

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT
UNIT OF THE SCHOOL BOARD OF
SARASOTA COUNTY, FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2018

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 – 7
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	9
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GENERAL FUND	10
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND TO THE STATEMENT OF NET POSITION	11
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND TO THE STATEMENT OF ACTIVITIES	13
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND	14
NOTES TO FINANCIAL STATEMENTS	15 – 27
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	28
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET	29
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FRS	30
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HIS	31

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2018

TABLE OF CONTENTS – CONTINUED

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED	
SCHEDULE OF THE CHARTER SCHOOL’S CONTRIBUTIONS – FRS	32
SCHEDULE OF THE CHARTER SCHOOL’S CONTRIBUTIONS – HIS	33
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION	34
OTHER SUPPLEMENTAL INFORMATION	
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – FIDUCIARY FUND – AGENCY FUND	35
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 <i>GOVERNMENT AUDITING STANDARDS</i>	36 – 37
MANAGEMENT LETTER	38 – 39

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Student Leadership Academy of Venice, Inc. (the "Charter School") (a Charter School and component unit of the School Board of Sarasota County, Florida), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter 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, the general fund and the aggregate remaining fund information of the Charter School as of June 30, 2018, 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.

- 1 -

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 3 - 7, the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund on pages 28 - 29 and the Schedule of the Charter School's Proportionate Share of the Net Pension Liability and Schedule of the Charter School's Contributions on pages 30 - 34 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The other supplemental information on page 35, as 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 other supplemental 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 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 other supplemental 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 September 21, 2018 on our consideration of the Charter 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 solely 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 effectiveness of the Charter School's 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 Charter School's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

September 21, 2018
Bradenton, Florida

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of Student Leadership Academy of Venice, Inc. (the "Charter School"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2018.

Readers should review this Management's Discussion and Analysis (MD&A) in addition to the financial statements and the accompanying notes to the financial statements to gain an understanding of the Charter School as an operating entity.

Operating Entity

This Charter School was incorporated as a not-for-profit corporation in 2004. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida, serving grades 6-8.

The Charter School occupies a leased facility situated in an excellent location on the island in Venice, with County-operated athletic fields located across a residential street. These fields are available for physical fitness classes and team sports.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Charter School's financial statements. The Charter School's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The financial statements are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the assets, deferred outflows, liabilities and deferred inflows as of June 30, 2018, showing total assets of \$1,143,181 and total liabilities of \$1,372,267. Net position is in a positive position of \$96,794, and is the difference between total assets plus deferred outflows less total liabilities and deferred inflows. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating.

Condensed Statement of Net Position

	Governmental Activities		
	2018	2017	Change
Current and other assets	\$ 309,417	\$ 273,488	\$ 35,929
Capital assets	833,764	765,032	68,732
Total assets	<u>1,143,181</u>	<u>1,038,520</u>	<u>104,661</u>
Deferred outflows	<u>490,519</u>	<u>560,367</u>	<u>(69,848)</u>
Current liabilities	195,772	168,061	27,711
Noncurrent liabilities	<u>1,176,495</u>	<u>1,182,777</u>	<u>(6,282)</u>
Total liabilities	<u>1,372,267</u>	<u>1,350,838</u>	<u>21,429</u>
Deferred inflows	<u>164,639</u>	<u>210,866</u>	<u>(46,227)</u>
Net Position:			
Net investment in capital assets	833,764	747,317	86,447
Restricted	-0-	-0-	-0-
Unrestricted	<u>(736,970)</u>	<u>(710,134)</u>	<u>(26,836)</u>
Total net position	<u>\$ 96,794</u>	<u>\$ 37,183</u>	<u>\$ 59,611</u>

The Statement of Activities presents information showing how the Charter School's net position increased by \$59,611 during the current year. As noted in the following schedule, revenues increased as a direct result of an increase in the millage for capital improvements. Instruction, pupil personal services, and school administration expenses increased mainly due to an increase in instructors due to an increase of full-time equivalent students.

