

Caring & Sharing Learning School

Audit Report

June 30, 2017



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Caring & Sharing Learning School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caring & Sharing Learning School (the "School"), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of employer contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida
October 31, 2017

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2017:

- The School's overall net position increased by \$2,525.
- Total ending unrestricted net position was (\$442,660).
- The School had total expenses for the year of \$1,238,394, compared to revenues of \$1,240,919.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets, liabilities, and deferred outflows/inflows using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

- Governmental funds – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains three individual governmental funds. The General Fund is considered to be a major fund and, accordingly, is separately displayed. Data from the Special Revenue Fund and Capital Projects Fund is combined and displayed as Other Governmental Funds.

Management's Discussion and Analysis

CONDENSED FINANCIAL INFORMATION

The table below presents condensed, comparative data about net position and changes in net position.

CONDENSED FINANCIAL INFORMATION			
Net position			
	2017		2016
	Governmental		Governmental
	Activities		Activities
Assets			
Non-capital assets	\$ 102,565	\$	100,957
Capital assets	452,661		453,762
Total assets	555,226		554,719
Deferred outflows of resources	359,764		202,701
Total assets and deferred outflows of resources	914,990		757,420
Liabilities			
Current liabilities	81,324		157,454
Noncurrent liabilities	740,619		470,776
Total liabilities	821,943		628,230
Deferred inflows of resources	115,046		153,714
Total liabilities and deferred inflows of resources	936,989		781,944
Net position			
Net investment in capital assets	420,661		393,276
Unrestricted	(442,660)		(417,800)
Total net position	\$ (21,999)	\$	(24,524)
Change in net position			
Program revenues			
Charges for services	\$ 133,810	\$	-
Operating grants and contributions	9,772		101,002
Capital grants & contributions	52,621		44,733
General revenues			
Title I grant	81,141		99,990
Florida Education Finance Program	930,900		888,393
Unrestricted grants and contributions	32,675		35,951
Total revenues	1,240,919		1,170,069
Program expenses			
Instruction	831,817		819,195
Instructional support services	3,853		6,042
General support	389,596		323,595
Community services	8,114		2,796
Interest on long-term debt	5,014		5,789
Total expenses	1,238,394		1,157,417
Change in net position	2,525		12,652
Beginning net position	(24,524)		(37,176)
Ending net position	\$ (21,999)	\$	(24,524)

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$196,203 in program revenues and \$1,044,716 of general revenues, and incurred \$1,238,394 of program expenses. This resulted in a \$2,525 increase in net position.

At June 30, 2017, the School's unrestricted net position was a deficit of \$442,660 and the School's total net position was a deficit of \$21,999.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance decreased by \$1,448 from \$22,689 to \$21,241.

BUDGETARY HIGHLIGHTS

The school previously adopted the practice of amending its budget so that final budgeted amounts agree with actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School traded in a vehicle as part of the acquisition of a new vehicle during the year. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration

The School's net pension liability increased by about \$220,000 during the year. The School reduced its bank loan by \$18,000 due to principal payments and fully paid off its line of credit during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

We are not aware of any economic conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Curtis Peterson, Principal, Gainesville, Florida.

Caring & Sharing Learning School

Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 78,969
Receivables	16,751
Prepays	6,845
Capital assets:	
Nondepreciable	27,700
Depreciable, net	424,961
Total assets	555,226
Deferred outflows of resources	
Pension related	359,764
Total assets and deferred outflows of resources	914,990
Liabilities	
Accounts payable	81,324
Long-term liabilities:	
Due within one year	45,100
Due in more than one year	695,519
Total liabilities	821,943
Deferred inflows of resources	
Pension related	115,046
Total liabilities and deferred inflows of resources	936,989
Net position	
Net investment in capital assets	420,661
Unrestricted	(442,660)
Total net position	\$ (21,999)

See accompanying notes to financial statements

Statement of Activities
Year ended June 30, 2017

	Expenses	Program Revenues			Net (expense) revenue and change in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Functions/programs					
Instruction	\$ 831,817	\$ 133,810	\$ -	\$ -	\$ (698,007)
Instructional support services	3,853	-	-	-	(3,853)
General support	389,596	-	-	52,621	(336,975)
Community services	8,114	-	9,772	-	1,658
Interest on long-term debt	5,014	-	-	-	(5,014)
Total	\$ 1,238,394	\$ 133,810	\$ 9,772	\$ 52,621	(1,042,191)

General revenues

Title I grant	81,141
Florida Education Finance Program	930,900
Unrestricted grants and contributions	32,675
Total general revenues	1,044,716
Change in net position	2,525
Net position - beginning of year	(24,524)
Net position - end of year	<u>\$ (21,999)</u>

