

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD**

**AUDIT COMMUNICATION MEMORANDUM**

**October 25, 2007**

**OROPEZA  
& PARKS**  
Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 / 305.294.1040  
Fax: 305.294.3951

Scott G. Oropeza, C.P.A., P.A.  
John G. Parks, Jr., C.P.A., P.A.  
Colleen M. Quirk  
Denise Y. Rohrer, C.P.A., P.A.  
James H. Hill, Jr.

October 25, 2007

To the Board of Directors of  
the Big Pine Neighborhood Charter School, Inc.,  
a Charter School and Component Unit of the  
Monroe County District School Board

We have audited the financial statements of the Big Pine Neighborhood Charter School, Inc. for the year ended June 30, 2007, and have issued our report thereon dated October 25, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 11, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Big Pine Neighborhood Charter School, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Big Pine Neighborhood Charter School, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2007. We noted no transactions entered into by Big Pine Neighborhood Charter School, Inc. during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Page Two

Big Pine Neighborhood Charter School, Inc.,  
a Charter School and Component Unit of the  
Monroe County District School Board

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the useful life of assets used in determining depreciation costs. We evaluated the key factors and assumptions used to develop the useful life of assets in determining that they are reasonable in relation to the financial statements taken as a whole.

### Disagreements with Management

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

### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Big Pine Neighborhood Charter School, Inc. financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Big Pine Neighborhood Charter School, Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Page Three

Big Pine Neighborhood Charter School, Inc.,  
a Charter School and Component Unit of the  
Monroe County District School Board

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit. This information is solely for the use of the Board of Directors and management of Big Pine Neighborhood Charter School, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
OROPEZA & PARKS  
Certified Public Accountants

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	1
<b>INDEPENDENT AUDITOR'S REPORT</b>	2-3
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	4
Statement of Governmental Funds Revenue, Expenditures, and Changes in Fund Balances/ Statement of Activities	5
Notes to Financial Statements	6-11
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule	12-13
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS</b>	14-15
<b>ADDITIONAL INFORMATION</b>	
Management Letter	16-17

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Big Pine Neighborhood Charter School Inc.**

**30220 Overseas Highway**

**Big Pine Key, FL 33043**

**Phone: 305-872-1266 Fax: 305-872-1265**

**MANAGEMENT DISCUSSION AND ANALYSIS OF AUDIT YEAR 2006-2007**

The management of the Big Pine Neighborhood Charter School, Inc. (BPNCS), a component of the Monroe County District School Board, have prepared the following discussion and analysis to (a) assist the reader in interpreting the significant financial issues, (b) provide an overview and analysis of the Big Pine Neighborhood Charter School, Inc.'s financial activities, (c) identify changes in the school's financial position, (d) identify material deviations from the approved budget and (e) direct the reader's attention to significant issues in individual funds reflected.

As you are aware, the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight certain transactions, provide additional detail to specific events and conditions, all to be considered in conjunction with the Big Pine Neighborhood Charter School, Inc.'s, financial statements, which will be attached to this discussion document.

In fiscal year, 2006 - 2007, the BPNCS reflected a net excess of revenue over expenditures \$10,858.00 comparative to (-\$21,092.00) in 2005-2006. This increase of revenue over expenditures was primarily due to the concentrated effort demonstrated by good fiscal management and operating practices to control budgetary expenditures.

Year 2005-2006 program revenues were generated in the amount of \$489,281.00. In 2006-2007, BPNCS increased its total generated program revenues to \$599, 541.00. The increase in revenue due to increased FTE, VPK State Funded, Miscellaneous Revenues, Gifts, grants, and Bequests.

This financial report is designed to provide a general overview of the School's finances and to demonstrate the BPNCS's accountability for the money it receives. Questions About this report or requests for additional financial information should be addressed to:

Hazel E. Hartman



BPNCS Executive Administrator  
Year 2006-2007

**INDEPENDENT AUDITOR'S REPORT**



**OROPEZA  
& PARKS**

Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 / 305.294.1040  
Fax: 305.294.3951

Scott G. Oropeza, C.P.A., P.A.  
John G. Parks, Jr., C.P.A., P.A.  
Colleen M. Quirk  
Denise Y. Rohrer, C.P.A., P.A.  
James H. Hill, Jr.