Condensed Statements of Activities

	Governmental Activities		
	2018	2017	Change
Revenues			
Grant revenues:			
Grants and contributions not restricted to specific programs	\$ 2,911,273	\$ 2,639,436	\$ 271,837
Miscellaneous revenue	22,852	19,863	2,989
Investment earnings	<u>504</u>	<u>472</u>	<u>32</u>
Total general revenues	<u>2,934,629</u>	<u>2,659,771</u>	<u>274,858</u>
Total revenues	<u>2,934,629</u>	<u>2,659,771</u>	<u>274,858</u>
Expenses			
Instruction	1,531,776	1,419,663	112,113
Pupil personnel services	141,946	98,393	43,553
Instruction media services	35,724	37,291	(1,567)
Instructional staff training	404	417	(13)
Board	13,900	14,800	(900)
General administration	40,085	40,163	(78)
School administration	519,710	404,707	115,003

Condensed Statement of Activities – Continued

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Fiscal services	20,450	18,075	2,375
Food services	8,525	6,834	1,691
Pupil transportation services	66,800	47,476	19,324
Operation of plant	439,377	416,281	23,096
Maintenance of plant	56,219	48,253	7,966
Interest and debt issuance	<u>102</u>	<u>3,390</u>	<u>(3,288)</u>
Total expenses	<u>2,875,018</u>	<u>2,555,743</u>	<u>319,275</u>
 Increase in Net Position	 59,611	 104,028	 (44,417)
Net Position – Beginning	<u>37,183</u>	<u>(66,845)</u>	<u>104,028</u>
Net Position – Ending	<u>\$ 96,794</u>	<u>\$ 37,183</u>	<u>\$ 59,611</u>

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local government component units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual generic fund type in the Charter School's financial statements is a governmental fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Charter School's near term financing requirements.

The only governmental fund utilized by the Charter School is the General Fund. The Charter School had a fund balance of \$113,645 in the General Fund as of June 30, 2018. Fund balance in the General Fund is consistent with the prior year with an overall increase of \$7,781.

The General Fund financial statements, along with reconciliations to the government-wide financial statements can be found on pages 10 through 13 of this report.

The Charter School also reports an Agency Fund which is a fiduciary fund type. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of the results of operations. This fund is used to account for resources of the Charter School's internal account funds, used in connection with school, student, class, and club activities.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 27 of this report.

General Fund Budget

The Board closely monitors the Charter School's financial performance relative to the tentative budget on a monthly basis. The Board made formal budget amendments to approve changes as they monitored the bottom line for the overall financial effect on the Charter School. The Board approved budget amendments to reflect a small decrease in enrollment from the originally expected enrollment and the increased costs of various functions.

Original budgeted revenues were \$3,100,599 compared to final budgeted revenues of \$2,914,307. Original budgeted expenditures were \$2,693,016 compared to final budgeted expenditures of \$2,927,130. At year-end, actual revenues exceeded budget by \$20,322 and actual expenditures were less than budget by \$282.

Capital Assets

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2018 and 2017.

Capital Assets

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2018</u>	<u>2017</u>	
Leasehold improvements	\$ 661,209	\$ 678,321	\$ (17,112)
Furniture, fixtures and equipment	172,555	86,711	85,844
Total (net of depreciation)	<u>\$ 833,764</u>	<u>\$ 765,032</u>	<u>\$ 68,732</u>

See Note 2 to the financial statements for additional detail of the capital asset activity for the year.

Debt Administration

During 2015, the Charter School converted a \$200,000 line-of-credit arrangement into a note payable and received proceeds of \$200,000 to partially finance the roof replacement. During 2018 and 2017, the Charter School paid \$17,715 and \$69,623, respectively, in principal payments. During 2018, the Charter School paid the note off in full.

The Charter School has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2018, the net pension liability recognized by the Charter School was \$1,156,344.

The Charter School has an annual leave policy providing all full-time employees six days of annual leave each fiscal year. Upon separation of employment from the Charter School, employees will receive 50% of the value of any remaining accrued annual leave up to a maximum of thirty (30) days. The Charter School reported a liability in the amount of \$20,151 and \$12,652 at June 30, 2018 and 2017, respectively, for accrued compensated absences.

