

**BALERE LANGUAGE ACADEMY, INC.
CORRECTIVE ACTION PLAN (Revised)**

Areas addressed:

- 1) Attached budget now details revenues by source and expenditure by function.
- 2) Salaries are detailed by number and type of position, Classroom Teachers, Aides, Administrators and Administrative Assistants
- 3) Budgeted expenditures were low in comparison to actual expenditures for FY 2008-09 due to the new facility. The Board will cut expenditures for the 09-10 year.
- 4) The Board is still in negotiations with refinancing the long-term notes. They will have updates at the next Board Meeting in December.

Audit Finding Specifics and Explanations

The audit, performed by King & Walker, CPAs, PL, yielded the following results:

The auditor's opinion on the financial statements was unqualified (page 1).

However, the management letter disclosed:

The Rules of the Auditor General (Section 10.854 (1) (e) 2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503 (1), Florida Statutes regarding financial emergency. In connection with our audit, we determined that the School met one condition described in Section 218.503 (1) (e), Florida Statutes. The School reported a deficit unreserved fund balance of \$72,202 as shown on its Balance Sheet – Governmental Funds, as disclosed in Note 10, page 23 of its audited financial statements. We applied financial condition assessment procedures pursuant to Rules of the Auditor General (Section 10.855 (10)). We have determined that the deficit fund balance was not a result of deteriorating financial conditions. (page 27).

The note referred to above states:

Note 10 – Deficit Fund Balance

The School reported a deficit fund balance in its General Fund of \$72,072 at June 30, 2009. the School's principal and interest payments related to the long-term debt issued for the purchase of a school facility was the primary cause. The School is expecting increased enrollment for the 2009-2010 school year and is negotiating a refinancing plan in order to make the necessary cost adjustments to the debt payments. Management expects the increased FEFP revenue and the reduced debt payments to alleviate the deficit by the end of the 2009-2010 fiscal year. (page 23).

Financial Status at Initiation of Corrective Action Plan

As stated above, Balere Language Academy, Inc. (the School) had a total net asset deficit of \$72,687 at June 30, 2009. The School had a fund balance deficit of \$72,072

It should be noted that the School has met all obligations in a timely fashion. The School did meet one condition described in Section 218.503 (1), Florida Statutes in determination of financial emergency. However the auditors determined that the deficit unreserved fund balance was not a result from a deterioration financial condition.

Time Frame for Correction

The plan was implemented immediately and is ongoing.

Projected FTE for Current Year and Prior Year

FY10: UWFTE 297

FY09: UWFTE 214

The School has increased enrollment from prior year by 83 students and is expected to continue this upward trend.

Budgetary Highlights for Current Year

Total Revenues: \$2,010,139

Total Expenditures: \$1,908,127

Projected Surplus: \$102,011

Based on the School's projected budget for current year with a surplus of \$102,011, the plan in place should fully eliminate the total net asset deficit by the end of the current fiscal year.

Dollar Amounts of Identified Cost Reductions

The School expects the following in comparing FY10 to FY09:

The School is currently in the process of refinancing long term notes to reduce debt service for the FY10 year. However an adequate provision for debt services (421,013) is budgeted.

Internal Measures to Monitor Plan

The board receives monthly financial statements, including balance sheet, statement of revenues and expenses, and budget report.

Additionally, beginning with the September reports, the board will receive projected cash flows at least every two months.

Balere Language Academy

Operating Budget

Fiscal Year 10

	Enrollment				300
100	3300	0000	000	FEFP - Miami - Dade Cty Sch Dist -- State Source	1,716,364
100	3397	0000	000	Charter School Capital Outlay -- State Source	154,748
100	3334	0000	000	Florida Teacher's Lead Program -- State Source	7,381
100	3473	0000	000	Other Misc Revenue -- Local Source	31,194
100	3474	0000	000	Tech Fee -- Local Source	10,655
100	3475	0000	000	Fundraising -- Local Source	3,264
100	3477	0000	000	Field Trip -- Local Source	7,575
410	3451	0000	000	School Lunch Revenue -- Local Source	6,307
891	3410	0000	000	After Care Revenue -- Local Source	72,650

