



**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF  
LAKE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORTS THEREON**

**JUNE 30, 2010**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Spring Creek Elementary School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's total net assets increased compared to the prior year.
- For the fiscal year ended June 30, 2010, the School's revenues exceeded expenses by \$256,555. This is an increase from the prior year, when revenues exceeded expenses by \$158,467.
- Revenues decreased by approximately \$145,000, or 3%, and expenses decreased by approximately \$244,000, or 6%, from the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the independent auditor's report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net assets Statement of activities	Balance sheet – governmental fund Statement of revenues, expenditures and changes in fund balances – governmental funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial position. Over time, increases or decreases in the School's net assets are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial position of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one kind of fund:

- *Governmental funds* – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Assets

The School's combined net assets for 2010 and 2009 are summarized as follows (see table below):

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2010</b>	<b>2009</b>	
Current and other assets	\$ 2,319,569	\$ 2,102,660	10%
Capital assets, net	1,044	3,068	-66%
<b>Total assets</b>	<b>\$ 2,320,613</b>	<b>\$ 2,105,728</b>	<b>10%</b>
Current and other liabilities	\$ 1,064,917	\$ 1,106,587	-4%
<b>Total liabilities</b>	<b>\$ 1,064,917</b>	<b>\$ 1,106,587</b>	<b>-4%</b>
<b>Net assets:</b>			
Invested in capital assets	\$ 1,044	\$ 3,068	-66%
Restricted for terminal employee benefits	30,000	-	100%
Restricted for capital projects	61,597	43,927	40%
Unrestricted	1,163,055	952,146	22%
<b>Total net assets</b>	<b>\$ 1,255,696</b>	<b>\$ 999,141</b>	<b>26%</b>

Current and other assets increased primarily due to an increase in cash as a result of the current year excess of revenues over expenses. Capital assets decreased as a result of current year depreciation expense.

Current and other liabilities decreased due to a decrease in amounts due to the School Board for payroll and related costs provided during fiscal 2010, which was the result of the timing of payments at year-end.

Net assets increased overall due to the current year excess of revenues over expenses. The net assets restricted for capital projects increased due to the additional excess administration fee being greater than capital outlay expenditures in the current year.

## Change in Net Assets

The School's total revenues decreased by 3% to \$4,206,767, and the total cost of all programs and services decreased by 6% to \$3,950,212 (see table below).

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2010</b>	<b>2009</b>	<b>(Decrease)</b>
Revenues:			
Federal sources passed through local school district	\$ 332,347	\$ 287,200	16%
State and local sources	3,761,156	3,952,865	-5%
Contributions and other revenue	113,264	112,201	1%
Total revenues	<u>4,206,767</u>	<u>4,352,266</u>	<u>-3%</u>
Expenses:			
Instruction and instruction-related services	2,820,183	2,974,039	-5%
Board	28,159	19,866	42%
General administration	159,085	154,968	3%
School administration	340,066	348,676	-2%
Pupil transportation services	226,334	273,533	-17%
Operation of plant	277,109	310,778	-11%
Community services and food services	99,276	111,939	-11%
Total expenses	<u>3,950,212</u>	<u>4,193,799</u>	<u>-6%</u>
Change in net assets	<u>\$ 256,555</u>	<u>\$ 158,467</u>	<u>62%</u>

Revenues from state and local sources, which constitute approximately 89% of total revenues, decreased due to a decrease of approximately 5% in state and local per student funding, as well as a slight decrease in student enrollment of approximately 6%. Revenues from federal sources increased 16% due to the receipt of additional Title I and IDEA funding in the current year.

Total expenses decreased 6% from 2009 to 2010. Instruction and instruction-related expenses decreased due to a decrease in salaries and number of employees. Board expenses increased due to an increase in professional fees and insurance. Pupil transportation services decreased as a result of fewer students using the service. Operation of plant expenses decreased due to a decrease in utilities expense as the result of an energy saving initiative implemented at the School in the current year. Community services and food services expenses decreased due to decreased internal account expenses during fiscal year 2010 as a result of fewer fundraising activities and field trip expenses.

Certain reclassifications were made in 2009 amounts to conform to their classifications in 2010.

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

As the School completed the year, its governmental funds reported a combined fund balance of \$1,482,143, which is an increase from the prior year. Revenues and expenditures decreased overall for the same reasons described above.

