Services-SR	22,663.65	59,000.00	-36,336.35	38.4%
4900330 · Travel/Conf/Workshope-SR	0.00	5,500.00	-5,500.00	0.0%
4900360 · Facility Lease-SR	12,000.00	12,000.00	0.00	100.0%
4900391 · Marketing and advertising-SR	17,327.00	10,000.00	7,327.00	173.3%
4900520 · Textbooks-SR	61,648.00	40,000.00	21,648.00	154.1%
4900620 · A/V Materials-SR	0.00	5,000.00	-5,000.00	0.0%
4900641 · Furniture and Equipment-SR	0.00	75,000.00	-75,000.00	0.0%
Total 4900 · 4900-SPECIAL REVENUE EXPENSES	120,538.65	218,500.00	-97,961.35	55.2%
5100 · 5100 GENERAL BASIC EDU EXPENSES				
5100120 · Classroom Teachers - Gen	360,510.18	270,000.00	90,510.18	133.5%
5100130 · Special Teachers-Gen	74,753.15	70,909.10	3,844.05	105.4%
5100140 · Substitute Teacher-Gen	8,822.71	3,960.00	4,862.71	222.8%
5100150 · Classroom Aides - Gen	14,325.00	65,454.50	-51,129.50	21.9%
5100210 · Retirement - Gen	0.00	6,095.50	-6,095.50	0.0%
5100220 · Soc Security - Gen	33,014.72	33,664.50	-649.78	98.1%
5100230 · Grp Insurance - Gen	27,834.99	43,636.30	-15,801.31	63.8%
5100240 · Workers Compensation - Gen	0.00	4,063.60	-4,063.60	0.0%
5100250 · Unemp Compensation - Gen	4,252.58			
5100310 · Professional Services- Gen	34,117.50	19,937.50	14,180.00	171.1%
5100390 · Other Purchased Services- Gen	1,874.41	916.63	957.78	204.5%
5100391 · Marketing and Advertising-Gen	550.00			
5100510 · Instructional Materials - Gen	15,979.40			
5100520 · Textbooks - Gen	3,826.90			
5100590 · Other Materials	6,611.75	7,177.50	-565.75	92.1%

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AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
 July 2010 through May 2011

	Jul '10 - May 11	Budget	\$ Over Budget	% of Budget
5100643 · Computers-Gen	935.30			
5100690 · Computer Software-Gen	10,970.75	6,050.00	4,920.75	181.3%
5100750 · SubTeachers No Contract- Gen	0.00	4,000.00	-4,000.00	0.0%
Total 5100 · 5100 GENERAL BASIC EDU EXPENSES	598,379.34	535,865.13	62,514.21	111.7%
66900 · Reconciliation Discrepancies	62.81			
7100 · 7100 BOARD EXPENSES				
7100310 · Legal and Audit - Gen	9,105.50	1,833.26	7,272.24	496.7%
7100315 · Contracted Consultants-Gen	22,350.00	52,643.25	-30,293.25	42.5%
7100320 · Insurance General Liability-Gen	5,441.98	4,583.26	858.72	118.7%
7100330 · Travel/Conferences/Workshops	1,313.12	916.63	396.49	143.3%
7100390 · Advertising-Gen	1,540.29			
7100730 · Dues and Fees-Gen	189.50	48,659.38	-48,469.88	0.4%
7100780 · Interest Expense-Gen	3,000.00			
7100795 · Bank Charges-Gen	1,230.01			
Total 7100 · 7100 BOARD EXPENSES	44,170.40	108,635.78	-64,465.38	40.7%
7300 · 7300 PRINCIPAL EXPENSES				
66000 · PAYROLL	129.74			
7300110 · Administrator/Principal-Gen	94,047.65	73,333.26	20,714.39	128.2%
7300160 · Admin Asst - Gen	48,524.30	45,833.26	2,691.04	105.9%
7300210 · Retirement-Gen	0.00	1,787.50	-1,787.50	0.0%
7300220 · Social Security-Gen	9,853.69	9,636.00	217.69	102.3%
7300230 · Group Insurance	4,321.50	8,800.00	-4,478.50	49.1%
7300240 · Workers Compensation-Gen	0.00	1,191.63	-1,191.63	0.0%
7300250 · Unemployment Compensation-Gen	924.75			
7300320 · Insurance-Gen	779.13			
7300330 · Travel/Conf./Workshops-Gen	4,161.60	916.63	3,244.97	454.0%
7300371 · Postage 1-Gen	2,403.61	1,650.00	753.61	145.7%
7300390 · Other Purchased Services-Gen	107,920.00	3,850.00	104,070.00	2,803.1%
7300391 · Advertising/Recruitment- Gen	9,155.45	4,125.00	5,030.45	222.0%
7300392 · Copy/Printing-Gen	11,423.36			
7300510 · Office Expense-Gen	31,773.20	5,087.50	26,685.70	624.5%
7300641 · Office Furniture	445.08	3,437.50	-2,992.42	12.9%
Total 7300 · 7300 PRINCIPAL EXPENSES	325,863.06	159,648.28	166,214.78	204.1%
7400 · 7400 FACILITY CONSTRUCTION EXP.				
7400350 · Contract Services-Gen	1,650.00			
7400360 · Facility Lease-Gen	43,000.00	55,000.00	-12,000.00	78.2%
7400641 · Furniture and Equipment-Gen	5,561.00	4,812.50	748.50	115.6%
7400642 · Improvements	49,169.00			
Total 7400 · 7400 FACILITY CONSTRUCTION EXP.	99,380.00	59,812.50	39,567.50	166.2%
7500 · 7500 FISCAL SERVICES EXPENSES				
7500310 · Contract Controller Service-Gen	38,676.15	36,981.12	1,695.03	104.6%
7500311 · Payroll Service-Gen	25,784.11	18,491.00	7,293.11	139.4%