See Note 3 to the financial statements for more details on long-term liabilities.

Economic Factors and Student Achievement

The Board has approved an operating budget for the 2018-2019 academic year based on a student enrollment of 275 students. The budget demonstrates that the Charter School will have a budgeted deficit from operations of approximately \$25,000 which will be paid from prior accumulated earnings.

Knowing that enrollment growth and eventual stability is critical to the future viability of the Charter School, the Board continues to use postcards to announce open houses throughout the spring. These open houses provided a cost-efficient manner in which the Charter School can target potential new students and their parents, giving them the opportunity to tour the Charter School and interview the teachers. In addition, the Charter School has increased its presence in the community through volunteerism and social media to allow parents, students, and the community recognize its academic achievement and leadership.

Recognizing the increased competition in the geographical area, management reduced the 2017-2018 budget to 300 students and is increasing their goals for honors achievement in the upcoming years. The Charter School received a grade of “A” under the A+ accountability plan for Florida schools for the 2017-2018 school year, with an average class size of 20 students. The Charter School was also awarded the designation of “High Performing Charter School” by the Florida Department of Education in July 2011, allowing the Charter School to only pay a 2% administrative fee on the first 250 students instead of a 5% administrative fee on the first 250 students. The Charter School maintained the standards during the 2017-2018 fiscal year to continue the “High Performing Charter School” designation.

Requests for Information

The financial report is designed to provide a general overview of the Student Leadership Academy of Venice, Inc.’s finances for those with an interest in the entity’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Student Leadership Academy of Venice, Inc., 200 Field Avenue, Venice, Florida 34285.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Current assets	
Cash	\$ 278,327
Accounts receivable	402
Prepaid items	30,088
Other current asset	600
Total current assets	<u>309,417</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>833,764</u>
TOTAL ASSETS	<u>1,143,181</u>
DEFERRED OUTFLOWS OF RESOURCES – Pension	<u>490,519</u>
LIABILITIES	
Current liabilities	
Accounts payable	17,623
Accrued expenses	178,149
Total current liabilities	<u>195,772</u>
Noncurrent liabilities	
Due within one year	2,000
Due in more than one year	1,174,495
Total noncurrent liabilities	<u>1,176,495</u>
TOTAL LIABILITIES	<u>1,372,267</u>
DEFERRED INFLOWS OF RESOURCES – Pension	<u>164,639</u>
Net position	
Net investment in capital assets	833,764
Unrestricted	(736,970)
TOTAL NET POSITION	<u><u>\$ 96,794</u></u>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,531,776	\$ -	\$ -	\$ -	\$ (1,531,776)
Pupil personnel services	141,946	-	-	-	(141,946)
Instructional media services	35,724	-	-	-	(35,724)
Instructional staff training	404	-	-	-	(404)
Board	13,900	-	-	-	(13,900)
General administration	40,085	-	-	-	(40,085)
School administration	519,710	-	-	-	(519,710)
Fiscal services	20,450	-	-	-	(20,450)
Food services	8,525	-	-	-	(8,525)
Pupil transportation services	66,800	-	-	-	(66,800)
Operation of plant	439,377	-	-	-	(439,377)
Maintenance of plant	56,219	-	-	-	(56,219)
Interest and debt issuance	102	-	-	-	(102)
Total Governmental Activities	<u>2,875,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,875,018)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					2,911,273
Miscellaneous					22,852
Investment earnings					504
Total General Revenue					<u>2,934,629</u>
Change in net position					59,611
Net Position – July 1, 2017					<u>37,183</u>
Net Position – June 30, 2018					<u><u>\$ 96,794</u></u>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
JUNE 30, 2018

ASSETS

Cash	\$ 278,327
Accounts receivable	402
Prepaid items	30,088
Other current asset	<u>600</u>

TOTAL ASSETS	<u><u>\$ 309,417</u></u>
--------------	--------------------------

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 17,623
Accrued expenses	<u>178,149</u>
TOTAL LIABILITIES	195,772

Fund Balance:

Nonspendable, prepaid items	30,088
Unassigned	<u>83,557</u>

TOTAL FUND BALANCES	<u>113,645</u>
---------------------	----------------

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 309,417</u></u>
------------------------------------	--------------------------

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Fund Balance – General Fund	\$	113,645
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund		833,764
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		490,519
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(164,639)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund		
Net pension liability	(1,156,344)	
Compensated absences	<u>(20,151)</u>	
		<u>(1,176,495)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>96,794</u></u>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND
REVENUES	
Federal through local	\$ 13,387
State through local	1,939,014
Local	<u>982,228</u>
Total Revenues	<u>2,934,629</u>
EXPENDITURES	
Current	
Instruction	1,479,312
Pupil personnel services	141,436
Instructional media services	35,300
Instructional staff training	404
Board	13,900
General administration	40,085
School administration	508,646
Fiscal services	20,450
Food services	8,525
Pupil transportation services	66,800
Operation of plant	396,316
Maintenance of plant	56,290
Capital outlay	141,567
Debt service	
Principal	17,715
Interest	<u>102</u>
Total Expenditures	<u>2,926,848</u>
NET CHANGE IN FUND BALANCE	7,781
FUND BALANCE, July 1, 2017	<u>105,864</u>
FUND BALANCE, June 30, 2018	<u><u>\$ 113,645</u></u>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balance – statement of revenues,
expenditures and changes in fund balance – General Fund \$ 7,781

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

The General Fund reports capital outlays as expenditures.
However, in the statement of activities, the cost of
those assets are allocated over their estimated useful
lives and reported as depreciation expense. This is the
amount by which depreciation expense was exceeded
by capital outlay in the current period.

Capital outlay	141,567	
Less current depreciation	<u>(72,835)</u>	
		68,732

The repayment of principal on long-term debt consumes
current financial resources of the General Fund. 17,715

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
the General Fund.

Decrease in deferred outflows	(69,848)	
Decrease in deferred inflows	46,227	
Decrease in accrued interest	437	
Increase in net pension liability	(3,934)	
Increase in compensated absences	<u>(7,499)</u>	
		<u>(34,617)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 59,611</u></u>
---	-------------------------

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND
JUNE 30, 2018

ASSETS

Cash	\$ 8,944
	<u> </u>
TOTAL ASSETS	<u><u>\$ 8,944</u></u>

LIABILITIES

Due to clubs	\$ 8,944
	<u> </u>
TOTAL LIABILITIES	<u><u>\$ 8,944</u></u>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Student Leadership Academy of Venice, Inc. (the “Charter School”) is a not-for-profit corporation that operates a middle school in Venice, Florida. The corporation was organized pursuant to the Florida Not-for-Profit Corporation Act, Chapter 617, Florida Statutes. The governing body of the Charter School is a not-for-profit corporation Board of Directors composed of five members.

The general operating authority of the Charter School is contained in Chapter 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida, which is effective through June 30, 2024. The Charter School is considered a component unit of the School Board of Sarasota County, Florida. Upon dissolution or termination of the charter, all of the property, furnishings and equipment purchased with public funds, in part or in whole, automatically revert to the School Board of Sarasota County, Florida.

Basis of Presentation

The financial statements of the Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments, including the Charter School.

Government-wide and Fund Financial Statements

The Charter School’s financial statements include both government-wide (reporting on the Charter School as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Charter School. The government-wide financial statements present governmental activities only. The Charter School has no business-type activities. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

In the government-wide Statement of Net Position, the Charter School recognizes all long-term assets and receivables as well as long-term liabilities, including debt and other obligations. The Charter School’s net position is reported in three parts (as applicable): (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

The individual generic fund type in the Charter School's financial statements is a governmental fund. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The only governmental fund utilized by the Charter School is the General Fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The General Fund is the general operating fund of the Charter School and is used to account for all of its non-fiduciary financial resources.