### **General Fund Budgetary Highlights**

Over the course of the year, the School revised its budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.
- Changes made during the year to account for variations in student enrollment and an anticipated increase in costs.
- Increases in appropriations to prevent budget overruns.

With these adjustments, actual general fund revenues were not significantly different from the final budget amounts. Actual general fund expenditures were approximately \$259,000 below final budgeted amounts. This was primarily due to lower instructional, administration, transportation and operation of plant expenditures which were included in the final budget.

## **CAPITAL ASSET ADMINISTRATION**

At the end of fiscal 2010, the School had invested \$188,895 in a broad range of capital assets, including furniture, fixtures and equipment. There were no major capital assets purchased in fiscal year 2010. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

When adopting the general fund budget for fiscal year 2011, the School expects student enrollment to remain constant compared to 2010.

Amounts available for appropriation in the general fund are \$3,823,133, a decrease of approximately 1% over the final 2010 actual revenues of \$3,874,420. Budgeted expenditures are expected to increase to \$3,882,869, an increase of approximately 7% over final 2010 actual expenditures of \$3,626,827. The increase is primarily due to an increase in salaries, curriculum and plant operation expenditures. The School has added no major new programs to the fiscal 2011 budget.

If these estimates are realized, the School's general fund balance is expected to decrease modestly by the close of fiscal 2011.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 44440 Spring Creek Road, Paisley, Florida 32767.



## **Report of Independent Auditors on Basic Financial Statements and Supplementary Information**

To the Board of Directors of Spring Creek Elementary School, Inc., a Charter School  
and Component Unit of the District School Board of Lake County, Florida

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Spring Creek Elementary School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2010, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Spring Creek Elementary School, Inc. as of June 30, 2010, 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 23, 2010 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.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 7 and 25, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*BKHM, P.A.*

Winter Park, Florida  
September 23, 2010

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,275,965
Investments	43,604
Capital assets:	
Furniture, fixtures and equipment	188,895
Less accumulated depreciation	<u>(187,851)</u>
Total capital assets, net	<u>1,044</u>
Total assets	<u><u>\$ 2,320,613</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 6,442
Due to the District School Board of Lake County, Florida	830,984
Compensated absences payable	<u>227,491</u>
Total liabilities	<u>1,064,917</u>
<b>NET ASSETS</b>	
Invested in capital assets	1,044
Restricted for terminal employee benefits	30,000
Restricted for capital projects	61,597
Unrestricted	<u>1,163,055</u>
Total net assets	<u>1,255,696</u>
Total liabilities and net assets	<u><u>\$ 2,320,613</u></u>

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

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for	Operating	Capital	Governmental	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	
Governmental activities:						
Instruction	\$ 2,425,735	\$ -	\$ 257,836	\$ -	\$ (2,167,899)	\$ (2,167,899)
Pupil personnel services	203,529	-	35,820	-	(167,709)	(167,709)
Instructional media	64,860	-	-	-	(64,860)	(64,860)
Curriculum development	101,658	-	20,910	-	(80,748)	(80,748)
Instructional staff training	24,401	-	9,942	-	(14,459)	(14,459)
Board	28,159	-	-	-	(28,159)	(28,159)
General administration	159,085	-	-	-	(159,085)	(159,085)
School administration	340,066	-	6,439	-	(333,627)	(333,627)
Food services	3,266	-	-	-	(3,266)	(3,266)
Pupil transportation services	226,334	-	-	-	(226,334)	(226,334)
Operation of plant	277,109	-	-	-	(277,109)	(277,109)
Community services	96,010	-	1,400	-	(94,610)	(94,610)
Total primary government	<u>\$ 3,950,212</u>	<u>\$ -</u>	<u>\$ 332,347</u>	<u>\$ -</u>	<u>(3,617,865)</u>	<u>(3,617,865)</u>
General revenues:						
State and local sources					3,761,156	3,761,156
Contributions and other revenue					<u>113,264</u>	<u>113,264</u>
Total general revenues					<u>3,874,420</u>	<u>3,874,420</u>
Change in net assets					256,555	256,555
Net assets at beginning of year					<u>999,141</u>	<u>999,141</u>
Net assets at end of year					<u>\$ 1,255,696</u>	<u>\$ 1,255,696</u>

