



EDISON
COLLEGIATE HIGH SCHOOL

LEE CAMPUS

DISTRICT BOARD OF TRUSTEES AND OFFICERS

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THE CHARTER SCHOOL'S EXECUTIVE OFFICERS FOR THE FISCAL PERIOD ARE LISTED BELOW:

Dr. Kenneth P. Walker, Ph.D., President
Dr. Brian Botts, Ph.D., Principal
Dr. Erin Harrel, Dean, School of Education and Charter Schools

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL – LEE CAMPUS
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Edison State College Collegiate High School
Lee County Campus
Fort Myers, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lee County Campus of the Edison State College Collegiate High School (the "School"), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of September 7, 2011, and the respective changes in financial position thereof 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 September 7, 2011, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Trustees
Edison State College Collegiate High School

The management's discussion and analysis on pages 3 through 8 and the budgetary schedules on pages 26 through 28 are not a required part of the basic financial statements but are additional 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 on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

LarsonAllen LLP
LarsonAllen LLP

Fort Myers, Florida
September 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Edison State College Collegiate High School (Charter School) for the year ended June 30, 2011. This discussion has been prepared by management and the information contained in the MD&A is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the Charter School's financial statements and notes to financial statements.

The Edison State College Collegiate High School is a division of Edison State College (College). The Charter School is organized pursuant to Section 1002.33, Florida Statutes and is governed by the Board of Trustees of the College who are appointed by the Governor of the State of Florida. The Charter School operates under a charter with the sponsoring school district, Lee County District School Board (Sponsor). The Charter School commenced operations on July 1, 2010 and is effective for a term of five (5) years ending on June 30, 2015.

The Charter School is operated by the College and is housed on the Lee Campus. Students attending the Charter School enjoy full access to all College facilities, activities and services. The Charter School is designed to provide students of all ability levels an opportunity to graduate with both a high school diploma and an Associate of Arts (AA) degree. Charter School students enjoy a college environment along with a vast array of resources provided by the College while also maintaining the traditional elements of high school life.

The Charter School is recognized as a separate and discrete department in the accounting system of Edison State College. The State of Florida Auditor General's Office audit the College's financial statements. The College adheres to internal control procedures contained in the Board of Trustees Rules and the Accounting Manual of the Florida College System.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-11 fiscal year is as follows:

- The Charter School commenced operations on July 1, 2010 and ended the year with a total net asset deficit of \$8,853. This represents a \$9,774 deficit in Lease Revenue funds and \$922 in Unrestricted Funds.
- General revenues total \$664,688 or 66 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$346,260 or 34 percent.
- Expenses total \$1,019,802; \$346,261 of these expenses were offset by program specific charges and revenue, with the remainder paid from general revenues. Total expenses exceeded total revenue by \$8,853.
- The unrestricted fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, total \$922 at June 30, 2011.

OVERVIEW OF 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 Charter 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 primary government 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 Charter School. The statement of activities presents information about the change in the Charter School's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the Charter School's financial health is improving or deteriorating.

All of the Charter School's activities and services are reported in the government-wide financial statements as governmental activities. The Charter School's governmental activities include instruction, pupil support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Revenues for current operations are received primarily from the Sponsor pursuant to the funding provisions included in the charter

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. The Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the Charter School's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity wide perspective contained in the government-wide statements. All of the operations of the Charter School are presented in governmental funds only.

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 statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the Charter 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 Charter School's most significant funds. The Charter School's major funds are the General Fund, Lease Revenue fund, and the Grant Revenue Fund.

The Charter School adopts an annual appropriated budget for its governmental funds.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the Charter School's own programs. In its fiduciary capacity, the Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

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 Charter School's net assets as of June 30, 2011:

Current Assets	<u>\$ 188,751</u>
Current Liabilities	185,676
Non-current Liabilities	<u>11,928</u>
Total Liabilities	<u>\$ 197,604</u>
Net Assets	<u>(8,853)</u>
Total Liabilities and Net Assets	<u>\$ 188,751</u>
Net assets consist of:	
Unrestricted	<u>(8,853)</u>
Net Assets	<u>\$ (8,853)</u>

The restricted portion of the net assets represents resources that are subject to restrictions on how they may be used. The unrestricted net assets may be used to meet the government's ongoing obligations to students, employees, and creditors.