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AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
 July 2010 through May 2011

	Jul '10 - May 11	Budget	\$ Over Budget	% of Budget
Total 7500 · 7500 FISCAL SERVICES EXPENSES	64,460.26	55,472.12	8,988.14	116.2%
7600 · 7600 FOOD SERVICE EXPENSES				
7600160 · Food Service Clerk-FS	21,532.00	61,568.20	-40,036.20	35.0%
7600220 · Social Security-FS	1,543.39			
7600230 · Group Insurance-FS	223.96			
7600250 · Unemployment Compensation-FS	384.07			
7600310 · Contracted Food Service-FS	1,773.25			
7600510 · Food Service Supplies-FS	2,113.46			
7600730 · Dues and Fees-FS	200.00			
Total 7600 · 7600 FOOD SERVICE EXPENSES	27,770.13	61,568.20	-33,798.07	45.1%
7800 · 7800 TRANSPORTATION EXPENSES				
7800350 · Transportation-Cont. Serv.-Gen	93,765.00	76,909.10	16,855.90	121.9%
7800650 · Motor Vehicles-Gen	525.68			
Total 7800 · 7800 TRANSPORTATION EXPENSES	94,290.68	76,909.10	17,381.58	122.6%
7900 · 7900 OPERATION OF PLANT EXPENSE				
7900320 · Insurance-Building-Gen	5,524.75	7,333.26	-1,808.51	75.3%
7900351 · Contract Custodial Service-Gen	37,988.00	5,500.00	32,488.00	690.7%
7900370 · Communications/Telephone-Gen	8,042.44	2,750.00	5,292.44	292.5%
7900380 · Water, Sewer, Garb. -Gen	9,599.32			
7900390 · Other Contracted Bldg Sers- Gen	9,564.36	2,750.00	6,814.36	347.8%
7900430 · Electricity-Gen	33,682.23	13,750.00	19,932.23	245.0%
7900510 · Custodial Supplies-Gen	12,523.44			
Total 7900 · 7900 OPERATION OF PLANT EXPENSE	116,924.54	32,083.26	84,841.28	364.4%
8100 · 8100 MAINT. OF PLANT EXPENSES				
8100350 · Repairs and Maintenance-Gen	20,472.05	27,500.00	-7,027.95	74.4%
8100510 · Maint. Supplies	5,021.15	916.63	4,104.52	547.8%
Total 8100 · 8100 MAINT. OF PLANT EXPENSES	25,493.20	28,416.63	-2,923.43	89.7%
Total Expense	1,517,333.07	1,336,911.00	180,422.07	113.5%
Net Income	2,799.74	-104,521.98	107,321.72	-2.7%

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Accrual Basis

AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
 July 2010 through June 2011