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

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA  
BALANCE SHEET - GOVERNMENTAL FUND**

**JUNE 30, 2010**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,275,965
Investments	<u>43,604</u>
Total assets	<u><u>\$ 2,319,569</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Accounts payable and accrued expenditures	\$ 6,442
Due to the District School Board of Lake County, Florida	<u>830,984</u>
Total liabilities	<u>837,426</u>
Fund balance:	
Reserved for:	
Terminal employee benefits	30,000
Capital projects	61,597
Unreserved:	
Undesignated	<u>1,390,546</u>
Total fund balance	<u>1,482,143</u>
Total liabilities and fund balance	<u><u>\$ 2,319,569</u></u>

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

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

**JUNE 30, 2010**

<b>Total fund balance - total governmental fund</b>	\$ 1,482,143
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. The cost of the assets is \$188,895, and the accumulated depreciation is \$187,851.	1,044
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Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund.	<u>(227,491)</u>
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<b>Total net assets - governmental activities</b>	<u><u>\$ 1,255,696</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**SPRING CREEK ELEMENTARY SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>General Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Federal sources passed through local school district	\$       -	\$ 332,347	\$ 332,347
State and local sources	3,761,156	-	3,761,156
Contributions and other revenue	113,264	-	113,264
	<u>3,874,420</u>	<u>332,347</u>	<u>4,206,767</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,169,966	257,836	2,427,802
Pupil personnel services	167,709	35,820	203,529
Instructional media	64,860	-	64,860
Curriculum development	80,748	20,910	101,658
Instructional staff training	14,459	9,942	24,401
Board	28,159	-	28,159
General administration	159,085	-	159,085
School administration	340,522	6,439	346,961
Food services	3,266	-	3,266
Pupil transportation services	226,334	-	226,334
Operation of plant	277,109	-	277,109
Community services	94,610	1,400	96,010
	<u>3,626,827</u>	<u>332,347</u>	<u>3,959,174</u>
Total expenditures	<u>3,626,827</u>	<u>332,347</u>	<u>3,959,174</u>
Net changes in fund balances	247,593	-	247,593
Fund balances at beginning of year	1,234,550	-	1,234,550
Fund balances at end of year	<u>\$ 1,482,143</u>	<u>\$ -</u>	<u>\$ 1,482,143</u>

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

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 247,593</b>
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period.	(2,024)
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Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>10,986</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 256,555</u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2010**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Spring Creek Elementary School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than fifteen members. Effective July 1, 1998, the School converted from a public school to a charter school.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2022 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; 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 of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. 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.

**Recently adopted accounting pronouncements**

During fiscal year 2010, the School adopted changes issued by the Financial Accounting Standards Board ("FASB") related to disclosure of subsequent events. These changes require the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through September 23, 2010, which is the date the financial statements were available to be issued.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

During fiscal year 2010, the School adopted guidance issued by the GASB that incorporates accounting and financial reporting guidance previously contained in the American Institute of Certified Public Accountants ("AICPA") auditing literature into the GASB's accounting and financial reporting literature for state and local governments. This guidance did not have a material impact on the financial statements of the School.

**Basis of presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

**Governmental Funds:**

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources and federal grants that are restricted by law or administrative action to expenditure for specific purposes.

For purposes of these statements, the general fund is the only major fund. The special revenue fund is considered non-major and is presented as the other governmental fund.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Basis of accounting**

Basis of accounting refers to when revenues and expenses/expenditures 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 presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary basis 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, purchased services and capital outlay).

**Deposits and investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes. The School's cash consists primarily of demand deposits with financial institutions.

The School's investments consist of mutual funds, which are reported at their estimated fair value based on quoted market prices. They are not insured by federal depository insurance, and are exposed to credit risk for securities held within the fund. Credit risk is the risk that the issuer of the security fails to make principal or interest payments when due, or that the credit quality of the issuer falls.

Mutual funds:	Amount	Percent of total investments
Lord Abbett Bond - Debenture A	\$ 41,362	95%
Lord Abbett Income A	2,242	5%

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Capital assets and depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u><b>Years</b></u>
Furniture, fixtures and equipment	3 - 5

Information relative to changes in capital assets is described in Note 2.

