

**STARS MIDDLE SCHOOL**

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

INDEPENDENT AUDITOR'S REPORT

*for the fiscal year ended JUNE 30, 2012*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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# STARS MIDDLE SCHOOL

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

To the Board of Directors of the Stars Middle School,  
a Charter School and Component Unit of the Leon County  
School Board, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Stars Middle School ("School"), a charter school and component unit of the Leon County School Board, Florida, as of and for the fiscal year ended June 30, 2012, 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 Stars Middle School as of June 30, 2012, 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 July 24, 2012, on our consideration of the Stars Middle School'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 guidelines 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*

July 24, 2012  
Tampa, Florida

# **STARS MIDDLE SCHOOL**

A Charter School and Component Unit of the District School Board of Leon County, Florida  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Stars Middle School ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2012.

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, 2012, the School's revenues exceeded expenses as shown on the School's statement of activities by \$57,818.
- ✓ The School's Total Net Asset balance at June 30, 2012 was \$119,343 which was made up of Unrestricted Net Assets of \$18,179 and the school's Investment in Capital Assets, Net of Related Debt of \$101,164.

## **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 financial fund 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 funds 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 three funds; a General Fund, a Capital Projects Fund, and a Special Revenue Fund. The School has elected to show each fund as a major fund.

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 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 and June 30, 2012:

|   | <b>Net Assets, End of Year</b> |                          |                                |
|---|--------------------------------|--------------------------|--------------------------------|
|   | <u>Governmental Activities</u> |                          |                                |
|   | <u>6-30-11</u>                 | <u>6-30-12</u>           | <u>Increase<br/>(Decrease)</u> |
| <b>ASSETS</b>                           |                                |                          |                                |
| Current and Other Assets                | \$ 31,003                      | \$ 19,305                | \$ (11,698)                    |
| Capital Assets, net                     | <u>40,309</u>                  | <u>101,164</u>           | <u>60,855</u>                  |
| Total Assets                            | <u><u>71,312</u></u>           | <u><u>120,469</u></u>    | <u><u>49,157</u></u>           |
| <b>LIABILITIES</b>                      |                                |                          |                                |
| Current Liabilities                     | <u>9,787</u>                   | <u>1,126</u>             | <u>(8,661)</u>                 |
| Total Liabilities                       | <u>9,787</u>                   | <u>1,126</u>             | <u>(8,661)</u>                 |
| <b>NET ASSETS</b>                       |                                |                          |                                |
| Invested in Capital Assets, Net of Debt | 40,309                         | 101,164                  | 60,855                         |
| Unrestricted                            | <u>21,216</u>                  | <u>18,179</u>            | <u>(3,037)</u>                 |
| Total Net Assets                        | <u>61,525</u>                  | <u>119,343</u>           | <u>57,818</u>                  |
| Total Liabilities and Net Assets        | <u><u>\$ 71,312</u></u>        | <u><u>\$ 120,469</u></u> | <u><u>\$ 49,157</u></u>        |

The School reported an increase in total Net Assets of \$57,818. Unrestricted Net Assets decreased by \$3,037 while the Invested in Capital Assets, net of Debt portion of the total Net Assets increased by \$60,855 mainly attributable to capitalized renovation costs for the School's new facility.



The key elements of the changes in the School's net assets for the fiscal years ended June 30, 2011 and June 30, 2012 are as follows:

**Operating Results for the Year**

|  | Governmental Activities |                  |                        |
|--|-------------------------|------------------|------------------------|
|  | 6-30-11                 | 6-30-12          | Increase<br>(Decrease) |
| <b>Revenues:</b>                         |                         |                  |                        |
| Federal through Local                    | \$ 136,930              | \$ 88,064        | \$ (48,866)            |
| State and Local sources                  | 1,079,366               | 933,949          | (145,417)              |
| Contributions and Other                  | 111,886                 | 96,249           | (15,637)               |
| <b>Total Revenues</b>                    | <b>1,328,182</b>        | <b>1,118,262</b> | <b>(209,920)</b>       |
| <b>Expenses:</b>                         |                         |                  |                        |
| Instruction                              | 536,056                 | 533,867          | (2,189)                |
| Pupil Personnel Services                 | 128                     | -                | (128)                  |
| Instructional Media                      | -                       | 39               | 39                     |
| Instructional Staff Training             | 3,697                   | 1,894            | (1,803)                |
| Instructional-Related Technology         | -                       | 1,896            | 1,896                  |
| Board of Education                       | 16,422                  | 2,001            | (14,421)               |
| School Administration                    | 153,577                 | 157,985          | 4,408                  |
| Facilities Acquisition                   | 258,510                 | 57,200           | (201,310)              |
| Fiscal Services                          | 78,709                  | 52,284           | (26,425)               |
| Food Services                            | 51,586                  | 61,615           | 10,029                 |
| Central Services                         | 3,490                   | 5,403            | 1,913                  |
| Pupil Transportation                     | 73,686                  | 69,406           | (4,280)                |
| Operation of Plant                       | 99,929                  | 60,013           | (39,916)               |
| Maintenance of Plant                     | 6,005                   | 19,151           | 13,146                 |
| Community Service                        | 29,399                  | 23,550           | (5,849)                |
| Unallocated Depreciation                 | 10,389                  | 14,140           | 3,751                  |
| <b>Total Expenses</b>                    | <b>1,321,583</b>        | <b>1,060,444</b> | <b>(261,139)</b>       |
| <b>Increase/(Decrease) in Net Assets</b> | <b>\$ 6,599</b>         | <b>\$ 57,818</b> | <b>\$ 51,219</b>       |

The largest revenue source for the School is the State of Florida (78 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. Total revenue decreased from the prior year due to the expiration of the Title I grant and a slight decline in enrollment. Expenditures decreased mainly due to the lower rent expense for the School's new facility.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$18,179.

### **BUDGETARY HIGHLIGHTS**

The general fund budget for the fiscal year ended June 30, 2012, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund budget several times. For the fiscal year ended June 30, 2012, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule on page 22 for additional information.

### **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$101,164 (net of accumulated depreciation). This investment in capital assets includes 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 Stars Middle School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Stars Middle School, 1500 Miccosukee Road, Tallahassee, Florida 32308.

**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
LEON COUNTY SCHOOL BOARD, FLORIDA**

**STATEMENT OF NET ASSETS  
*June 30, 2012***

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>ASSETS</b>                                   |                                    |
| Current Assets:                                 |                                    |
| Cash  | \$ 7,878                           |
| Accounts Receivable                             | <u>11,427</u>                      |
| Total Current Assets                            | <u>19,305</u>                      |
| Capital Assets:                                 |                                    |
| Furniture, Fixtures, and Equipment, Net         | 29,919                             |
| Leasehold Improvements, Net                     | <u>71,245</u>                      |
| Total Capital Assets, Net                       | <u>101,164</u>                     |
| <b>TOTAL ASSETS</b>                             | <b><u>\$ 120,469</u></b>           |
| <b>LIABILITIES</b>                              |                                    |
| Accounts Payable                                | <u>\$ 1,126</u>                    |
| Total Liabilities                               | <u>1,126</u>                       |
| <b>NET ASSETS</b>                               |                                    |
| Invested in Capital Assets, Net of Related Debt | 101,164                            |
| Unrestricted                                    | <u>18,179</u>                      |
| Total Net Assets                                | <u>119,343</u>                     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>         | <b><u>\$ 120,469</u></b>           |