	Jul '10 - Jun 11	Budget	\$ Over Budget	% of Budget
Income				
1003310 - Escambia School District	1,406,404.00	1,061,667.96	344,736.04	132.5%
I-100 - I-100 OTHER INCOME GEN				
1003334 - Florida Teachers Lead Pgm-Gen	3,022.69			
1003473 - Other Misc. Revenue-Gen	2,905.12	16,747.92	-13,842.80	17.3%
Total I-100 - I-100 OTHER INCOME GEN	5,927.81	16,747.92	-10,820.11	35.4%
I-410 - I-410 FOOD SERVICE INCOME				
4103451 - School Lunch Revenue-FS	0.00	20,553.96	-20,553.96	0.0%
Total I-410 - I-410 FOOD SERVICE INCOME	0.00	20,553.96	-20,553.96	0.0%
I-490 - I-490 SPECIAL REVENUE INCOME				
4903290 - Special Revenue	225,000.00	225,000.00	0.00	100.0%
Total I-490 - I-490 SPECIAL REVENUE INCOME	225,000.00	225,000.00	0.00	100.0%
Total Income	1,637,331.81	1,323,969.84	313,361.97	123.7%
Gross Profit	1,637,331.81	1,323,969.84	313,361.97	123.7%
Expense				
4900 - 4900-SPECIAL REVENUE EXPENSES				
4900110 - Administrator/Principal-SR	6,900.00	12,000.00	-5,100.00	57.5%
4900310 - Professional Services-SR	32,663.65	59,000.00	-26,336.35	55.4%
4900330 - Travel/Conf/Workshope-SR	0.00	6,000.00	-6,000.00	0.0%
4900360 - Facility Lease-SR	12,000.00	12,000.00	0.00	100.0%
4900391 - Marketing and advertising-SR	10,000.00	10,000.00	0.00	100.0%
4900520 - Textbooks-SR	64,561.00	40,000.00	24,561.00	161.4%
4900620 - A/V Materials-SR	16,273.75	5,000.00	11,273.75	325.5%
4900641 - Furniture and Equipment-SR	10,456.23	75,000.00	-64,543.77	13.9%
4900643 - Computers-SR	10,970.75			
Total 4900 - 4900-SPECIAL REVENUE EXPENSES	163,825.38	219,000.00	-55,174.62	74.8%
5100 - 5100 GENERAL BASIC EDU EXPENSES				
5100120 - Classroom Teachers - Gen	402,122.60	297,000.00	105,122.60	135.4%
5100130 - Special Teachers-Gen	78,003.15	78,000.01	3.14	100.0%
5100140 - Substitute Teacher-Gen	8,890.71	4,400.00	4,490.71	202.1%
5100150 - Classroom Aides - Gen	15,825.00	71,999.95	-56,174.95	22.0%
5100210 - Retirement - Gen	0.00	6,705.05	-6,705.05	0.0%
5100220 - Soc Security - Gen	36,412.57	37,030.95	-618.38	98.3%
5100230 - Grp Insurance - Gen	30,636.96	47,999.93	-17,362.97	63.8%
5100240 - Workers Compensation - Gen	0.00	4,469.96	-4,469.96	0.0%
5100250 - Unemp Compensation - Gen	4,254.42			
5100310 - Professional Services- Gen	43,117.50	21,750.00	21,367.50	198.2%
5100390 - Other Purchased Services- Gen	1,874.41	999.96	874.45	187.4%
5100391 - Marketing and Advertising-Gen	550.00			
5100510 - Instructional Materials - Gen	9,837.25			
5100520 - Textbooks - Gen	983.64			

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AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
 July 2010 through June 2011

	Jul '10 - Jun 11	Budget	\$ Over Budget	% of Budget
5100590 · Other Materials	1,646.78	7,830.00	-6,183.22	21.0%
5100643 · Computers-Gen	935.30			
5100690 · Computer Software-Gen	0.00	6,600.00	-6,600.00	0.0%
5100750 · SubTeachers No Contract- Gen	0.00	4,400.00	-4,400.00	0.0%
Total 5100 · 5100 GENERAL BASIC EDU EXPENSES	635,090.29	589,185.81	45,904.48	107.8%
7100 · 7100 BOARD EXPENSES				
7100310 · Legal and Audit - Gen	10,630.50	1,999.92	8,630.58	531.5%
7100315 · Contracted Consultants-Gen	12,350.00	57,429.00	-45,079.00	21.5%
7100320 · Insurance General Liability-Gen	5,871.31	4,999.92	871.39	117.4%
7100330 · Travel/Conferences/Workshops	3,418.93	999.96	2,418.97	341.9%
7100390 · Advertising-Gen	1,540.29			
7100730 · Dues and Fees-Gen	189.50	53,082.96	-52,893.46	0.4%
7100780 · Interest Expense-Gen	3,000.00			
7100795 · Bank Charges-Gen	1,459.16			
Total 7100 · 7100 BOARD EXPENSES	38,459.69	118,511.76	-80,052.07	32.5%
7300 · 7300 PRINCIPAL EXPENSES				
66000 · PAYROLL	129.74			
7300110 · Administrator/Principal-Gen	109,129.01	79,999.92	29,129.09	136.4%
7300160 · Admin Asst - Gen	51,940.63	49,999.92	1,940.71	103.9%
7300210 · Retirement-Gen	0.00	1,950.00	-1,950.00	0.0%
7300220 · Social Security-Gen	11,446.64	10,512.00	934.64	108.9%
7300230 · Group Insurance	4,350.31	9,600.00	-5,249.69	45.3%
7300240 · Workers Compensation-Gen	0.00	1,299.96	-1,299.96	0.0%
7300250 · Unemployment Compensation-Gen	924.75			
7300320 · Insurance-Gen	849.96			
7300330 · Travel/Conf./Workshops-Gen	4,185.29	999.96	3,185.33	418.5%
7300371 · Postage 1-Gen	2,425.61	1,800.00	625.61	134.8%
7300390 · Other Purchased Services-Gen	117,920.00	4,200.00	113,720.00	2,807.6%
7300391 · Advertising/Recruitment- Gen	16,482.45	4,500.00	11,982.45	366.3%
7300392 · Copy/Printing-Gen	11,423.36			
7300510 · Office Expense-Gen	21,937.99	5,550.00	16,387.99	395.3%
7300641 · Office Furniture	445.08	3,750.00	-3,304.92	11.9%
Total 7300 · 7300 PRINCIPAL EXPENSES	353,590.82	174,161.76	179,429.06	203.0%
7400 · 7400 FACILITY CONSTRUCTION EXP.				
7400350 · Contract Services-Gen	1,650.00			
7400360 · Facility Lease-Gen	48,000.00	60,000.00	-12,000.00	80.0%
7400641 · Furniture and Equipment-Gen	0.00	5,250.00	-5,250.00	0.0%
7400642 · Improvements	0.00			
Total 7400 · 7400 FACILITY CONSTRUCTION EXP.	49,650.00	65,250.00	-15,600.00	76.1%
7500 · 7500 FISCAL SERVICES EXPENSES				
7500310 · Contract Controller Service-Gen	42,192.12	40,343.04	1,849.08	104.6%
7500311 · Payroll Service-Gen	28,128.08	20,172.00	7,956.08	139.4%