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
the Big Pine Neighborhood Charter School, Inc.,  
a Charter School and Component Unit of the  
Monroe County District School Board

We have audited the accompanying financial statements of the governmental activities and the general fund of Big Pine Neighborhood Charter School, Inc. (the "School"), a component unit of the Monroe County District School Board, as of June 30, 2007, and for the year then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of Big Pine Neighborhood Charter School, Inc., as of June 30, 2007, and the results of its operations for the 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 our report dated October 25, 2007, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Page Two  
Board of Directors  
Big Pine Neighborhood Charter School, Inc.

The management's discussion and analysis as listed in the table of contents are not a required part of the financial statements but are supplementary information required by the *Government Accounting Standards Board*. 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 on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Budgetary Comparison Schedule on Page 12 and 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying report on review of internal controls has been prepared for the purpose of compliance with the rules of the Florida State Auditor General, Charter School Audits.

  
Oropeza & Parks  
Certified Public Accountants

October 25, 2007

**FINANCIAL STATEMENTS**

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments Note 8</u>	<u>Statement of Net Assets</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 30,551	\$ -	\$ 30,551
Due from agency	33,788	-	33,788
Accounts Receivable	8,817	-	8,817
Due from Big Pine Elementary Academy	40,411	-	40,411
Prepaid expenses	1,264	-	1,264
Capital assets, net of Accumulated Depreciation:	<u>-</u>	<u>12,669</u>	<u>12,669</u>
<b>Total Assets</b>	<u>\$ 114,831</u>	<u>\$ 12,669</u>	<u>\$ 127,500</u>
<b>Liabilities:</b>			
Accounts Payable	13,575	-	13,575
Accrued expenses	<u>23,100</u>	<u>-</u>	<u>23,100</u>
<b>Total Liabilities</b>	36,675	-	36,675
<b>Fund balance:</b>			
Unreserved, reported in general fund	<u>78,156</u>	<u>(78,156)</u>	<u>-</u>
<b>Total fund balance</b>	<u>78,156</u>	<u>(78,156)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>114,831</u>	<u>(78,156)</u>	<u>36,675</u>
<b>Net assets:</b>			
Unrestricted	<u>-</u>	<u>90,825</u>	<u>90,825</u>
<b>Total net assets</b>	<u>-</u>	<u>90,825</u>	<u>90,825</u>
<b>Total liabilities and net assets</b>	<u>114,831</u>	<u>12,669</u>	<u>127,500</u>

See Notes to Financial Statements.

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments Note 7</u>	<u>Statement of Net Assets</u>
<b>Expenditures/expenses:</b>			
Instruction	\$ 357,903	\$ -	\$ 357,903
School administration	121,153	-	121,153
In kind rent	-	209,304	209,304
Pupil personnel services	7,320	-	7,320
Food service	16,993	-	16,993
Fundraising expense	10,431	-	10,431
PTO Donation to Big Pine Academy	7,063	-	7,063
Transportation	10,543	-	10,543
Operation and maintenance of facilities	52,749	-	52,749
Capital outlays	<u>3,570</u>	<u>(1,542)</u>	<u>2,028</u>
 Total Expenditures/expenses	 587,725	 207,762	 795,487
 <b>Program revenues:</b>	 599,541	 209,304	 808,845
 <b>Other Revenue (Expenses):</b>			
Gain (loss) on sale of donated item	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
 <b>Excess of revenues over expenditures</b>	 9,316	 1,542	 10,858
 <b>Fund balance/net assets:</b>			
Beginning of the year	<u>68,840</u>	<u>11,127</u>	<u>79,967</u>
 End of the year	 <u>\$ 78,156</u>	 <u>\$ 12,669</u>	 <u>\$ 90,825</u>

See Notes to Financial Statements.