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

Program Revenues:	
Charges for Services	\$ 31,527
Federal through State	247,836
School Board, Lee County (capital)	59,762
General Revenues:	
School Board, Lee County	628,138
Federal School Lunch Program	6,119
Other Income	37,567
Total Revenues	<u>\$ 1,010,949</u>
Functions/Program Expenses	
Instruction	\$ 348,417
Pupil Personnel Services	65,128
Instructional Staff Training Services	2,975
Instruction Related Technology	146,851
Board of Education	6,300
School Administration	217,391
Facilities Lease	69,536
Food Services	52,923
Pupil Transportation Services	103,341
Operation of Plant	6,940
Total Functions/Program Expenses	<u>\$ 1,019,802</u>
Decrease in Net Assets	<u>\$ (8,853)</u>

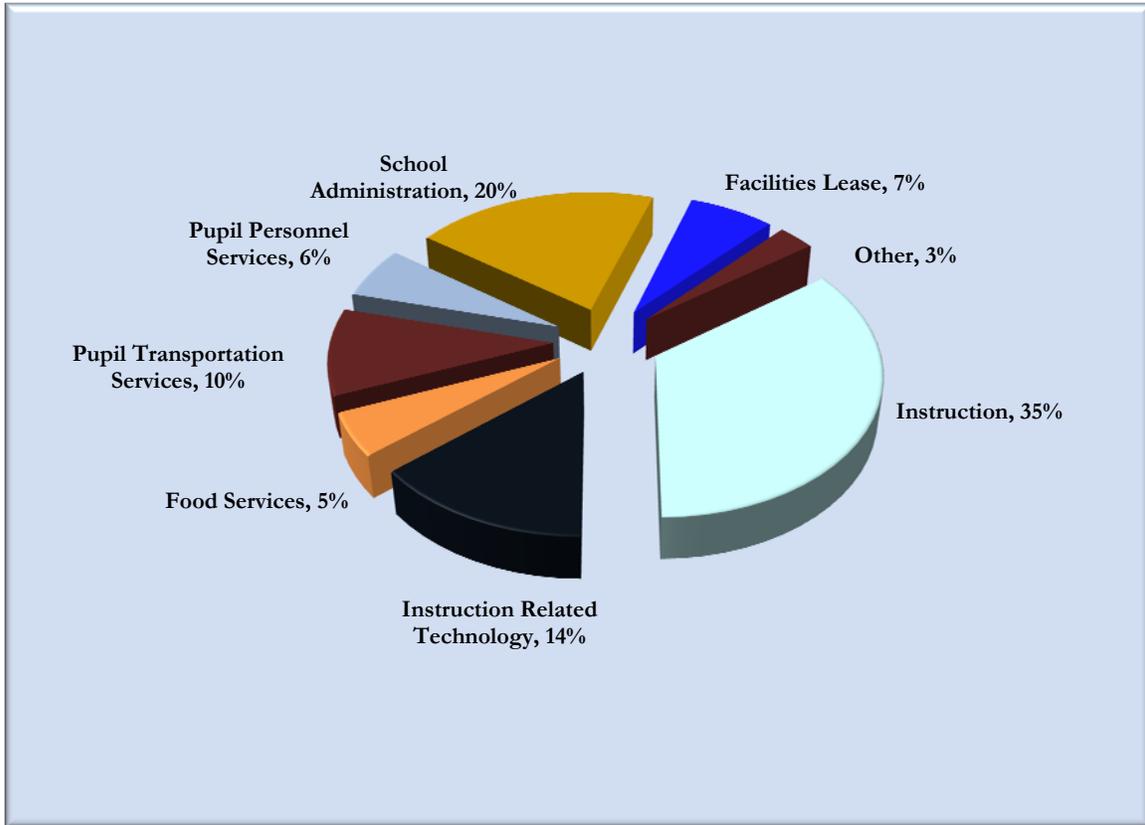
The largest revenue source is the funds received by the School District (68 percent). The primary source of these funds comes from the State of Florida and flows through the School District on behalf of the Charter School. Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts including Charter Schools.