See accompanying notes to financial statements

**Balance Sheet - Governmental Funds
June 30, 2017**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 84,358	\$ (5,389)	\$ 78,969
Receivables	10,212	6,539	16,751
Prepays	6,845	-	6,845
Total assets	\$ 101,415	\$ 1,150	\$ 102,565
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 80,174	\$ 1,150	\$ 81,324
Fund balances:			
Nonspendable - prepaids	6,845	-	6,845
Unassigned	14,396	-	14,396
Total fund balances	21,241	-	21,241
Total liabilities and fund balances	\$ 101,415	\$ 1,150	\$ 102,565

See accompanying notes to financial statements

**Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017**

Fund balances – total governmental funds	\$ 21,241
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets – net of accumulated depreciation	452,661
Deferred outflows and inflows associated with pensions are not reported in the governmental funds.	
Deferred outflows	359,764
Deferred inflows	(115,046)
Long-term liabilities are not reported in the governmental funds.	
Net pension liability	(694,119)
Compensated absences	(14,500)
Bank loan	(32,000)
Net position of governmental activities	\$ (21,999)

See accompanying notes to financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Title I grant	\$ -	\$ 81,141	\$ 81,141
Florida Education Finance Program	930,900	-	930,900
Public Education Capital Outlay	-	52,621	52,621
Other state revenue	16,620	-	16,620
Other local revenue	159,637	-	159,637
Total revenues	1,107,157	133,762	1,240,919
Expenditures			
Current:			
Instruction	735,813	77,288	813,101
Instructional support services	-	3,853	3,853
General support	341,799	-	341,799
Community services	8,114	-	8,114
Capital outlay	-	42,000	42,000
Debt service:			
Principal retirement	38,288	10,621	48,909
Interest and fiscal charges	5,014	-	5,014
Total expenditures	1,129,028	133,762	1,262,790
Excess of revenues over (under) expenditures	(21,871)	-	(21,871)
Other financing sources			
Borrowings on line-of-credit	20,423	-	20,423
Net change in fund balances	(1,448)	-	(1,448)
Fund balances - beginning of year	22,689	-	22,689
Fund balances - end of year	\$ 21,241	\$ -	\$ 21,241

See accompanying notes to financial statements

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2017**

Net change in fund balances – total governmental funds		\$ (1,448)
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 depreciated over their estimated useful lives.		
Current year capital acquisitions		30,697
Current year depreciation expense		(31,798)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not affect net position of governmental activities.		
Principal payments		48,909
The accounting for pension costs differs between governmental funds and governmental activities.		
Change in net pension liability		(220,143)
Change in deferred outflows related to pensions		157,063
Change in deferred inflows related to pensions		38,668
The issuance of long-term debt provides current financial resources for governmental funds, but does not affect net position of governmental activities.		
Borrowings on line-of-credit		(20,423)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		1,000
Change in net position of governmental activities		\$ 2,525

See accompanying notes to financial statements

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caring & Sharing Learning School conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Caring & Sharing Learning School, Inc. is a not-for-profit corporation organized in 1998 pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as the Caring & Sharing Learning School (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors.

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 Alachua County District School Board (the “District”). The current charter is effective until June 30, 2021, and may be renewed every ten years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Reporting Model

The School follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following governmental funds are used by the School:

General Fund – The General Fund is the general operating fund of the School. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund – The Special Revenue Fund is primarily used to account for and report financial resources restricted to operating uses.

Capital Projects Fund – The Capital Projects Fund is primarily used to account for and report financial resources restricted to capital uses.

In the accompanying fund financial statements, the General Fund is considered to be a major fund and, therefore, is separately displayed. Since the Special Revenue Fund and Capital Projects Fund are not major funds, data from these funds is combined and displayed as Other Governmental Funds.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures and expenditures for compensated absences are recorded only when payment is due.

The School’s revenue sources are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. At times, certain other revenue items may be considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$500 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Land and improvements is not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	30
Improvements other than buildings	15
Furniture, fixtures, equipment and vehicles	5

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The School pays employees other than the School's Principal for 50% of unused sick and vacation time upon separation. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School also receives other financial assistance. This assistance is generally received based on applications submitted to and approved by the granting agency.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definitions of the classifications previously described.