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

**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
LEON COUNTY SCHOOL BOARD, FLORIDA**

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2012**

|                                  | Expenses     | Program Revenues           |  |  | Net (Expenses)<br>Revenue<br>and Changes<br>Net Assets |              |
|----------------------------------|--------------|----------------------------|--|--|--|--------------|
|                                  |              | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                             | Total        |
|                                  |              |                            |  |  |  |              |
| Governmental Activities:         |              |                            |  |  |  |              |
| Instruction                      | \$ 533,867   | \$ -                       | \$ 29,772                                | \$ -                                   | \$ (504,095)   | \$ (504,095) |
| Instructional Media              | 39           |                            |  |  | (39)   | (39)         |
| Instructional Staff Training     | 1,894        |                            |  |  | (1,894)  | (1,894)      |
| Instructional-Related Technology | 1,896        |                            |  |  | (1,896)  | (1,896)      |
| Board of Education               | 2,001        |                            |  |  | (2,001)  | (2,001)      |
| School Administration            | 157,985      |                            |  |  | (157,985)  | (157,985)    |
| Facilities Acquisition           | 57,200       |                            |  | 60,766                                 | 3,566  | 3,566        |
| Fiscal Services                  | 52,284       |                            |  |  | (52,284)   | (52,284)     |
| Food Services                    | 61,615       | 5,992                      | 58,292                                   |  | 2,669  | 2,669        |
| Central Services                 | 5,403        |                            |  |  | (5,403)  | (5,403)      |
| Pupil Transportation             | 69,406       |                            |  |  | (69,406)   | (69,406)     |
| Operation of Plant               | 60,013       |                            |  |  | (60,013)   | (60,013)     |
| Maintenance of Plant             | 19,151       |                            |  |  | (19,151)   | (19,151)     |
| Community Service                | 23,550       |                            |  |  | (23,550)   | (23,550)     |
| Unallocated Depreciation         | 14,140       |                            |  |  | (14,140)   | (14,140)     |
| Total Governmental Activities    | \$ 1,060,444 | \$ 5,992                   | \$ 88,064                                | \$ 60,766                              | (905,622)  | (905,622)    |
| General Revenues:                |              |                            |  |  |  |              |
| State and Local sources          |              |                            |  |  | 867,191  | 867,191      |
| Contributions and Other          |              |                            |  |  | 96,249   | 96,249       |
|                                  |              |                            |  |  | 963,440  | 963,440      |
| Change in Net Assets             |              |                            |  |  | 57,818   | 57,818       |
| Net Assets - July 1, 2011        |              |                            |  |  | 61,525   | 61,525       |
| Net Assets - June 30, 2012       |              |                            |  |  | \$ 119,343   | \$ 119,343   |

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

**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
LEON COUNTY SCHOOL BOARD, FLORIDA**

***BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2012***

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>TOTAL</u>     |
|--|-------------------------|--------------------------------------|-------------------------------------|------------------|
| <b>ASSETS</b>                              |                         |                                      |                                     |                  |
| Cash                                       | \$ 7,878                | \$ -                                 | \$ -                                | \$ 7,878         |
| Accounts Receivable                        | 11,427                  | -                                    | -                                   | 11,427           |
| <b>TOTAL ASSETS</b>                        | <u>\$ 19,305</u>        | <u>\$ -</u>                          | <u>\$ -</u>                         | <u>\$ 19,305</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                         |                                      |                                     |                  |
| Liabilities:                               |                         |                                      |                                     |                  |
| Accounts Payable                           | \$ 1,126                | \$ -                                 | \$ -                                | \$ 1,126         |
| <b>Total Liabilities</b>                   | <u>1,126</u>            | <u>-</u>                             | <u>-</u>                            | <u>1,126</u>     |
| Fund Balances:                             |                         |                                      |                                     |                  |
| Spendable:                                 |                         |                                      |                                     |                  |
| Unassigned                                 | 18,179                  | -                                    | -                                   | 18,179           |
| <b>Total Fund Balances</b>                 | <u>18,179</u>           | <u>-</u>                             | <u>-</u>                            | <u>18,179</u>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 19,305</u>        | <u>\$ -</u>                          | <u>\$ -</u>                         | <u>\$ 19,305</u> |

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

**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
LEON COUNTY SCHOOL BOARD, FLORIDA**

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

*June 30, 2012*

|   |                                 |
|---|---------------------------------|
| <b>Total Fund Balances - Governmental Funds</b>   | \$ 18,179                       |
| 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. | 101,164                         |
|   | <hr/>                           |
| <b>Total Net Assets - Governmental Activities</b>   | <b><u><u>\$ 119,343</u></u></b> |

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

**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
LEON COUNTY SCHOOL BOARD, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
*For the Fiscal Year Ended June 30, 2012***