Other State revenues that flow through the school district are primarily for acquisition, construction, leasing and maintenance of educational facilities. These revenues accounted for \$59,762 or 6 percent. The Charter School also received \$247,836 in Federal grants to aid in startup expenses.

Instructional expenses represent 35 percent of total expenses in the 2010-11 fiscal year.

Capital Assets: The Charter School operates in a furnished building owned by Edison State College and does not have any capital assets to report in the financial statement that are within capitalization threshold. See Note 1 for more information. The School makes lease payments for this property. See Note 10 for more information.

As this is the Charter School's first year of operation, a comparative analysis is not available. When prior year information is available, a comparative analysis will be presented.



FINANCIAL ANALYSIS OF THE CHARTERS SCHOOL'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the Charter School. At the end of the current fiscal year, unreserved fund balance is \$12,849.

The Lease Revenue Fund is a special revenue fund with a total fund balance deficit of (\$9,774). This deficit was caused by expenses exceeding revenue received from the FEFP program, all of which is restricted for the acquisition, construction, leasing, and maintenance of capital assets, in accordance with Florida Department of Education regulations.

The Grant Revenue special revenue fund accounts for the School's revenues and expenses related to grants received for specific purposes. All revenues received each year are fully expended.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2010-11 fiscal year, there were budget amendments to the Charter School General Fund budget between budget categories only. Budget revisions are due primarily to changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance. Actual revenues are \$703,351 or 5 percent less than the budgeted amount. Actual expenditures are \$690,502 or 7 percent less than the budgeted amount.

OTHER MATTERS OF SIGNIFICANCE

The economic position of the Charter School is closely tied to the State of Florida. The Charter School is expected to continue to maintain its present level of services while improving the overall financial health with the enrollment of an additional 100 students in the upcoming year. The initial term of the Charter School contract is five (5) years ending on June 30, 2015, with the option to renew under the provision of the charter. Should the Charter School show a negative fund balance for two consecutive years, not including the first year of operation, such shall be considered failure by the Charter School to meet generally accepted standards of fiscal management and therefore good cause for nonrenewal or termination of the Charter.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President, Financial Services, Edison State College 8099 College Pkwy, Fort Myers, FL 33919.

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 158,450
Accounts Receivable	1,267
Due from Other Agencies	<u>29,034</u>
TOTAL ASSETS	<u><u>\$ 188,751</u></u>
 LIABILITIES	
Salaries and Benefits Payable	\$ 14,036
Accounts Payable	171,640
Long-Term Liabilities:	
Portion Due After One Year	<u>11,928</u>
Total Liabilities	<u>\$ 197,604</u>
UNRESTRICTED NET ASSETS	<u>(8,853)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 188,751</u></u>

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

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 348,417	\$ -	\$ 101,378	\$ -	\$ (247,039)
Pupil Personnel Services	65,128	-	-	-	(65,128)
Instructional Staff Training Services	2,975	-	2,975	-	-
Instructional Related Technology	146,851	-	146,851	-	-
Board	6,300	-	-	-	(6,300)
School Administration	217,391	-	-	-	(217,391)
Facilities - Lease	69,536	-	-	59,762	(9,774)
Food Services	52,923	31,527	3,768	-	(17,628)
Pupil Transportation Services	103,341	-	-	-	(103,341)
Operation of Plant	6,940	-	-	-	(6,940)
Total Governmental Activities	\$ 1,019,802	\$ 31,527	\$ 254,972	\$ 59,762	(673,541)
General Revenues:					
					627,121
					37,512
					55
Total General Revenues					664,688
Change in Net Assets					(8,853)
Net Assets - Beginning					-
Net Assets - Ending					\$ (8,853)