Additionally, the Charter School reports an Agency Fund which is a fiduciary fund type. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of the results of operations. This fund is used to account for resources of the Charter School's internal account funds which are used in connection with school, student, class, and club activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 the related cash flows. Agency funds are also reported using the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

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 government considers revenues to be available, if they are collected within 60 days of the end of the current period. When grant terms provide that the expenditure of resources is the determining factor for eligibility for Federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Revenues for current operations received from the School Board of Sarasota County, Florida, pursuant to funding provisions included in the Charter School's charter are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

Cash

The Charter School's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC). At June 30, 2018, the carrying amount of the Charter School's deposits was \$287,271 and the bank balances were \$289,226. At June 30, 2018, the Charter School had cash balances in excess of FDIC limits in the amount of \$39,226.

Capital Assets

Capital assets, which include leasehold improvements and furniture, fixtures and equipment, are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by the Charter School as any asset with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 7 to 39 years for leasehold improvements and 3 to 7 years for furniture, fixtures and equipment.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category which is a deferred outflow of pension resources which will be recognized as either pension expense or a reduction of net pension liability in future reporting years. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. One item qualifies for reporting in this category which is a deferred inflow of pension earnings which will be recognized as a reduction to pension expense in future reporting years.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

Fund Balance: Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by the Charter School's intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors is authorized to make assignments.
- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. The Charter School reports positive unassigned fund balance as of June 30, 2018.

Net Position: Net position represents the difference between assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as net investment in capital assets and restricted net position is reported as unrestricted net position.

Flow Assumptions: When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the Charter School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School's policy to first use committed, then assigned and unassigned.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgetary Information

An annual budget was adopted for the General Fund on the modified accrual basis of accounting and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year end. Expenditures were less than appropriations in the General Fund in the amount of \$282. Revenues in excess of budget were \$20,322.

Revenue Sources

Revenues for current operations are received primarily from the School Board of Sarasota County, Florida (School Board), pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and Chapter 1002.33(17), Florida Statutes, the Charter School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Chapter 1011.62, Florida Statutes, the School Board 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 (FEFP). Funding for the Charter 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 Charter School during the designated full-time equivalent student survey periods.

The Charter School also receives Federal, State and local awards for the enhancement of various educational programs. Awards are generally received based on applications submitted to and approved by the respective granting agencies.

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 (FRS), (which includes FRS and HIS) and additions to/deletions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the cost-sharing multi-employer plan are reported at fair value (Note 7).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated				
Leasehold improvements	\$ 978,524	\$ 11,028	\$ -0-	\$ 989,552
Furniture, fixtures and equipment	<u>569,460</u>	<u>130,539</u>	<u>-0-</u>	<u>699,999</u>
Total capital assets being depreciated	<u>1,547,984</u>	<u>141,567</u>	<u>-0-</u>	<u>1,689,551</u>
Less accumulated depreciation for:				
Leasehold improvements	300,203	28,140	-0-	328,343
Furniture, fixtures and equipment	<u>482,749</u>	<u>44,695</u>	<u>-0-</u>	<u>527,444</u>
Total accumulated depreciation	<u>782,952</u>	<u>72,835</u>	<u>-0-</u>	<u>855,787</u>
Total capital assets being depreciated, net	<u>765,032</u>	<u>68,732</u>	<u>-0-</u>	<u>833,764</u>
Governmental activities capital assets, net	<u>\$ 765,032</u>	<u>\$ 68,732</u>	<u>\$ -0-</u>	<u>\$ 833,764</u>

Depreciation expense in the amount of \$72,835 for the year ended June 30, 2018, was allocated to the following governmental functions:

Instruction	\$ 26,654
School administration	3,486
Operation of plant	<u>42,695</u>
	<u>\$ 72,835</u>

NOTE 3 – LONG-TERM LIABILITIES

On July 15, 2009, the Charter School signed a commitment letter for a \$200,000 line-of-credit with Building Hope, a charter school facilities fund through America's Charter School Finance Corporation. In 2015, the Charter School converted the line-of-credit to a promissory note and borrowed the full \$200,000 available to partially fund the replacement of the Charter School's roof. The promissory note bears an interest rate of 6%, requires monthly principal and interest payments of \$6,084, has a maturity date of September 8, 2017, and is secured by an assignment of the Charter School's leasehold interest and first lien on all the assets of the Charter School. The note was paid-in-full during the year ended June 30, 2018 on the maturity date.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

The Charter School has an annual leave policy providing all full-time employees six days of annual leave each fiscal year. Upon separation of employment from the Charter School, employees receive payment for 50% of the value of any remaining unused accrued annual leave up to a maximum of thirty (30) days.