**Compensated absences**

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as current in the government-wide financial statements because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated.

**Revenue sources**

Revenues for current operations are received primarily from the District School Board of Lake County, Florida pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the 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 students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds. This administrative fee is calculated on the FEFP revenue up to the first 500 students. For amounts calculated beyond the first 500 students, the 5% administrative fee is restricted for capital outlay expenditures. As of June 30, 2010, the School had restricted funds for this purpose in the amount of \$61,597.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The School also receives federal 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 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.

**Use of estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**2 CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Furniture, fixtures and equipment	\$ 188,895	\$ -	\$ -	\$ 188,895
Less accumulated depreciation for:				
Furniture, fixtures and equipment	<u>(185,827)</u>	<u>(2,024)</u>	<u>-</u>	<u>(187,851)</u>
Governmental activities capital assets, net	<u>\$ 3,068</u>	<u>\$ (2,024)</u>	<u>\$ -</u>	<u>\$ 1,044</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 1,810
School administration	<u>214</u>
Total governmental activities depreciation expense	<u>\$ 2,024</u>

**3 DUE TO THE SCHOOL BOARD**

The amount due to the School Board as of June 30, 2010 of \$830,984 is comprised of \$706,450 in payroll expenses paid by the School Board on behalf of the School, as well as \$129,756 in transportation, student services and other expenses. In addition, \$5,222 in amounts due from the School Board to the School has been offset against the amount due to the School Board.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Lake County, Florida:	
Florida Education Finance Program	\$ 2,093,601
Class size reduction	680,968
Discretionary local effort	204,433
State fiscal stabilization fund allocation	186,300
ESE guaranteed allocation	179,731
Transportation	132,482
Supplemental academic instruction	129,979
Instructional materials	44,807
School recognition	44,781
Discretionary millage funds	42,623
Safe schools	11,829
Teacher lead	8,097
Discretionary lottery funds	1,525
Total	<u><u>\$ 3,761,156</u></u>

The administration fee paid to the School Board during the year ended June 30, 2010 totaled approximately \$159,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

**5 CAMPUS FACILITY**

Title to the school building and facilities and other capital assets acquired prior to July 1, 1998 remains with the School Board. Florida Statutes provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the district school board to the charter school or to the parents and teachers who organize the charter school.

In management's opinion, the value of facilities utilized by the School is significant; therefore, any substantial changes in Florida Statutes related to facilities use by conversion schools could have a material effect on the School's operations.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**6 RISK MANAGEMENT PROGRAM**

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

**7 RETIREMENT PROGRAM**

**Defined benefit plan**

All regular employees of the School are covered by the Florida Retirement System ("FRS"). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan ("Plan"). Plan provisions 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. Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS. Benefits in the Plan vest at six years of service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age.

The Plan provides retirement, disability and death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program ("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 a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust and accrue interest. The School had four DROP participants during fiscal 2010.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Funding policy**

The contribution rates for members are established, and may be amended, by the State of Florida. During the 2010 fiscal year, contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	0%	9.85%
Florida Retirement System, Reemployed Retiree	(B)	(B)

- (A) Employer rates include 1.11% for the post-employment health insurance supplement and 0.05% for administrative costs of the Public Employee Optional Retirement Program.
- (B) Contribution rates are dependent upon the retirement class in which reemployed.

The School's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School. The School is required under its charter to develop a fund balance reserve of \$30,000 to pay future terminal employee benefits for employees covered under the FRS, in addition to its annual contribution to the Plan. The School's contribution to the Plan for the year ended June 30, 2010 totaled approximately \$194,000, which was equal to the required contributions for the fiscal year.

**Defined contribution plan**

Effective July 1, 2002, the Public Employee Optional Retirement Program ("PEORP") was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (i.e.: regular class, reemployed retiree, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The School had no PEORP participants during fiscal 2010.