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

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Lease Revenue Fund	Grant Revenue Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 52,692	\$ 59,762	\$ 45,996	\$ 158,450
Accounts Receivable	1,267	-	-	1,267
Due from Other Agencies	-	-	29,034	29,034
TOTAL ASSETS	<u>\$ 53,959</u>	<u>\$ 59,762</u>	<u>\$ 75,030</u>	<u>\$ 188,751</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and Benefits Payable	\$ 14,036	\$ -	\$ -	\$ 14,036
Accounts Payable	27,074	69,536	75,030	171,640
Total Liabilities	<u>41,110</u>	<u>69,536</u>	<u>75,030</u>	<u>185,676</u>
Fund Balances:				
Unassigned, reported in				
General Fund	12,849	-	-	12,849
Capital Projects Funds	-	(9,774)	-	(9,774)
Total Fund Balances	<u>12,849</u>	<u>(9,774)</u>	<u>-</u>	<u>3,075</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53,959</u>	<u>\$ 59,762</u>	<u>\$ 75,030</u>	<u>\$ 188,751</u>

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

**EDISON STATE COLLEGE
 COLLEGIATE HIGH SCHOOL - LEE CAMPUS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011**

Total Fund Balances - Governmental Funds	\$	3,075
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Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long term liabilities at year-end consist of:

Compensated Absences Payable	\$ 11,928		<u>(11,928)</u>
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Total Net Assets - Governmental Activities	\$	<u><u>(8,853)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Fund	Lease Revenue Fund	Grant Revenue Fund	Total Governmental Funds
Revenues				
Federal Through State	\$ 6,119	\$ -	\$ 247,836	\$ 253,955
State Passed Through Local School District	628,138	59,762	-	687,900
Other Income	69,094	-	-	69,094
Total Revenues	<u>703,351</u>	<u>59,762</u>	<u>247,836</u>	<u>1,010,949</u>
Expenditures				
Current - Education:				
Instruction	250,407	-	98,010	348,417
Pupil Personnel Services	65,128	-	-	65,128
Instructional Staff Training Services	-	-	2,975	2,975
Instruction Related Technology	-	-	146,851	146,851
Board of Education	6,300	-	-	6,300
School Administration	205,463	-	-	205,463
Facilities Lease	-	69,536	-	69,536
Food Services	52,923	-	-	52,923
Pupil Transportation Services	103,341	-	-	103,341
Operation of Plant	6,940	-	-	6,940
Total Expenditures	<u>690,502</u>	<u>69,536</u>	<u>247,836</u>	<u>1,007,874</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,849</u>	<u>(9,774)</u>	<u>-</u>	<u>3,075</u>
Net Change in Fund Balances	12,849	(9,774)	-	3,075
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	<u>\$ 12,849</u>	<u>\$ (9,774)</u>	<u>\$ -</u>	<u>\$ 3,075</u>

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

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Governmental Funds \$ 3,075

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

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on amounts actually paid for compensated absences. This is the net amount of compensated absences used (earned) in excess of the amounts earned (paid) in the current period.

(11,928)

Change in Net Assets - Governmental Activities

\$ (8,853)

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

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,252
Accounts Receivable, Net	<u>73</u>
TOTAL ASSETS	<u>\$ 2,325</u>
LIABILITIES	
Deposits Held in Custody	<u>\$ 2,325</u>
Total Liabilities	<u>\$ 2,325</u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Edison State College Collegiate High School (Charter School) is a division of Edison State College (College). The Charter School is organized pursuant to Section 1002.33, Florida Statutes and is governed by the Board of Trustees of the College who are appointed by the Governor of the State of Florida.

The Charter School operates under a charter with the sponsoring school district, Lee County District School Board (Sponsor). The Charter School commenced operations on July 1, 2010 and is effective for a term of five (5) years ending on June 30, 2015. The charter may be renewed at the end of the contract term by mutual written agreement pursuant to Florida law. In the event the Sponsor chooses to not renew the charter under grounds specified in the charter, the Sponsor is required to notify the Charter School in writing ninety (90) calendar days prior to such action. In addition, the charter is subject to annual review by the Sponsor and may not be renewed or may be terminated as specified in the charter. If the Charter School desires not to renew the charter, the Charter School shall notify the Sponsor in writing ninety (90) calendar days of its intent to not renew.