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--------------------------------------|-------------------------------------|---|
| <b>Revenues</b>                                      |                         |                                      |                                     |   |
| Intergovernmental:                                   |                         |                                      |                                     |   |
| Federal Through Local                                | \$ -                    | \$ -                                 | \$ 88,064                           | \$ 88,064                               |
| State and Local                                      | 873,183                 | 60,766                               |                                     | 933,949                                 |
| Contributions and Other                              | 96,249                  |                                      |                                     | 96,249                                  |
| Total Revenues                                       | <u>969,432</u>          | <u>60,766</u>                        | <u>88,064</u>                       | <u>1,118,262</u>                        |
| <b>Expenditures</b>                                  |                         |                                      |                                     |   |
| Current - Education:                                 |                         |                                      |                                     |   |
| Instruction  | \$ 504,095              | \$                                   | \$ 29,772                           | \$ 533,867                              |
| Instructional Media                                  | 39                      |                                      |                                     | 39                                      |
| Instructional Staff Training                         | 1,894                   |                                      |                                     | 1,894                                   |
| Instructional-Related Technology                     | 1,896                   |                                      |                                     | 1,896                                   |
| Board of Education                                   | 2,001                   |                                      |                                     | 2,001                                   |
| School Administration                                | 157,985                 |                                      |                                     | 157,985                                 |
| Facilities Acquisition                               | -                       | 57,200                               |                                     | 57,200                                  |
| Fiscal Services                                      | 52,284                  |                                      |                                     | 52,284                                  |
| Food Services  | 3,323                   |                                      | 58,292                              | 61,615                                  |
| Central Services                                     | 5,403                   |                                      |                                     | 5,403                                   |
| Pupil Transportation                                 | 69,406                  |                                      |                                     | 69,406                                  |
| Operation of Plant                                   | 60,013                  |                                      |                                     | 60,013                                  |
| Maintenance of Plant                                 | 19,151                  |                                      |                                     | 19,151                                  |
| Community Service                                    | 23,550                  |                                      |                                     | 23,550                                  |
| Fixed Capital Outlay:                                |                         |                                      |                                     |   |
| Other Capital Outlay                                 | 71,429                  | 3,566                                |                                     | 74,995                                  |
| Total Expenditures                                   | <u>972,469</u>          | <u>60,766</u>                        | <u>88,064</u>                       | <u>1,121,299</u>                        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (3,037)                 | -                                    | -                                   | (3,037)                                 |
| Fund Balances, July 1, 2011                          | <u>21,216</u>           | <u>-</u>                             | <u>-</u>                            | <u>21,216</u>                           |
| Fund Balances, June 30, 2012                         | <u>\$ 18,179</u>        | <u>\$ -</u>                          | <u>\$ -</u>                         | <u>\$ 18,179</u>                        |

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

**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
LEON COUNTY SCHOOL BOARD, 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, 2012***

|   |            |
|---|------------|
| <b>Net Change in Fund Balances - Governmental Funds</b> | \$ (3,037) |
|---|------------|

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 outlay \$74,995 in excess of depreciation expense \$14,140 in the current period.

60,855

|   |                         |
|---|-------------------------|
| <b>Change in Net Assets - Governmental Activities</b> | <u><u>\$ 57,818</u></u> |
|---|-------------------------|

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



**STARS MIDDLE SCHOOL**  
**A Charter School and Component Unit of the Leon County School Board, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

The Stars Middle School (“School”) a component unit of Leon County School Board, Florida, is sponsored by its charter-holder, Stars Educational Services, Inc. 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 five 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 Leon County School Board, Florida, (“District”). The current charter is effective until June 30, 2016 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. 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.

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

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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.
- Capital Projects Fund – to account for all resources for the acquisition of capital and related items purchased by the School with capital outlay funds.
- Special Revenue Fund – to account for 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 related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized

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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.

➤ **Net Assets and Fund Balance Classification**

*Government-wide financial statements*

Net assets are classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.

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- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **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 \$750. 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> |
|-----------------------------------|------------------------|
| Furniture, Fixtures and Equipment | 3 - 7 years            |
| Leasehold Improvements            | 10 years               |

➤ **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

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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 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, 2012, the School reported 155.91 unweighted and 155.91 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 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.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

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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.

➤ **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 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.