**8 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2010 may be impaired.

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

**Legal matters**

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

**SPRING CREEK ELEMENTARY SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget-Positive (Negative)</b>
<b>REVENUES</b>				
State and local sources	\$ 4,003,947	\$ 3,781,860	\$ 3,761,156	\$ (20,704)
Contributions and other revenue	125,138	93,704	113,264	19,560
Total revenues	<u>4,129,085</u>	<u>3,875,564</u>	<u>3,874,420</u>	<u>(1,144)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,246,887	2,224,610	2,169,966	54,644
Pupil personnel services	217,355	182,840	167,709	15,131
Instructional media	80,929	81,005	64,860	16,145
Curriculum development	91,583	83,580	80,748	2,832
Instructional staff training	29,079	28,256	14,459	13,797
Board	36,300	29,800	28,159	1,641
General administration	160,000	160,000	159,085	915
School administration	384,555	386,084	340,522	45,562
Food services	5,958	5,965	3,266	2,699
Pupil transportation services	300,000	250,000	226,334	23,666
Operation of plant	431,279	355,044	277,109	77,935
Community services	98,635	98,686	94,610	4,076
Total expenditures	<u>4,082,560</u>	<u>3,885,870</u>	<u>3,626,827</u>	<u>259,043</u>
Net change in fund balance	46,525	(10,306)	247,593	257,899
Fund balance at beginning of year	<u>1,234,550</u>	<u>1,234,550</u>	<u>1,234,550</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,281,075</u></u>	<u><u>\$ 1,224,244</u></u>	<u><u>\$ 1,482,143</u></u>	<u><u>\$ 257,899</u></u>

See report of independent auditors.



**Report of Independent Auditors 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 Spring Creek Elementary School, Inc., a Charter School and Component Unit of the District School Board of Lake County, Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Spring Creek Elementary School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 23, 2010. 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 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 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described as follows:

2010-01: Insurance Requirement: During our compliance audit procedures, we noted that the School's deductible for the Directors and Officers Liability Insurance exceeded the maximum allowed by its charter school contract with the School Board of Lake County, Florida. Specifically, the charter school contract requires a maximum deductible not to exceed \$5,000 per claim. The School's existing Directors and Officers Liability Insurance has a deductible amount of \$10,000 for each claim.

2010-02: Investment Policy: The School follows the investment policy of the School Board of Lake County, Florida, which describes the types of investments that the School is allowed to make. During our audit procedures, we noted that the School's investment portfolio contains an investment that does not fall under the allowed types of investments as noted within the School Board of Lake County's investment policy. We recommend that the School review its investment policy on a regular basis to ensure that the investment portfolio is in compliance.

The School's response to the findings identified in our audit is included in the Written Statement of Explanation or Rebuttal on page 31. We did not audit the School's response and, accordingly, we express no opinion on it.

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

*BKHM, P.A.*

Winter Park, Florida  
September 23, 2010

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS  
AND SIMILAR ENTITIES***



To the Board of Directors of Spring Creek Elementary School, Inc., a Charter School  
and Component Unit of the District School Board of Lake County, Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Spring Creek Elementary School, Inc. (the "School"), as of and for the year ended June 30, 2010, and have issued our report thereon dated September 23, 2010.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated September 23, 2010, 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. There were no findings or recommendations in the prior year.
- 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 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 name of the School is Spring Creek Elementary School, Inc.
- 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 condition met. During the course of our audit, nothing came to our attention to indicate that the School had met any of the conditions described in Section 218.503(1), Florida Statutes ("the conditions"). However, in planning and performing our audit, we considered whether the School had met any of the conditions 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 as to whether the School had met any of the conditions. Accordingly, we do not express an opinion as to whether the School had met any of the conditions.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2010, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. 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 management.

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, the Board of Directors and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*BKHM, P.A.*

Winter Park, Florida  
September 23, 2010

# Spring Creek Elementary

Robert Curry  
Principal

Delores Deen  
Curriculum Specialist



Melinda Watson  
Guidance Counselor

Renee Pinkman  
Guidance Counselor

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44440 Spring Creek Road, Paisley, FL 32767 (352) 669-3275 FAX (352) 669-3762  
<http://www.lake.k12.fl.us/school-sce/>

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September 23, 2010

## MEMORANDUM

To: Mary Salter, BKHM PA

From: Bob Curry, Principal

A handwritten signature in black ink, appearing to read "Bob Curry", with a long horizontal line extending from the end.

Re: Response to Findings, 2010 Audit

### 2010-01: Insurance Requirement

We have contacted our insurance agent and have made the necessary changes in our insurance policy to meet the lower deductible requirement of our contract.

### 2010-02: Investment Policy

We are looking at the investment to see if we want to continue and change our investment policies or terminate it.