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Accrual Basis

AA Dixon Charter School of Excellence
Profit & Loss Budget vs. Actual
 July 2010 through June 2011

	Jul '10 - Jun 11	Budget	\$ Over Budget	% of Budget
Total 7500 - 7500 FISCAL SERVICES EXPENSES	70,320.20	60,515.04	9,805.16	116.2%
7600 - 7600 FOOD SERVICE EXPENSES				
7600160 - Food Service Clerk-FS	24,052.00	67,725.02	-43,673.02	35.5%
7600220 - Social Security-FS	1,749.73			
7600230 - Group Insurance-FS	252.96			
7600250 - Unemployment Compensation-FS	442.97			
7600310 - Contracted Food Service-FS	1,773.25			
7600510 - Food Service Supplies-FS	2,113.46			
7600730 - Dues and Fees-FS	200.00			
Total 7600 - 7600 FOOD SERVICE EXPENSES	30,584.37	67,725.02	-37,140.65	45.2%
7800 - 7800 TRANSPORTATION EXPENSES				
7800350 - Transportation-Cont. Serv.-Gen	110,985.00	84,600.01	26,384.99	131.2%
7800650 - Motor Vehicles-Gen	525.68			
Total 7800 - 7800 TRANSPORTATION EXPENSES	111,510.68	84,600.01	26,910.67	131.8%
7900 - 7900 OPERATION OF PLANT EXPENSE				
7900320 - Insurance-Building-Gen	6,027.00	7,999.92	-1,972.92	75.3%
7900351 - Contract Custodial Service-Gen	43,598.00	6,000.00	37,598.00	726.6%
7900370 - Communications/Telephone-Gen	8,042.44	3,000.00	5,042.44	268.1%
7900380 - Water, Sewer, Garb. -Gen	10,033.16			
7900390 - Other Contracted Bldg Sers- Gen	10,344.48	3,000.00	7,344.48	344.8%
7900430 - Electricity-Gen	35,846.19	15,000.00	20,846.19	239.0%
7900510 - Custodial Supplies-Gen	12,738.40			
Total 7900 - 7900 OPERATION OF PLANT EXPENSE	126,629.67	34,999.92	91,629.75	361.8%
8100 - 8100 MAINT. OF PLANT EXPENSES				
8100350 - Repairs and Maintenance-Gen	20,598.90	30,000.00	-9,401.10	68.7%
8100510 - Maint. Supplies	5,021.15	999.96	4,021.19	502.1%
Total 8100 - 8100 MAINT. OF PLANT EXPENSES	25,620.05	30,999.96	-5,379.91	82.6%
Total Expense	1,605,281.15	1,444,949.28	160,331.87	111.1%
Net Income	32,050.66	-120,979.44	153,030.10	-26.5%

ATTACHMENT 3

Annual Audit Report
Year Ended June 30, 2011

**AA DIXON CHARTER SCHOOL
OF EXCELLENCE**

A Charter School and Component Unit of the
District School Board of Escambia County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2011

King & Walker, CPAs, PL

Certified Public Accountants

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AA DIXON CHARTER SCHOOL OF EXCELLENCE

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KING & WALKER, CPAs, PL

Certified Public Accountants

David M. King, CPA
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road
Lutz, FL 33548
office (813) 610-0659 fax (813) 949-9376

Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information

To the Board of Directors AA Dixon Charter School of Excellence,
a Charter School and Component Unit of the
District School Board of Escambia County, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund and aggregate remaining funds of AA Dixon Charter School of Excellence ("School"), a charter school and component unit of the District School Board of Escambia County, Florida, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the AA Dixon Charter School of Excellence as of June 30, 2011, and the respective changes in financial position thereof for the fiscal year then ended 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 August 11, 2011, on our consideration of the AA Dixon Charter School of Excellence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts and grants, and other matters included under the heading *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Respectfully submitted,