The net pension liability is described in Note 7.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 12,652	\$ 53,130	\$ (45,631)	\$ 20,151	\$ 2,000
Net pension liability	1,152,410	683,186	(679,252)	1,156,344	-0-
Promissory Note	<u>17,715</u>	<u>-0-</u>	<u>(17,715)</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$ 1,182,777</u>	<u>\$ 736,316</u>	<u>\$ (742,598)</u>	<u>\$ 1,176,495</u>	<u>\$ 2,000</u>

NOTE 4 – OPERATING LEASE

The Charter School entered into an operating lease for the school building effective July 1, 2006 which was extended on June 8, 2017. The lease extension also includes a first right of refusal if the property is sold which expires June 30, 2024. The rent expense was \$228,000 for the year ended June 30, 2018. Future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 234,000
2020	\$ 234,000
2021	\$ 234,000
2022	\$ 234,000
2023	\$ 234,000
2024	\$ 234,000

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
Federal through local	
Individuals with Disabilities Education Act grant funds	\$ 12,505
Title II grant funds	882
Subtotal	<u>13,387</u>
State through local	
Base funding/declining enrollment	1,408,663
Supplemental academic instruction	60,404
Reading instruction	13,933
Classroom for Kids	268,945
Safe Schools	5,961
Instruction materials	21,886
Lottery funds	498
Charter school capital outlay	53,437
Florida school recognition funds	28,964
Excellent Teaching Program	62,000
Other	<u>14,323</u>
Subtotal	<u>1,939,014</u>
Local	
Discretionary local effort/millage equalization	264,974
Voted referendum millage	354,243
Local capital outlay millage	339,655
Miscellaneous revenue	22,852
Interest earnings	<u>504</u>
Subtotal	<u>982,228</u>
Total revenues	<u>\$ 2,934,629</u>

NOTE 6 – RISK MANAGEMENT PROGRAMS

The Charter School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees for which the Charter School has purchased commercial insurance. The Charter School has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the last three years.

The Vice President of the Charter School has committed in writing to the Charter School to lend the Charter School up to \$200,000 in the case of a catastrophic emergency with interest no higher than the prevailing interest rate at the time proceeds are requested.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

Plan Description

All part-time and full-time permanent employees of the Charter School are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- 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 Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under the FRS 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.

Plan Provisions

If first employed prior to July 1, 2011: Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for “special risk” employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. 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.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. 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. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into, which require employees to contribute 3% and employers to contribute based on class. The Charter School's contractually required contribution rate for the year ended June 30, 2018 was 7.92% for regular employees and 13.26% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Charter School were \$122,350 for the year ended June 30, 2018, which equaled required contributions and approximated 8.55% of covered payroll.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Charter School reported a liability of \$1,156,344 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was based on the FRS and HIS actuarial valuations prepared as of July 1, 2017 with a measurement date of June 30, 2017. The Charter School's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Charter School's proportion was 0.0024844860% for FRS and 0.003941559% for HIS which was consistent with its proportion measured as of June 30, 2016.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the year ended June 30, 2018, the Charter School recognized pension expense of \$134,348. At June 30, 2018, the Charter 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
Difference between expected and actual experience	\$ 67,446	\$ 4,071	\$ -0-	\$ 878
Changes in assumptions	246,976	-0-	59,241	36,443
Net difference between projected and actual earnings on pension plan investments	-0-	18,213	234	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	-0-	50,543	9,831	54,491
Charter School contributions subsequent to the June 30, 2017 measurement date	83,000	-0-	23,791	-0-
	<u>\$ 397,422</u>	<u>\$ 72,827</u>	<u>\$ 93,097</u>	<u>\$ 91,812</u>