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

Fund Balance

The School follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the School's highest level of decision-making authority, which is a resolution of the Board of Directors. Committed amounts cannot be used for any other purpose unless the School removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land and improvements	\$ 27,700	\$ -	\$ -	\$ 27,700
Capital assets being depreciated:				
Buildings	679,909	-	-	679,909
Improvements other than buildings	46,532	-	-	46,532
Furniture, fixtures and equipment	28,596	-	-	28,596
Vehicles	22,681	30,697	22,681	30,697
Total capital assets being depreciated	777,718	30,697	22,681	785,734
Total capital assets	805,418	30,697	22,681	813,434
Accumulated depreciation:				
Buildings	259,458	22,993	-	282,451
Improvements other than buildings	40,976	2,620	-	43,596
Furniture, fixtures and equipment	28,542	46	-	28,588
Vehicles	22,680	6,139	22,681	6,138
Total accumulated depreciation	351,656	31,798	22,681	360,773
Net capital assets	\$ 453,762	\$ (1,101)	\$ -	\$ 452,661

Depreciation of \$31,752 was charged to General Support and \$46 was charged to Instruction.

Notes to Financial Statements

NOTE 3 – LONG-TERM LIABILITIES

At June 30, 2017, the School’s long-term liabilities consisted of the following:

\$50,000 capital-related loan payable to bank at a variable interest rate set at the bank’s prime rate plus 4.35%, which was 8.60% at June 30, 2017. The School’s deposit and investment balances with the bank serve as security for the loan. The School is currently making monthly interest payments on this loan and elected to pay \$18,000 of principal in FY 2017. The loan is due on demand but has no set amortization schedule for principal repayment and so is classified as a current liability in the Statement of Net Position.

\$30,000 capital-related unsecured revolving line-of-credit payable to bank with 10% interest which was fully paid off during FY 2017 and ended the year with a zero balance.

A summary of changes in long-term liabilities follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Net pension liability	\$ 473,976	\$220,143	\$ -	\$ 694,119	\$ 8,100
Compensated absences	15,500	9,700	10,700	14,500	5,000
Bank loan	50,000	-	18,000	32,000	32,000
Revolving line-of-credit	10,486	20,423	30,909	-	-
Total	\$ 549,962	\$250,266	\$ 59,609	\$ 740,619	\$ 45,100

Compensated absences are typically liquidated by the General Fund.

NOTE 4 – PENSION PLANS

Defined Benefit Plans

The School participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (850) 488-6491.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The School is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The School’s contribution rates as of June 30, 2017, were as follows:

	FRS	HIS
Regular Employees	5.86%	1.66%
DROP from FRS	11.33%	1.66%

The School’s contributions for the year ended June 30, 2017, were \$46,401 to the FRS and \$12,358 to the HIS.

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

At June 30, 2017, the School reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. The School’s proportions of the net pension liabilities were based on the School’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability reported at June 30, 2017	\$ 413,948	\$ 280,171
Proportion at:		
June 30, 2016 measurement date	0.0016%	0.0024%
June 30, 2015 measurement date	0.0018%	0.0024%
Pension expense (benefit), reported for year ended		
June 30, 2017	\$ 60,067	\$ 23,106

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,695	\$ 3,854	\$ -	\$ 638
Changes of assumptions	25,043	-	43,966	-
Net difference between projected and actual earnings on pension plan investments	190,432	83,431	142	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,172	21,325	5,555	5,798
Employer contributions subsequent to the measurement date	46,401	-	12,358	-
Total	\$ 297,743	\$ 108,610	\$ 62,021	\$ 6,436

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year ending June 30,	<u>FRS Expense</u>	<u>HIS Expense</u>
2018	\$ 19,333	\$ 7,652
2019	19,333	7,652
2020	60,903	7,652
2021	39,233	7,652
2022	3,338	7,107
Thereafter	592	5,512
Total	\$ 142,732	\$ 43,227

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2016, was determined by an actuarial valuation dated July 1, 2016, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.60%	N/A
Discount rate	7.60%	2.85%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projections Scale BB tables.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2016 were based on the results of an experience study for the period July 1, 2008 through June 30, 2013.

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

The following changes in actuarial assumptions occurred in 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond index rate used to determine the total pension liability decreased from 3.80% to 2.85%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.0%	3.0%
Fixed income	18%	4.7%	4.6%
Global equity	53%	8.1%	6.8%
Real estate (property)	10%	6.4%	5.8%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for FRS was 7.60%. FRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the School’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Employer’s proportionate share of the net pension liability	\$ 762,106	\$ 413,948	\$ 124,152	\$ 321,420	\$ 280,171	\$ 245,937

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. There were no employees enrolled in the FRS Investment Plan during the current year.

NOTE 5 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage.