Total Revenues					2,010,139
----------------	--	--	--	--	-----------

100	4000	5100	120	Classroom Teachers @ 17	515,153
100	4000	5100	150	Classroom Aides @ 8	76,791
100	4000	5100	220	Social Security	45,284
100	4000	5100	230	Group Insurance	16,350
100	4000	5100	240	Workers Compensation	5,432
100	4000	5100	250	Unemployment Compensation	7,755
100	4000	5100	310	Contracted Services	3,508
100	4000	5100	315	Field Trip	12,159
100	4000	5100	335	Technology Support & Service	9,276
100	4000	5100	390	Copy and Printing	14,242
100	4000	5100	510	Instructional Materials	19,789
100	4000	5100	520	Textbooks	31,367
100	4000	5100	640	Furniture and Equipment	385
100	4000	5100	750	Substitute Teachers	28,127

Total Instruction					785,620
-------------------	--	--	--	--	---------

100	4000	5200	310	Contracted Services	1,293
-----	------	------	-----	---------------------	-------

Total ESE Instruction					1,293
-----------------------	--	--	--	--	-------

100	4000	6300	590	Testing and Assessment	2,724
-----	------	------	-----	------------------------	-------

Total Pupil Services					2,724
----------------------	--	--	--	--	-------

100	4000	7100	310	Legal and Audit Expense	10,000
100	4000	7100	320	Insurance	15,236
100	4000	7100	330	Travel / Conferences / Workshops	3,101
100	4000	7100	730	Dues and Fees	994
100	4000	7100	790	District Administration Fees	85,818
100	4000	7100	795	Bank Charges	1,983

Total Board Admin					117,133
-------------------	--	--	--	--	---------

Balere Language Academy**Operating Budget****Fiscal Year 10**

Enrollment					300
100	4000	7300	110	Administrator @ 1	65,118
100	4000	7300	160	Administrative Assistants @ 2	54,233
100	4000	7300	220	Social Security	9,456
100	4000	7300	230	Group Insurance	2,483
100	4000	7300	240	Workers Compensation	1,123
100	4000	7300	250	Unemployment Compensation	1,545
100	4000	7300	310	Contracted Service	154
100	4000	7300	330	Travel / Conferences / Workshops	2,881
100	4000	7300	360	Rentals	9,208
100	4000	7300	370	Postage	1,545
100	4000	7300	390	Advertising	2,691
100	4000	7300	510	Office Expense	6,532
100	4000	7300	640	Furniture and Equipment	240
Total School Admin					<u>157,210</u>
100	4000	7500	310	Contract Controller Service	48,916
100	4000	7500	311	Payroll Service	22,955
Total Fiscal					<u>71,871</u>
410	4000	7600	160	Food Service Clerk @ 1	10,710
410	4000	7600	220	Social Security	819
410	4000	7600	240	Workmen's Compensation	536
410	4000	7600	250	Unemployment Compensation	134
410	4000	7600	310	Contracted Food Service	18,571
Total Food Service					<u>30,770</u>
100	4000	7800	350	Transportation-Contracted Services	62,224
Total Transportation					<u>62,224</u>
100	4000	7900	160	Custodian @ 1	7,320
100	4000	7900	220	Social Security	560
100	4000	7900	240	Worker Compensation	38
100	4000	7900	250	Unemployment Compensation	91
100	4000	7900	320	Insurance - Building	18,716
100	4000	7900	351	Contract Custodial Service	8,349
100	4000	7900	360	Storage/Rental	4,123
100	4000	7900	370	Communications	18,746
100	4000	7900	380	Water, Sewer, Garbage Collection	13,693
100	4000	7900	390	Other Contracted Building Services	8,659
100	4000	7900	430	Electricity	22,653
Total Plant Operation					<u>102,948</u>

Balere Language Academy
Operating Budget
Fiscal Year 10

				Enrollment		300
100	4000	8100	350	Repairs and Maintenance		<u>3,144</u>
				Total Plant Maintenance		<u>3,144</u>
891	4000	9100	790	After Care Expenses		<u>152,176</u>
				Total After Care		<u>152,176</u>
891	4000	9200	700	Debt Service		<u>421,013</u>
				Total Debt Service		<u>421,013</u>
				Total Expenses		<u>1,908,127</u>
				Surplus		<u><u>102,011</u></u>