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**1. Summary of Significant Accounting Policies**

Big Pine Neighborhood Charter School, Inc. (School) maintains its accounting records in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental and financial principles. The more significant of the School's accounting policies are described below:

**Reporting Entity** – Big Pine Neighborhood Charter School, Inc. is a not-for-profit corporation organization pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 228.056, Florida Statutes, to provide all students within a safe and nurturing school environment an enriching and challenging mastery learning curriculum containing the skills, content knowledge and character development for quality and equity student outcomes and to help all students become successful life-long learners and responsible, informed citizens of the 21<sup>st</sup> century. The governing body of the School is the not-for-profit corporation's Board of Directors, which is composed of not less than three members. The School's charter started April 29, 2002 and operations began August 2002. The Board adopted a budget for the fiscal year ended June 30, 2007.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Monroe County District School Board (District). The current charter is effective until June 30, 2010. The School exercised the right to terminate the current charter as of June 30, 2007. The School notified the District of a proposed termination of the charter at least 90 days prior to the proposed action. Upon termination of the charter, any property purchased by the School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Governmental Accounting Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provide 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.

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**1. Summary of Significant Accounting Policies (Continued)**

**Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Accounting** – The accounting and reporting treatment applied to a fund is determined by the timing of the measurements made, regardless of the measurement focus applied.

The component unit is presented using the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized when they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related fund liability is incurred.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement establishes new financial reporting requirements for state and local governments and creates new information and restructures much of the information that governmental entities have presented in the past. Management of the School implemented Statement No. 34 effective July 1, 2002.

**Cash** – The School’s cash consists of demand deposits with a financial institution, which is insured by the Federal Depository Insurance Corporation (FDIC).

**Capital Assets and Depreciation** – The School’s property, plant and equipment with useful lives of three to ten years old are stated at historical cost. The School generally capitalizes assets with a cost of \$500 or more as purchases occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**1. Summary of Significant Accounting Policies (Continued)**

**Capital Assets and Depreciation (Continued)** - Estimated useful lives, in years, for depreciable assets purchased in the current year as well as future purchases are as follows:

Furniture, fixtures and equipment	3 – 10 years
Playground equipment	3 – 10 years
Motor vehicles	3 years
Improvements other than building	5 years

**Revenue Sources** – Revenues for current operations are received primarily from the Monroe County District School Board pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent (FTE) students and related data to the District. The District reports the number of full-time equivalent (FTE) 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 Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

**2. Changes in Capital Assets**

The following table provides a summary of changes in capital assets:

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2007</u>
Furniture, Fixtures, Equipment And Improvements at historical cost	\$ 13,642	\$ 3,570	-	\$ 17,212
Less accumulated depreciation for:				
Furniture, Fixtures, Equipment And Improvements	<u>(2,515)</u>	<u>(2,028)</u>	-	<u>(4,543)</u>
Capital assets, net	<u>\$ 11,127</u>	<u>\$ 1,542</u>	<u>\$ -</u>	<u>\$ 12,669</u>

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**3. Schedule of Revenue Sources**

The following is a schedule of revenue sources and amounts:

<u>Sources</u>	
Monroe County District School Board:	
Florida Teacher's Lead Program	\$ 871
Florida Education Finance Program	474,898
Total Monroe County District School Board	<u>475,769</u>
VPK State Funded	70,952
Misc. Revenues	11,110
Gifts, Grants, Bequests	15,167
In Kind Rent Contribution	209,304
Student Lunches	10,926
PTO Fundraising	<u>15,617</u>
 Total	 <u>\$ 808,845</u>

The administrative fee paid to the District during the year ended June 30, 2007 totaled approximately \$23,745, which is reflected as a school administrative expenditure in the accompanying statement of activities.

**4. Donated Services, Materials and Facilities**

The School occupies a building, which is property of the District. The District provides this facility free of charge. This donated facility is included in the contributions and expenses in the statement of activities. The fair market value, determined by the school board and a local realtor, for the year ended June 30, 2007 totaled \$209,304.