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| <b><u>Governmental Activities:</u></b>      |                              |                  |                  |                           |
| Furniture, Fixtures and Equipment           | \$ 72,724                    | \$ -             | \$ -             | \$ 72,724                 |
| Leasehold Improvements                      | -                            | 74,995           | -                | 74,995                    |
| Total Capital Assets Being Depreciated      | <u>72,724</u>                | <u>74,995</u>    | <u>-</u>         | <u>147,719</u>            |
| Less Accumulated Depreciation for:          |                              |                  |                  |                           |
| Furniture, Fixtures and Equipment           | (32,415)                     | (10,390)         | -                | (42,805)                  |
| Leasehold Improvements                      | -                            | (3,750)          | -                | (3,750)                   |
| Total Accumulated Depreciation              | <u>(32,415)</u>              | <u>(14,140)</u>  | <u>-</u>         | <u>(46,555)</u>           |
| Governmental Activities Capital Assets, net | <u>\$ 40,309</u>             | <u>\$ 60,855</u> | <u>\$ -</u>      | <u>\$ 101,164</u>         |

Unallocated depreciation amounted to \$14,140 for the fiscal year ended June 30, 2012.

**3. 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.

**4. 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

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any money received may be required and the collectability of any related receivables at June 30, 2012, 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.

**5. SCHEDULE OF FEDERAL, STATE & LOCAL REVENUE SOURCES**

The following is a schedule of the School's Federal, State and local revenue:

| <u>Source</u>                      | <u>Amount</u>     |
|------------------------------------|-------------------|
| <i><u>FEDERAL:</u></i>             |                   |
| National School Lunch Program      | \$ 58,292         |
| Title II                           | 3,520             |
| Race to the Top                    | 26,252            |
| Total Federal Sources              | <u>88,064</u>     |
| <i><u>STATE:</u></i>               |                   |
| Florida Education Finance Program  | 516,625           |
| Categorical Educational Programs:  |                   |
| ESE Gauranteed Allocation          | 35,759            |
| Class Size Reduction               | 133,923           |
| Supplementary Academic Instruction | 41,004            |
| Instructional Materials            | 12,028            |
| Discretionary Lottery              | 400               |
| Safe School                        | 4,262             |
| Capital Outlay                     | 60,766            |
| Transportation                     | 47,128            |
| School Recognition                 | 11,735            |
| Merit Award Program                | 6,750             |
| Florida Lead Teacher               | 1,665             |
| Total State Revenue                | <u>872,045</u>    |
| <i><u>LOCAL:</u></i>               |                   |
| Discretionary Millage              | 8,568             |
| Discretionary Local Effort         | 47,344            |
| Student Lunches                    | 5,992             |
| Total Local Revenue                | <u>61,904</u>     |
| Total State and Local Revenue      | <u>\$ 933,949</u> |

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of total funding, or \$42,352. Accounting policies relating to certain State revenue sources are described in Note 1.

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**6. OPERATING LEASES**

The School entered into a 60 month lease agreement starting July 1, 2011 for its educational facility. The agreement calls for initial monthly rent payments of \$3,500. Total rent expense charged to operations for the year ended June 30, 2012 totaled \$50,000.

The total future minimum payments for the years ended June 30, are as follows:

| <u>Fiscal Year Ending June 30:</u> | <u>Amount</u>            |
|------------------------------------|--------------------------|
| 2013                               | \$ 42,000                |
| 2014                               | 42,000                   |
| 2015                               | 144,000                  |
| 2016                               | <u>150,000</u>           |
| Total Minimum Lease Payments       | <u><u>\$ 378,000</u></u> |

**7. SUBSEQUENT EVENTS**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.



**STARS MIDDLE SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND (Unaudited)  
For the Fiscal Year Ended June 30, 2012**