King & Walker, CPAs

August 11, 2011
Lutz, Florida

AA DIXON CHARTER SCHOOL OF EXCELLENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the AA Dixon Charter School of Excellence ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2011.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 21.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2011, the School's revenues exceeded expenses as shown on the School's statement of activities by \$16,451.
- As shown on the statement of net assets, the School reported a Total Net Asset balance of \$16,451.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-Wide Financial Statements
- ✓ Fund Financial Statements
- ✓ Notes to Financial Statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets and the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and a Special Revenue Fund to account for its Federal programs. For reporting purposes the General Fund and the Special Revenue Fund are shown as major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major Special Revenue Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2011:

	Net Assets, End of Year Governmental Activities
	6-30-11
ASSETS	
Current Assets	\$ 8,093
Capital Assets, Net	117,119
Total Assets	<u>\$ 125,212</u>
LIABILITIES	
Current Liabilities	<u>\$ 108,761</u>
Total Current Liabilities	<u>108,761</u>
NET ASSETS	
Invested in Capital Assets, Net of Debt	117,119
Unrestricted	<u>(100,668)</u>
Total Net Assets	<u>16,451</u>
Total Liabilities and Net Assets	<u>\$ 125,212</u>

Current assets consists of cash, accounts receivable, and prepaid expenses. Current liabilities consist of salaries and wages payable and vendor accounts payable. With the 2010-11 year being the initial year of the School's operation a significant investment in capital assets was made resulting in a capital assets value of \$117,119, net of depreciation, as of June 30, 2011.

The key elements of the changes in the School's net assets for the fiscal year June 30, 2011 is as follows:

Operating Results for the Year	
	Governmental Activities
	<u>6-30-11</u>
Revenues:	
Federal Sources	\$ 268,769
State and Local Sources	1,433,762
Grants, Contributions and Other	<u>2,905</u>
Total Revenues	<u>1,705,436</u>
Expenses:	
Instruction	753,741
Instructional Media	16,274
Board of Education	38,460
General Administration	68,104
School Administration	370,491
Facilities Acq. & Construction	61,650
Fiscal Services	70,320
Food Services	30,584
Pupil Transportation	111,511
Operation of Plant	126,630
Maintenance of Plant	25,620
Unallocated Depreciation	<u>15,600</u>
Total Expenses	<u>1,688,985</u>
Increase in Net Assets	<u><u>\$ 16,451</u></u>

The largest revenue source for the School is the State of Florida (77 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The School also received Federal funding under the Charter School Implementation Grant (13 percent) to aid new schools in start-up costs.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined total deficit fund balance of (\$100,668). The 2010-11 year was the School's initial year of operations as such, certain start-up costs and other operating costs were considered to be the primary cause of the deficit. Management expects increased FEFP revenue and the continued monitoring of expenses to alleviate the deficit by the end of the 2011-12 fiscal year.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2011, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. The special revenue fund budget was developed based on expenditure criteria for the Implementation Grant. Actual expenditures were approximately equal to what was originally anticipated.

CAPITAL ASSETS

With the 2010-11 year being the initial year of the School's operation a significant investment in capital assets was made. The School's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$117,119 (net of accumulated depreciation). This investment in capital assets consists of furniture, fixtures, and equipment and leasehold improvements. Additional information regarding the School's capital assets can be found in note 2 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the AA Dixon Charter School of Excellence's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Charter School Financial Systems LLC, 18952 MacArthur Blvd., Suite #460, Irvine, CA 92612.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 2,263
Accounts Receivable	1,998
Prepaid Expenses	3,832
Total Current Assets	<u>8,093</u>
Capital Assets:	
Leasehold Improvements, Net	46,164
Furniture, Fixtures, and Equipment, Net	70,955
Total Capital Assets, Net	<u>117,119</u>
TOTAL ASSETS	<u><u>\$ 125,212</u></u>
LIABILITIES	
Salaries and Wages Payable	\$ 31,159
Accounts Payable	77,602
Total Liabilities	<u>108,761</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	117,119
Unrestricted	<u>(100,668)</u>
Total Net Assets	<u>16,451</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 125,212</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 753,741	\$ -	\$ 158,399	\$ -	\$ (595,342)	\$ (595,342)
Instructional Media	16,274		16,274		-	-
Board of Education	38,460				(38,460)	(38,460)
General Administration	68,104				(68,104)	(68,104)
School Administration	370,491		16,900		(353,591)	(353,591)
Facilities Acquisition & Construction	61,650		33,427		(28,223)	(28,223)
Fiscal Services	70,320				(70,320)	(70,320)
Food Services	30,584				(30,584)	(30,584)
Pupil Transportation	111,511				(111,511)	(111,511)
Operation of Plant	126,630				(126,630)	(126,630)
Maintenance of Plant	25,620				(25,620)	(25,620)
Unallocated Depreciation	15,600				(15,600)	(15,600)
Total Governmental Activities	<u>\$ 1,688,985</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>(1,463,985)</u>	<u>(1,463,985)</u>
General Revenues:						
State and Local sources					1,477,531	1,477,531
Grants and Contributions not restricted to specific program					2,905	2,905.00
					<u>1,480,436</u>	<u>1,480,436</u>
Change in Net Assets					16,451	16,451
Net Assets - July 1, 2010					-	-
Net Assets - June 30, 2011					<u>\$ 16,451</u>	<u>\$ 16,451</u>