**5. Risk Management**

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**6. Contingencies**

The School participates in state and federal 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. In the opinion of the School, there are no significant contingent 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.

**7. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities**

Total expenditures of the governmental funds differ from total expenses of governmental activities reported in the statement of activities. The difference is attributable primarily to the long-term economic focus of governmental activities versus the current financial resources focus of governmental funds. The main component is discussed below.

\$587,725

When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost for those assets are allocated over the estimated useful lives and reported depreciation expense. This is the amount by which depreciation (\$2,028) is netted with capital expenditures (\$3,570) in the current period.

(1,542)

When the use of a facility is donated, the fair market value of the rent is recorded as an in kind contribution and in kind expense on the statement of activities. This amount is not recorded in the governmental funds.

209,304

Total expenditures of governmental activities.

\$ 795,487

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**8. Explanation of Differences Between Governmental Funds Balance Sheet and the Statement of Net Assets**

Total fund balances of the governmental funds differs from net assets of governmental activities reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current resources focus of the governmental fund balance sheets

\$ 114,831

When capital assets (leasehold improvements, equipment) that are to be used in governmental activities are purchased, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the school as a whole.

Cost of capital assets	17,212
Accumulated depreciation	<u>(4,543)</u>
Total expenditures of governmental activities.	<u>12,669</u>
Total net assets of governmental activities	<u>\$127,500</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD**

**BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<b>Variance with Budget Positive (Negative)</b>
<b>Revenues:</b>			
FEFP/FTE	\$ 475,892	\$ 474,898	\$ (994)
Title 1 Funds	8,550	-	(8,550)
FL Teacher's Lead Program	-	871	871
VPK Revenue	81,080	70,952	(10,128)
Grants/Donations	-	15,167	15,167
Misc. Revenues	6,000	11,110	5,110
Student Lunches	-	10,926	10,926
PTO Fundraising	-	15,617	15,617
	<u>571,522</u>	<u>599,541</u>	<u>28,019</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
Instruction:			
Salaries	279,442	285,905	(6,463)
Benefits	-	6,657	(6,657)
Retirement	15,925	19,503	(3,578)
Payroll taxes	21,377	21,887	(510)
Group Insurance	6,751	2,903	3,848
Worker's compensation	47,474	6,550	40,924
Unemployment compensation	1,165	688	477
Other purchased services	500	-	500
Supplies	4,500	17,380	(12,880)
Pupil personnel services:			
Education Services	8,800	7,240	1,560
Professional and technical services	500	-	500
Supplies	100	80	20
School Administration:			
Salaries	26,850	47,491	(20,641)
Payroll taxes	2,054	3,633	(1,579)
Fundraising expense	-	17,494	(17,494)
Worker's compensation	537	1,389	(852)
Unemployment compensation	269	41	228
Professional and technical services	60,065	63,192	(3,127)
Supplies	2,500	5,407	(2,907)

See Notes to Financial Statements.

**BIG PINE NEIGHBORHOOD CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD**

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<b>Variance with Budget Positive (Negative)</b>
Operation of plant:			
Salaries	12,739	16,966	(4,227)
Payroll taxes	974	823	151
Unemployment compensation	127	6	121
Worker's compensation	255	509	(254)
Insurance	16,450	2,900	13,550
Communications	2,500	2,565	(65)
Supplies	2,000	3,294	(1,294)
Utilities	26,200	25,686	514
Food service:			
Salaries	8,550	6,120	2,430
Payroll taxes	654	787	(133)
Worker's compensation	171	185	(14)
Unemployment compensation	85	23	62
Food preparation	-	9,371	(9,371)
Supplies	480	344	136
Travel	1,300	163	1,137
Pupil transportation:	<u>6,440</u>	<u>10,543</u>	<u>(4,103)</u>
<b>Total expenditures</b>	<u>557,734</u>	<u>587,725</u>	<u>(29,991)</u>
Excess of revenues over expenditures	<u>\$ 13,788</u>	<u>\$ 11,816</u>	<u>\$ (1,972)</u>
<b>Reconciliation of excess expenditures over revenues to statement of activities:</b>			
Excess of revenues over expenditures		\$ 11,816	
Loss on Sale of Donated Asset		(2,500)	
Depreciation Taken of Asset Sold		-	
Capital Outlay		3,570	
Depreciation		<u>(2,028)</u>	
Net income and changes in net assets		<u>\$ 10,858</u>	

See Notes to Financial Statements.