Total deferred outflows were \$490,519 and total deferred inflows were \$164,639. \$83,000 (FRS) and \$23,791 (HIS) were reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	FRS	HIS
2019	\$ 36,951	\$ (3,112)
2020	36,951	(3,112)
2021	36,951	(3,112)
2022	36,952	(3,112)
2023	36,955	(3,111)
Thereafter	56,835	(6,947)
	<u>\$ 241,595</u>	<u>\$ (22,506)</u>

Actuarial Assumptions

The total pension liability is based on the FRS and HIS actuarial valuations prepared as of July 1, 2017. It was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	7.10 percent, including inflation at 2.60%

Mortality rates were based on the generational RP-2000 with Projection Scale BB tables.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study performed in 2014 for the period July 1, 2008 – June 30, 2013. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) a real (in excess of inflation) return of 4.50%, consistent with the currently articulated real return target in the Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewit Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60% as adopted in October 2017 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1%	3.0%
Fixed income	18%	4.5%
Global equity	53%	7.8%
Real estate	10%	6.6%
Private equity	6%	11.5%
Strategic investments	12%	6.1%

Discount Rate

The discount rate used to measure the total FRS pension liability was 7.10%, and the HIS pension liability was 3.58%. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in the 2017 valuation:

- FRS: The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the FRS net pension liability calculated using the discount rate of 7.10%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Charter School's proportionate share of the FRS net pension liability	\$ 1,330,114	\$ 734,894	\$ 240,724

The following presents the Charter School's proportionate share of the HIS net pension liability calculated using the discount rate of 3.58%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Charter School's proportionate share of the HIS net pension liability	\$ 480,930	\$ 421,450	\$ 371,906

Pension Plan Fiduciary Net Position

The Charter School's proportion of net position has been determined on the same basis as each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

Aggregate Information for Retirement Plans

	<u>Deferred Outflows</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>
FRS	\$ 397,422	\$ 734,894	\$ 72,827
HIS	93,097	421,450	91,812
	<u>\$ 490,519</u>	<u>\$ 1,156,344</u>	<u>\$ 164,639</u>

NOTE 8 – SUBSEQUENT EVENTS

The Charter School has evaluated all subsequent events through September 21, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTRY INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Federal through local	\$ -	\$ -	\$ 13,387	\$ 13,387
State through local	1,985,554	1,932,484	1,939,014	6,530
Local	1,115,045	981,823	982,228	405
Total Revenues	3,100,599	2,914,307	2,934,629	20,322
EXPENDITURES				
Current				
Instruction	1,390,528	1,473,655	1,479,312	(5,657)
Pupil personnel services	92,120	150,649	141,436	9,213
Instructional media services	36,531	35,016	35,300	(284)
Instruction and curriculum development	550	-	-	-
Instructional staff training	7,000	-	404	(404)
Board	25,000	15,000	13,900	1,100
General administration	40,348	40,085	40,085	-
School administration	490,043	529,818	508,646	21,172
Fiscal services	20,450	20,450	20,450	-
Food services	5,330	14,949	8,525	6,424
Pupil transportation services	49,608	70,000	66,800	3,200
Operation of plant	396,127	395,127	396,316	(1,189)
Maintenance of plant	31,128	42,128	56,290	(14,162)
Capital outlay	90,000	122,000	141,567	(19,567)
Debt service				
Principal	17,715	17,715	17,715	-
Interest	538	538	102	436
Total Expenditures	2,693,016	2,927,130	2,926,848	282
NET CHANGE IN FUND BALANCE	407,583	(12,823)	7,781	20,604
FUND BALANCE , July 1, 2017	105,864	105,864	105,864	-
FUND BALANCE , June 30, 2018	<u>\$ 513,447</u>	<u>\$ 93,041</u>	<u>\$ 113,645</u>	<u>\$ 20,604</u>

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET
JUNE 30, 2018

NOTE 1 – BUDGETARY INFORMATION

An annual budget was adopted for the General Fund on the modified accrual basis of accounting, and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year-end.