➤ **Basis of Presentation**

The financial statements of the Edison Collegiate High School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements, constitutes GAAP for governmental units.

Government-wide Financial Statements

Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the Charter School as a whole. These statements include the nonfiduciary financial activity of the Charter School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Charter School does not engage in any business type activities.

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 Charter 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.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

➤ **Fund Financial Statements**

Fund financial statements report detailed information about the Charter School in the governmental, proprietary, and fiduciary 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. Nonmajor funds are aggregated and reported in a single 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 Charter School reports the following major governmental funds:

- 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.
- Grant Revenue Fund – to account for certain Federal grant program resources.
- Lease Revenue Fund – to account for the financial resources that are to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, leasing facilities and debt service payments on capital leases for relocatable school buildings.

Additionally, the Charter School reports the following fiduciary fund types:

- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected in connection with school, student athletic, class, and club activities.

➤ **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.

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.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The Charter School considers revenues to be available if they are collected within 60 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, postemployment healthcare benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources as they are needed.

The Charter School is accounted for as a governmental organization and follows the same accounting model as the Sponsor's governmental activities.

➤ **Cash and Cash Equivalents**

The Charter School's cash and cash equivalents consist of cash on hand and cash in demand deposit accounts. Cash deposits of the Charter School are held by banks qualified as public depositories under Florida Statute Chapter 280. All such deposits are insured by federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool.

➤ **Capital Assets**

The Charter School uses the policies of the College for capitalization and depreciation. The Charter School has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for improvements other than buildings. There were no capital assets to be accounted for as of June 30, 2011.

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

Changes in long-term liabilities for the current year are reported in a subsequent note.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Annual OPEB Cost and Net OPEB Obligation. The College's annual OPEB cost (expense), which includes the Charter School is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. For the fiscal year 2010-11 the annual OPEB cost and liability for the Charter School is recorded in the College's financial statements.

➤ **State Revenue Sources**

Revenues for current operations are received primarily from the Sponsor pursuant to the funding provisions included in the charter. In accordance with the funding provisions of the charter and Section 1002.33(18) (b), Florida Statutes, the Charter School reports its student enrollment to the Sponsor. Under provisions of Section 1011.62, Florida Statutes, the Sponsor reports the number of student enrollments and related data to the Florida Department of Education (DOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Charter School is adjusted during the year to reflect revised calculations of actual student enrollment.

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

The Charter School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures are incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

➤ **Budgetary Information**

The Charter School uses the policies of the College for budgetary compliance. The College follows procedures established by State statutes and State Board of Education rules in establishing budgets as described below:

Budgets are prepared and original budgets are approved annually by the Board of Trustees for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.

Budgets are controlled at the account level (e.g., salaries, purchased services, and capital outlay) within each program (e.g., instruction, instructional support, and school administration) and may be amended throughout the fiscal year.

Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

3. RECEIVABLES

The Charter School's receivables consist of \$29,034 due from the State of Florida Department of Education at June 30, 2011. These amounts represent funds due from the School's startup grants. After reviewing the individual account balances management has determined that the receivables are fully collectible. Therefore no allowance for doubtful accounts has been provided.

4. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

Description	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Compensated Absences Payable	\$ -	\$ 11,928	\$ -	\$ 11,928	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>\$ 11,928</u>	<u>\$ -</u>	<u>\$ 11,928</u>	<u>\$ -</u>

For governmental activities, compensated absences are generally liquidated with resources of the General Fund.

5. RESERVE FOR ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
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The Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2011-12 fiscal year budget as a result of purchase orders outstanding at June 30, 2011. Because revenues of grants accounted for in the Grant Revenue Fund are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances. Accordingly, no reserve for encumbrances is reported for grant funds. However, purchase orders outstanding for grants accounted for in the Grant Revenue Fund total \$3,187 at June 30, 2011.