**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**



**OROPEZA  
& PARKS**

Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 / 305.294.1040  
Fax: 305.294.3951

Scott G. Oropeza, C.P.A., P.A.  
John G. Parks, Jr., C.P.A., P.A.  
Colleen M. Quirk  
Denise Y. Rohrer, C.P.A., P.A.  
James H. Hill, Jr.

**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 of  
Big Pine Neighborhood Charter School, Inc.,  
A Charter School and Component Unit of the  
Monroe County District School Board

We have audited the basic financial statements of the Big Pine Neighborhood Charter School, Inc. (the "School") a component unit of the Monroe County District School Board, for the year ended June 30, 2007, and have issued our report thereon dated October 25, 2007. 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, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Directors of  
Big Pine Neighborhood Charter School, Inc.,  
A Charter School and Component Unit of the  
Monroe County District School Board

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, administrative rules, regulations, contracts and grants, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the School in a separate letter dated October 25, 2007.

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

  
Oropeza & Parks  
Certified Public Accountants  
October 25, 2007

**MANAGEMENT LETTER  
AS REQUIRED BY FLORIDA STATUTES AND  
RULES OF THE AUDITOR GENERAL  
June 30, 2007**

# OROPEZA & PARKS

Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 / 305.294.1040  
Fax: 305.294.3951

Scott G. Oropeza, C.P.A., P.A.  
John G. Parks, Jr., C.P.A., P.A.  
Colleen M. Quirk  
Denise Y. Rohrer, C.P.A., P.A.  
James H. Hill, Jr.

Board of Directors  
Big Pine Neighborhood Charter School, Inc.  
Key West, Florida

We have audited the financial statements of the Big Pine Neighborhood Charter School, Inc. (School) for the year ended June 30, 2007 and have issued our report thereon dated October 25, 2007.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated October 25, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General. Those rules Section 10.854(1)(d) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. No such deficiencies were identified in the preceding annual report.

The Rules of the Auditor General (Section 10.854(1)(d)1) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no findings on compliance and internal control issues during the preceding financial audit.

As required by the Rules of the Auditor General (Section 10.854(1)(d)2), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the School is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.854(1)(d)3), the scope of our audit included a review of the provisions of Section 218.39(5), Florida Statutes, regarding deteriorating financial conditions. In connection with our audit, we determined that the School is not in a state of deteriorating financial condition as a consequence of the conditions described in Section 218.39(5), Florida Statutes.

Board of Directors  
Big Pine Neighborhood Charter School, Inc.  
Key West, Florida  
Page2

The Rules of Auditor General (Section 10.854(1)(d)4) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, contracts and grant agreements or abuse that have occurred, or are likely to have occurred; (2) improper expenditures; (3) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. None of those matters were disclosed during our audit of the School's financial statements for the year ended June 30, 2007.

The Rules of the Auditor General (Section 10.854(1)(d)5) require that we address in the management letter if there are no matters described in Section 10.854(1)(d)1-4. There were no findings or recommendations in Section 10.854(1)(d)1-4 for the year ended June 30, 2007.

The Rules of the Auditor General (Section 10.854(1)(d)6) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This disclosure has been included in the School's annual financial report for the year ended June 30, 2007.

This management letter is intended solely for the information of the School's Board of Directors and management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

  
OROPEZA & PARKS  
CERTIFIED PUBLIC ACCOUNTANTS

October 25, 2007