The accompanying notes to the financial statements are an integral part of this statement.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 2,263	\$ -	\$ 2,263
Accounts Receivable	1,998		1,998
Prepaid Expenses	3,832		3,832
TOTAL ASSETS	\$ 8,093	\$ -	\$ 8,093
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salary and Wages Payable	\$ 31,159	\$ -	\$ 31,159
Accounts Payable	77,602		77,602
Total Liabilities	108,761	-	108,761
Fund Balances:			
Nonspendable	3,832		3,832
Spendable - Unassigned (Deficit)	(104,500)	-	(104,500)
Total Fund Balances	(100,668)	-	(100,668)
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,093	\$ -	\$ 8,093

The accompanying notes to the financial statements are an integral part of this statement.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2011

Total Fund Balances - Governmental Funds	\$ (100,668)
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>117,119</u>
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Total Net Assets - Governmental Activities	<u><u>\$ 16,451</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through State & Local	\$ 43,769	\$ 225,000	\$ 268,769
State and Local	1,433,762		1,433,762
Contributions and Other	2,905		2,905
Total Revenues	<u>1,480,436</u>	<u>225,000</u>	<u>1,705,436</u>
Expenditures			
Current - Education:			
Instruction	656,517	97,224	753,741
Instructional Media		16,274	16,274
Board of Education	38,460		38,460
General Administration	68,104		68,104
School Administration	353,591	16,900	370,491
Facilities Acquisition & Construction	49,650	12,000	61,650
Fiscal Services	70,320		70,320
Food Services	30,584		30,584
Pupil Transportation	111,511		111,511
Operation of Plant	126,630		126,630
Maintenance of Plant	25,620		25,620
Fixed Capital Outlay:			
Facilities Acquisition & Construction	49,169		49,169
Other Capital Outlay	948	82,602	83,550
Total Expenditures	<u>1,581,104</u>	<u>225,000</u>	<u>1,806,104</u>
Net Change in Fund Balance	(100,668)		(100,668)
Fund Balances, July 1, 2010	-	-	-
Fund Balances, June 30, 2011	<u>\$ (100,668)</u>	<u>\$ -</u>	<u>\$ (100,668)</u>

The accompanying notes to financial statements are an integral part of this statement.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Governmental Funds	\$ (100,668)
---	--------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays (\$132,719) in excess of depreciation expense (\$15,600) in the current year.

<u>117,119</u>

Change in Net Assets - Governmental Activities

<u><u>\$ 16,451</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

The AA Dixon Charter School of Excellence ("School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Escambia County, Florida, ("District"). The current charter has been made effective for the 2010-2011 school year and is effective until June 30, 2013, is subject to annual review, and may be renewed by mutual written agreement between the School and the District pursuant to Florida law. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ Basis of Presentation

Government-Wide Financial Statements - Government-Wide Financial Statements, including the statement of net assets and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund - to account for the School's Federal grant program resources.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ Budgets and Budgetary Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

➤ Deposits and Investments

Cash deposits consist of demand deposits and a certificate of deposit with financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ Capital Assets

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	15 - 20 years
Furniture, Fixtures and Equipment	5 - 10 years

➤ Fund Balance

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of non-spendable and spendable resources. The School has prepaid expenses of \$3,832 classified as non-spendable. Spendable resources are to be shown as Restricted, Committed, Assigned, and Unassigned as considered appropriate in the School's circumstances. The School has reported its remaining fund balance deficit of (\$104,500) as Spendable-Unassigned on its Balance Sheet – Governmental Funds.

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62, Florida Statutes is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2011, the School reported 220.3 unweighted FTE and 232.7 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

AA DIXON CHARTER SCHOOL OF EXCELLENCE

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NOTES TO FINANCIAL STATEMENTS

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The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

➤ Use of Estimates

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net assets and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

2. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Being Depreciated:				
Leasehold Improvements	\$ -	\$ 49,169	\$ -	\$ 49,169
Furniture, Fixtures and Equipment	-	83,550	-	83,550
Total Capital Assets Being Depreciated	-	132,719	-	132,719
Less Accumulated Depreciation for:				
Leasehold Improvements	-	(3,005)	-	(3,005)
Furniture, Fixtures and Equipment	-	(12,595)	-	(12,595)
Total Accumulated Depreciation	-	(15,600)	-	(15,600)
Total Capital Assets Being Depreciated, Net	-	117,119	-	117,119
Governmental Activities Capital Assets, Net	\$ -	\$ 117,119	\$ -	\$ 117,119

Unallocated depreciation expense for the 2010-11 fiscal year was \$15,600.