6. SCHEDULE OF STATE REVENUE SOURCES

As stated in a prior note, the Charter School receives revenue for current operations primarily from the State of Florida through the Sponsor. The following is a schedule of the revenue for the 2010-11 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 536,375
Categorical Education Programs:	
Class Size Reduction	90,746
Teacher's Lead Program	1,017
Gross Receipts Tax (Public Education Capital Outlay)	59,762
	687,900
Grants	250,186
National School Lunch Program	3,768
Other Revenue	69,095
Total Revenue	\$ 1,010,949

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

7. RETIREMENT PROGRAMS

➤ **Florida Retirement System**

Most employees working in regularly established positions of the College, including the Charter Schools are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
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Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in PEORP in lieu of the Plan. College (including Charter School) employees participating in DROP are not eligible to participate in PEORP. Employer contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service. There were no participants enrolled in PEORP during the 2010-11 fiscal year.

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2010-11 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer
Florida Retirement System, Regular	0.00	10.77
Florida Retirement System, Senior Management Service	0.00	14.57
Florida Retirement System, Special Risk	0.00	23.25
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	12.25
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes:

(A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of PEORP.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The Charter Schools liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Charter School. The Charter Schools contributions for the fiscal years ended June 30, 2011 totaled \$39,080 which was equal to the required contributions for each fiscal year. The financial statements and other supplementary information of FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

➤ **State Community College System Optional Retirement Program**

Section 1012.875, Florida Statutes, provides for an optional retirement program (Program) for eligible community college instructors and administrators.

The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing community college contributes, on behalf of the participant, 10.43 percent of the participant's salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the community college to the participant's annuity account.

There were no participants during the 2010-11 fiscal year.

➤ **Senior Management Local Annuity Optional Retirement Program**

Effective July 1, 1991, the College Board of Trustees approved the adoption of an optional retirement plan under Section 121.055, Florida Statutes. Pursuant to the Statute, members of the Senior Management Class of the Florida Retirement System may make an irrevocable election to withdraw from the Florida Retirement System and participate in a Local Annuity Plan. The Plan complies with Section 403(b) of the Internal Revenue Code.

The College contributes an amount equal to a percentage of the participant's salary to an annuity plan provided by approved sponsors. The Board approves the College's contribution percentage rate each year. The participant does not make any contributions to the Plan. Each participant is fully vested immediately. During the 2010-11 fiscal year, there were no plan participants.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

8. OTHER TERMINATION BENEFITS

The College provides an IRS approved Code Section 401(a) pre-tax program for termination pay that permits the College to disburse termination pay in a tax-advantaged manner for both the College and the employee. Contributions are limited by IRS regulation. All employees in designated employee classes with at least 10 years of service at the time of separation are mandated to participate in this program.

9. SAVINGS INCENTIVE PLAN

Effective January 1, 1994, the Board approved the adoption of a Savings Incentive Plan as provided by Section 403(b) of the Internal Revenue Code of 1986. Under the Plan, all full-time employees can elect to defer a portion of their salary within Internal Revenue Service guidelines. The College may make a matching employer contribution in an amount to be determined annually by the Board at its discretion. During the 2010-11 fiscal year, the College matched one dollar for every dollar up to the first 3 percent of employee compensation. Each employee is fully vested upon enrollment in the Plan, and is allowed to direct the investment of his or her account to any one of the various fund groups and insurance companies approved for investment by the College. During the 2010-11 fiscal year, the College contributed \$1,375 as matching funds under the Plan.

10. OPERATING LEASE COMMITMENTS

The Charter School entered into a lease agreement with Edison State College Financing Corporation whereby the College Financing Corporation leases to the Charter School a portion of the Lee Campus facilities consisting of approximately 8,532 sq. ft. for purposes of operating the high school. The lease agreement was for a period of one year ending on June 30, 2011. The Charter School will pay to the College Financing Corporation \$8.15 per square foot or \$69,536. The amount paid for the leased premises for the year ended June 30, 2011 was \$69,536. The lease was renewed for a one year period ending June 30, 2012 at the same rate.

11. RISK MANAGEMENT PROGRAMS

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida Community Colleges Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public community colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide community college risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$150 million through March 1, 2011, and up to \$150 million effective through March 1, 2012.

EDISON STATE COLLEGE COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
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Insurance coverage obtained through the Consortium included health and hospitalization, dental, life, fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. The Charter School is part of the College's participation in the program.