|                                  | General Fund    |                |                |  | Major Special Revenue Fund |               |               |  |
|----------------------------------|-----------------|----------------|----------------|--|----------------------------|---------------|---------------|--|
|                                  | Original Budget | Final Budget   | Actual         | Variance with Final Budget - Positive (Negative) | Original Budget            | Final Budget  | Actual        | Variance with Final Budget - Positive (Negative) |
| <b>Revenues:</b>                 |                 |                |                |  |                            |               |               |  |
| Intergovernmental:               |                 |                |                |  |                            |               |               |  |
| Federal through Local            | \$ -            | \$ -           | \$ -           | \$ -   | \$ 56,772                  | \$ 88,064     | \$ 88,064     | \$ -   |
| State and Local                  | 832,379         | 873,183        | 873,183        | -  | -                          | -             | -             | -  |
| Contributions and Other          | 93,600          | 96,249         | 96,249         | -  | -                          | -             | -             | -  |
| <b>Total Revenues</b>            | <b>925,979</b>  | <b>969,432</b> | <b>969,432</b> | <b>-</b>   | <b>56,772</b>              | <b>88,064</b> | <b>88,064</b> | <b>-</b>   |
| <b>Expenditures:</b>             |                 |                |                |  |                            |               |               |  |
| Current - Education:             |                 |                |                |  |                            |               |               |  |
| Instruction                      | 453,655         | 504,095        | 504,095        | -  | 26,252                     | 29,772        | 29,772        | -  |
| Instructional Media              | -               | 39             | 39             | -  | -                          | -             | -             | -  |
| Instructional Staff Training     | -               | 1,894          | 1,894          | -  | -                          | -             | -             | -  |
| Instructional-Related Technology | 2,300           | 1,896          | 1,896          | -  | 3,520                      | -             | -             | -  |
| Board of Education               | 6,951           | 2,001          | 2,001          | -  | -                          | -             | -             | -  |
| School Administration            | 139,802         | 157,985        | 157,985        | -  | -                          | -             | -             | -  |
| Facilities Acquisition           | 63,580          | -              | -              | -  | -                          | -             | -             | -  |
| Fiscal Services                  | 6,425           | 52,284         | 52,284         | -  | -                          | -             | -             | -  |
| Food Services                    | 6,000           | 3,323          | 3,323          | -  | 27,000                     | 58,292        | 58,292        | -  |
| Central Services                 | 9,217           | 5,403          | 5,403          | -  | -                          | -             | -             | -  |
| Pupil Transportation             | 76,782          | 69,406         | 69,406         | -  | -                          | -             | -             | -  |
| Operation of Plant               | 80,997          | 60,013         | 60,013         | -  | -                          | -             | -             | -  |
| Maintenance of Plant             | 9,000           | 19,151         | 19,151         | -  | -                          | -             | -             | -  |
| Community Service                | 20,000          | 23,550         | 23,550         | -  | -                          | -             | -             | -  |
| Fixed Capital Outlay:            |                 |                |                |  |                            |               |               |  |
| Other Capital Outlay             | -               | 71,429         | 71,429         | -  | -                          | -             | -             | -  |
| <b>Total Expenditures</b>        | <b>874,709</b>  | <b>972,469</b> | <b>972,469</b> | <b>-</b>   | <b>56,772</b>              | <b>88,064</b> | <b>88,064</b> | <b>-</b>   |
| Excess (Deficiency) of Revenues  |                 |                |                |  |                            |               |               |  |
| Over Expenditures                | 51,270          | (3,037)        | (3,037)        | -  | -                          | -             | -             | -  |
| Fund Balances, July 1, 2011      | 21,216          | 21,216         | 21,216         | -  | -                          | -             | -             | -  |
| Fund Balances, June 30, 2012     | \$ 72,486       | \$ 18,179      | \$ 18,179      | \$ -   | \$ -                       | \$ -          | \$ -          | \$ -   |

See Independent Auditor's Report.

Members:  
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Government Audit Quality Center

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**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 of the Stars Educational Services, Inc.,  
a Charter School and Component Unit of the Leon County School Board, Florida

We have audited the basic financial statements of the Stars Middle School ("School"), a charter school and component unit of the Leon County School Board, Florida, as of and for the fiscal year ended June 30, 2012, 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, 2012, 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*.

This report is intended for the information and use of the School and its management, the Leon County School Board, 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*

July 24, 2012  
Tampa, Florida

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

To the Board of Directors of the Stars Educational Services, Inc.,  
a Charter School and Component Unit of the District  
School Board of Leon County, Florida

We have audited the basic financial statements of the Stars Middle School (“School”), a charter school and component unit of the District School Board of Leon County, Florida, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated July 24, 2012.

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 July 24, 2012. 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. 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. We applied financial condition assessment procedures pursuant to Rules of the Auditor General (Section 10.855(10)). The School has not met any of the conditions of the referenced statute and is not in a state of financial emergency.

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. In connection with our audit, 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 Stars Middle School.

This letter is intended for the information and use of the School and its management, the District School Board of Leon 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*

July 24, 2012  
Tampa, Florida

**STARS MIDDLE SCHOOL**

Management's Response to Audit Findings

Year Ended June 30, 2012

The following is the School's response to the item in the Management Letter dated July 24, 2012, as required by Rule 10.857, Rules of the Auditor General:

No response required.