Expenditures were less than appropriations in the General Fund in the amount of \$282. Revenues were in excess of budget in the amount of \$20,322.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – FRS
JUNE 30, 2018

FLORIDA RETIREMENT SYSTEM (FRS)
Last Five Fiscal Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Charter School's proportion of the net pension liability	0.003043175%	0.003000817%	0.002765655%	0.002526826%	0.0024844860%
Charter School's proportionate share of the net pension liability	\$ 523,866	\$ 183,094	\$ 357,221	\$ 638,026	\$ 734,894
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	38%	14%	26%	51%	51%
Plan fiduciary net position as a percentage of total pension liability	88.54%	96.09%	92.00%	84.88%	83.89%

* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – HIS
JUNE 30, 2018

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Five Fiscal Years *

	2013	2014	2015	2016	2017
Charter School's proportion of the net pension liability	0.004436435%	0.004686543%	0.004411320%	0.004413572%	0.003941559%
Charter School's proportionate share of the net pension liability	\$ 386,250	\$ 438,203	\$ 449,885	\$ 514,384	\$ 421,450
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	28%	33%	33%	41%	29%
Plan fiduciary net position as a percentage of total pension liability	1.78%	0.99%	0.50%	0.97%	1.64%

* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – FRS
JUNE 30, 2018

FLORIDA RETIREMENT SYSTEM (FRS)
Last Four Five Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution **	\$ 40,952	\$ 65,731	\$ 67,429	\$ 61,621	\$ 64,677
Contributions in relation to the contractually required contribution	<u>40,952</u>	<u>65,731</u>	<u>67,429</u>	<u>61,621</u>	<u>64,677</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624
Contributions as a percentage of covered payroll	2.94%	4.91%	4.95%	4.91%	4.52%

* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

** – Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – HIS
JUNE 30, 2018

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Five Fiscal Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution **	\$ 14,533	\$ 16,055	\$ 16,863	\$ 22,622	\$ 20,860
Contributions in relation to the contractually required contribution	<u>14,533</u>	<u>16,055</u>	<u>16,863</u>	<u>22,622</u>	<u>20,860</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624
Contributions as a percentage of covered payroll	1.04%	1.20%	1.24%	1.80%	1.46%

* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

** – Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
JUNE 30, 2018

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for the FRS plan was determined by an actuarial valuation as of July 1, 2017. The total pension liability for the HIS plan was determined by an actuarial valuation as of July 1, 2016, with update procedures to determine the liabilities as of June 30, 2017. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.10%. The plan's 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 3.58% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in the 2017 valuation:

- FRS: The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

OTHER SUPPLEMENTAL INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND – AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
ASSETS				
Cash	\$ 9,331	\$ 18,037	\$ (18,424)	\$ 8,944
TOTAL ASSETS	<u>\$ 9,331</u>	<u>\$ 18,037</u>	<u>\$ (18,424)</u>	<u>\$ 8,944</u>
LIABILITIES				
Due to clubs	\$ 9,331	\$ 18,037	\$ (18,424)	\$ 8,944
TOTAL LIABILITIES	<u>\$ 9,331</u>	<u>\$ 18,037</u>	<u>\$ (18,424)</u>	<u>\$ 8,944</u>

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

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

We have audited, 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, the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Student Leadership Academy of Venice, Inc. (the "Charter School") (a Charter School and component unit of the School Board of Sarasota County, Florida), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated September 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 Charter 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.

*Christopher, Smith, Leonard,
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

September 21, 2018
Bradenton, Florida

MANAGEMENT LETTER

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the financial statements of Student Leadership Academy of Venice, Inc. (the Charter School) (a Charter School and component unit of the School Board of Sarasota County, Florida) as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 21, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our 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*. Disclosures in that report, which is dated September 21, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity be disclosed in this management letter. The official title of the entity is the Student Leadership Academy of Venice, Inc.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the Charter School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Charter School. It is management's responsibility to monitor the Charter 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 the same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether the Charter 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 Charter School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Sarasota County, Florida, and is not intended to be and should not be used by anyone other than these specific parties.

*Christopher Smith, Leonard,
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD
BRISTOW & STANELL, P.A.

September 21, 2018
Bradenton, Florida