Notes to Financial Statements

NOTE 6 – RELATED PARTY TRANSACTIONS

The School rents 3.9 acres of land from a relative of the principal. The terms of the contract called for payments of \$3,500 per month beginning on July 1, 2016, and terminating June 30, 2017. The School's payments for the year ended June 30, 2017, were \$42,000.

NOTE 7 – SUBSEQUENT EVENT

Subsequent to June 30, 2017, the School entered into a multi-year lease-purchase agreement totaling approximately \$26,000 for 40 laptops.

**Required Supplementary
Information**

Caring & Sharing Learning School

Budgetary Comparison Schedule
General Fund
Year ended June 30, 2017

	Budgeted amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Florida Education Finance Program	\$ 865,000	\$ 930,900	\$ 930,900	\$ -
Other state revenue	2,400	16,620	16,620	-
Other local revenue	111,300	159,637	159,637	-
Total revenues	978,700	1,107,157	1,107,157	-
Expenditures				
Current:				
Instruction	650,780	735,813	735,813	-
General support	290,026	341,799	341,799	-
Community services	2,500	8,114	8,114	-
Debt service:				
Principal retirement	13,000	38,288	38,288	-
Interest and fiscal charges	6,500	5,014	5,014	-
Total expenditures	962,806	1,129,028	1,129,028	-
Excess of revenues over (under) expenditures	15,894	(21,871)	(21,871)	-
Other financing sources				
Borrowings on line-of-credit	10,000	20,423	20,423	-
Net change in fund balances	25,894	(1,448)	(1,448)	-
Fund balances - beginning of year	-	22,689	22,689	-
Fund balances - end of year	\$ 25,894	\$ 21,241	\$ 21,241	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. A final budget amendment is made so that final budgeted amounts agree with actual amounts. The fund is the legal level of control.

**Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years***

Florida Retirement System	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.0016%	0.0018%	0.0018%
Employer's proportionate share of the net pension liability (asset)	\$ 413,948	\$ 226,526	\$ 111,436
Employer's covered-employee payroll	\$ 743,146	\$ 748,979	\$ 700,873
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.70%	30.24%	15.90%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.0024%	0.0024%	0.0023%
Employer's proportionate share of the net pension liability (asset)	\$ 280,171	\$ 247,450	\$ 218,890
Employer's covered-employee payroll	\$ 743,146	\$ 748,979	\$ 700,873
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.70%	33.04%	31.23%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Notes to schedules:

*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the prior fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Caring & Sharing Learning School

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2017	2016	2015
Contractually required contribution	\$ 46,401	\$ 39,979	\$ 42,759
Contributions in relation to the contractually required contribution	46,401	39,979	\$ 42,759
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 744,469	\$ 743,146	\$ 748,979
Contributions as a percentage of covered-employee payroll	6.23%	5.38%	5.71%
Health Insurance Subsidy Program	2017	2016	2015
Contractually required contribution	\$ 12,358	\$ 12,322	\$ 9,275
Contributions in relation to the contractually required contribution	12,358	12,322	\$ 9,275
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 744,469	\$ 743,146	\$ 748,979
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.24%

Notes to schedules:

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

Caring & Sharing Learning School

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ (5,346)	\$ (43)	\$ (5,389)
Receivables	6,496	43	6,539
Total assets	\$ 1,150	\$ -	\$ 1,150
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 1,150	\$ -	\$ 1,150
Fund balances	-	-	-
Total liabilities and fund balances	\$ 1,150	\$ -	\$ 1,150

Caring & Sharing Learning School

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Title I grant	\$ 81,141	\$ -	\$ 81,141
Public education capital outlay	-	52,621	52,621
Total revenues	81,141	52,621	133,762
Expenditures			
Current:			
Instruction	77,288	-	77,288
Instructional support services	3,853	-	3,853
Capital outlay	-	42,000	42,000
Debt service:			
Principal retirement	-	10,621	10,621
Total expenditures	81,141	52,621	133,762
Excess of revenues over (under) expenditures	-	-	-
Fund balances - beginning of year	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -

**Additional Elements Required by
the Rules of the Auditor General**

MANAGEMENT LETTER

To the Board of Directors
Caring & Sharing Learning School

We have audited the financial statements of the Caring & Sharing Learning School (the "School"), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 31, 2017.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The School has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the School has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.855(12). It is management's responsibility to monitor 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. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.854.

Transparency

Section 10.855(13), Rules of the Auditor General, requires that we apply appropriate procedures to determine whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.850, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
October 31, 2017

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Caring & Sharing Learning School

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caring & Sharing Learning School (the "School"), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 31, 2017

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
October 31, 2017