3. FACILITY LEASE

The School entered into a new lease for administrative and classroom space under an operating lease for an initial term of May 1, 2010, through April 30, 2013, with the right to extend the term of the lease for three additional 3 year periods if not in default of the lease terms. The base monthly rent is based on student enrollment counts taken twice each school year. For example 125–200 students, base rent is \$4,000 per month and 201–300 students, base rent is \$4,500 per month. Should student enrollment exceed 301 students the School shall pay \$5,000 per month.

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A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Facility rental expense related to the facility lease in effect since the inception of the lease through the fiscal year ended June 30, 2011, totaled \$60,000.

The following is a schedule by years of future minimum base rental payments required under the current operating lease based on student enrollment of 201–300 students:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2012	\$ 54,000
2013	54,000
2014	54,000
2015	54,000
2016	54,000
2017-2022	324,000
Total Minimum Payments Required	<u>\$ 594,000</u>

4. PENSION PLAN

The School participates in a Simple IRA tax sheltered plan for employees. There is no required vesting period for the plan, all employees are fully vested. Contributions made by the School totaled zero for the year ended June 30, 2011, as this was the initial year of the School's operations and no employees had entered into the plan. When Board contributions are made they are computed as a 3% match of each employee's contribution. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

5. RISK MANAGEMENT PROGRAMS

Workers' compensation, health and hospitalization, professional liability, and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

6. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

SCHEDULE OF FEDERAL, STATE & LOCAL REVENUE SOURCES

The School's Federal, State and local revenue for the 2010-11 fiscal year is as follows:

Source	Amount
<u>FEDERAL:</u>	
Charter School - Implementation Grant	\$ 225,000
Education Jobs Act, Title I grant	43,769
Total Federal Revenue	<u>\$ 268,769</u>
<u>STATE:</u>	
Florida Education Finance Program	\$ 807,907
Categorical Educational Programs:	
Class Size Reduction	260,410
Supplementary Academic Instruction	51,955
Instructional Materials	17,656
ESE Guaranteed Allocation	36,007
Transportation	73,124
ARRA Stabilization	68,649
Florida Teachers' Lead Program	3,023
Discretionary Lottery	571
Total State Revenue	<u>1,319,302</u>
<u>LOCAL:</u>	
Discretionary Millage	78,486
Discretionary Local Effort	35,974
Total Local Revenue	<u>114,460</u>
Total State and Local Revenue	<u>\$ 1,433,762</u>

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of total funding or \$68,104.

Accounting policies relating to certain State revenue sources are described in Note 1.

7. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2011, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

8. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

9. DEFICIT FUND BALANCE

The School reported a deficit total fund balance in its General Fund of \$100,668 at June 30, 2011. The 2010-11 year was the School's initial year of operations and certain start-up costs and other operating costs were considered to be the primary cause for the deficit. Management expects increased FEFP revenue and continued monitoring of expenses will alleviate the deficit by the end of the 2011-12 fiscal year.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2011

	General Fund				Major Special Revenue Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original/Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:							
Intergovernmental:							
Federal Through Local	\$ -	\$ -	\$ 43,769	\$ 43,769	\$ 225,000	\$ 225,000	\$ -
State and Local	1,078,416	1,399,903	1,433,762	33,859			-
Contributions and Other	20,554		2,905	2,905			-
Total Revenues	1,098,970	1,399,903	1,480,436	80,533	225,000	225,000	-
Expenditures:							
Current - Education:							
Instruction	481,210	656,517	656,517	-	97,224	97,224	-
Instructional Media			-	-	16,274	16,274	-
Board of Education	102,238	38,460	38,460	-		-	-
General Administration		68,104	68,104	-		-	-
School Administration	157,262	353,591	353,591	-	16,900	16,900	-
Facilities Acquisition & Construction	53,250	49,650	49,650	-	12,000	12,000	-
Fiscal Services	60,516	70,320	70,320	-		-	-
Food Services	67,725	30,584	30,584	-		-	-
Central Services			-	-		-	-
Pupil Transportation	84,600	111,511	111,511	-		-	-
Operation of Plant	36,000	126,630	126,630	-		-	-
Maintenance of Plant	30,000	25,620	25,620	-		-	-
Fixed Capital Outlay:							
Facilities Acquisition	-	49,169	49,169	-		-	-
Other Capital Outlay	-	948	948	-	82,602	82,602	-
Total Expenditures	1,072,801	1,581,104	1,581,104	-	225,000	225,000	-
Net Changes in Fund Balances	26,169	(181,201)	(100,668)	80,533	-	-	-
Fund Balances, July 1, 2010	-	-	-	-	-	-	-
Fund Balances, June 30, 2011	\$ 26,169	\$ (181,201)	\$ (100,668)	\$ 80,533	-	\$ -	\$ -

See Independent Auditor's Report.