12. LITIGATION

The Charter School is not aware of any pending or threatened legal actions.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget -
Revenues				
Federal Through State	\$ -	\$ -	\$ 6,119	6,119
General Revenue:				
School Board of Lee County - Operating	645,930	645,930	628,138	(17,792)
Contributions Not Restricted to Specific Programs	62,777	62,777	37,512	(25,265)
Other Income	-	-	55	55
Program Revenue:				
Charges for Services	32,000	32,000	31,527	(473)
Total Revenues	<u>740,707</u>	<u>740,707</u>	<u>703,351</u>	<u>(37,356)</u>
Expenditures				
Current - Education:				
Instruction	265,590	263,000	250,407	12,593
Pupil Personnel Services	67,085	65,500	65,128	372
Board	-	6,300	6,300	-
School Administration	408,032	242,407	205,463	36,944
Food Services	-	53,000	52,923	77
Pupil Transportation Services	-	103,500	103,341	159
Operation of Plant	-	7,000	6,940	60
Total Expenditures	<u>740,707</u>	<u>740,707</u>	<u>690,502</u>	<u>50,205</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>12,849</u>	<u>12,849</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>12,849</u>	<u>12,849</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,849</u>	<u>\$ 12,849</u>

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Grant Revenue Fund			Variance with Final Budget -
	Original Budget	Final Budget	Actual	
Revenues				
Federal Through State	\$ 225,000	\$ 339,850	\$ 247,836	(92,014)
Total Revenues	<u>225,000</u>	<u>339,850</u>	<u>247,836</u>	<u>(92,014)</u>
Expenditures				
Current - Education:				
Instruction	210,000	172,760	98,009	74,751
Instructional Staff Training Services	15,000	5,240	2,976	2,264
Instructional Related Technology	-	147,000	146,851	149
Operation of Plant	-	14,850	-	14,850
Total Expenditures	<u>225,000</u>	<u>339,850</u>	<u>247,836</u>	<u>92,014</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>		
Net Change in Fund Balances	<u>-</u>	<u>-</u>		
Fund Balances, Beginning	-			-
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - LEE CAMPUS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Lease Revenue Fund			Variance with Final Budget -
	Original Budget	Final Budget	Actual	
Revenues				
Federal Through State	\$ 69,498	\$ 69,498	\$ 59,762	(9,736)
Total Revenues	<u>69,498</u>	<u>69,498</u>	<u>59,762</u>	<u>(9,736)</u>
Expenditures				
Current - Education:				
Facilities Lease	69,498	69,498	69,536	(38)
Total Expenditures	<u>69,498</u>	<u>69,498</u>	<u>69,536</u>	<u>(38)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(9,774)</u>	<u>(9,774)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>(9,774)</u>	<u>(9,774)</u>
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,774)</u>	<u>\$ (9,774)</u>

**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***

Board of Trustees
Edison State College Collegiate High School
Fort Myers, Florida

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Lee County Campus of the Edison State College Collegiate High School (the "School"), a component unit of Edison State College, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 7, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 Authority'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 and correct 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, 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*.

Board of Trustees
Edison State College Collegiate High School

We noted certain matters that we reported to management of the School in a separate letter dated September 7, 2011.

This report is intended solely for the information and use of management, the Board of Trustees and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP
LarsonAllen LLP

Fort Myers, Florida
September 7, 2011

MANAGEMENT LETTER

Board of Trustees
Edison State College Collegiate High School
Fort Myers, Florida

We have audited the financial statements of the Lee County Campus of the Edison State College Collegiate High School (the "School") as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 7, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters dated September 7, 2011. Disclosures in that report, if any, 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, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. This is the first year of operation for the entity, and as such, there are no prior findings.
- Section 10.854(1)(e)3., Rules of the Auditor General, 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.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is disclosed in the financial statements.

Board of Trustees
Edison State College Collegiate High School

- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Edison State College Collegiate High School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- 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 Edison State College Collegiate High 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Larson Allen LLP
LarsonAllen LLP

Fort Myers, Florida
September 7, 2011