KING & WALKER, CPAs, PL
Certified Public Accountants

David M. King, CPA
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road
Lutz, FL 33548
office (813) 610-0659 fax (813) 949-9376

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors AA Dixon Charter School of Excellence,
a Charter School and Component Unit of the
District School Board of Escambia County, Florida

We have audited the basic financial statements of the AA Dixon Charter School of Excellence ("School"), a charter school and component unit of the District School Board of Escambia County, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon included under the heading *Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information*. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the School's financial statements for the fiscal year ended June 30, 2011, we considered 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.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

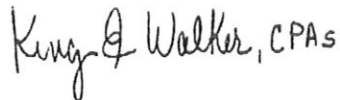
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other guidelines, noncompliance with which could have a direct 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 that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we have reported to management of the School in the management letter dated August 11, 2011.

The School's response to our finding identified in our audit is described in the accompanying *Management's Response to Audit Findings* on page 28. We did not audit the School's response and, accordingly, express no opinion on it.

This report is intended for the information and use of the School and its management, the District School Board of Escambia County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

 King & Walker, CPAs

August 11, 2011
Lutz, Florida

KING & WALKER, CPAs, PL
Certified Public Accountants

David M. King, CPA
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road
Lutz, FL 33548
office (813) 610-0659 fax (813) 949-9376

**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors AA Dixon Charter School of Excellence,
a Charter School and Component Unit of the
District School Board of Escambia County, Florida

We have audited the basic financial statements of the AA Dixon Charter School of Excellence ("School"), a charter school and component unit of the District School Board of Escambia County, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 11, 2011.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated August 11, 2011. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. This is the School's first audit and therefore, there were no prior audit findings.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. In connection with our audit, we determined that the School met one condition described in Section 218.503(1)(e), Florida Statutes. The School reported a deficit total fund balance of \$106,668 as shown on its Balance Sheet – Governmental Funds, as disclosed in Note 9, page 21 of its audited financial statements. We applied financial condition assessment procedures pursuant to Rules of the Auditor General Section 10.855(10).

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

The Rules of the Auditor General (Section 10.854(1)(e)3.), requires that we address in the management letter any recommendations to improve financial management. Except for finding No. 2011-01 on page 27, we did not have any such recommendations.

The Rules of the Auditor General (Section 10.854(1)(e)4,5.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

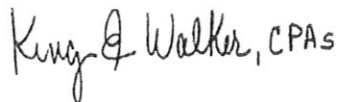
- Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
- Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
- Control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions, and (3) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(e)6.), require we disclose the name or official title of the school or center. The school's official name is AA Dixon Charter School of Excellence.

This letter is intended for the information and use of the School and its management, the District School Board of Escambia County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

King Q. Walker, CPAs

August 11, 2011
Lutz, Florida

AA DIXON CHARTER SCHOOL OF EXCELLENCE

A Charter School and Component Unit of the District School Board of Escambia County, Florida

RECOMMENDATIONS TO MANAGEMENT

June 30, 2011

OTHER MATTERS:

- 2011-01 **Financial Condition** – Section 218.503(1)(e), Florida Statutes, states that charter schools shall be subject to review and oversight by the Governor, the charter school's sponsor, or the Commissioner of Education if the School maintains an unreserved or total fund balance or an unrestricted or total net assets deficit, as reported on the balance sheet or statement of net assets, for which sufficient resources of the charter school, as reported on the balance sheet or statement of net assets of the general purpose financial statements, are not available to cover the deficit. In connection with our audit, we determined that the School met one condition described in the above referenced statute. The School reported a deficit total fund balance of \$100,668 as shown on its Balance Sheet – Governmental Funds, page 10. We recommend the School closely monitor the deficit and take the necessary steps to eliminate the deficit as soon as practical.

AA DIXON CHARTER SCHOOL OF EXCELLENCE
A Charter School and Component Unit of the District School Board of Escambia County

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

Year Ended June 30, 2011

The following is the School's response to the item in the Management Letter dated August 11, 2011, as required by Rule 10.857, Rules of the Auditor General:

Finding 2011-01: The School suffered a deficit as the result of the 2010-11 year being the School's initial year of operations. As such, certain start-up costs and other operating costs were considered to be the primary cause of the deficit. Management expects increased FEFP revenue and the continued monitoring of expenses to alleviate the deficit by the end of the 2011-12 fiscal year.

The School took positive steps to make sure obligations were and are being met, and has a realistic and achievable plan to overcome the deficit.