

A decorative border of colored pencils surrounds the text. The pencils are arranged in a rectangular frame. The top row has four pencils: brown, green, red, and blue. The right side has two pencils: blue and yellow. The bottom row has three pencils: brown, yellow, and blue. The left side has four pencils: yellow, blue, red, and green.

# Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

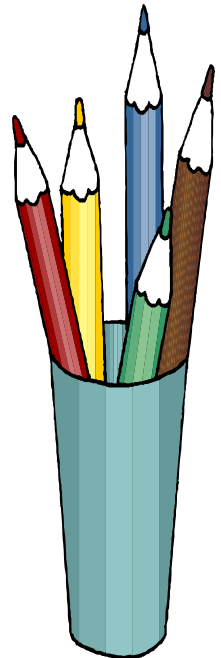
Financial Statements  
And  
Independent Auditors' Reports

**June 30, 2020**

**KATTELL AND COMPANY, P.L.**

*Certified Public Accountants Serving the Nonprofit Community*

**808-B NW 16<sup>th</sup> Avenue  
Gainesville, Florida 32601  
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**Financial Statements and Independent Auditors' Reports**  
**June 30, 2020**  
**Caring and Sharing Learning School**  
*A Component Unit of the Alachua County District School Board*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Caring and Sharing Learning School

September 22, 2020

### Report on Financial Statements

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We have audited the accompanying financial statements of the governmental activities and each major fund of Caring and Sharing Learning School (the School), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2020, 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 the 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.

**Auditors' 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 required 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 and each major fund of the School as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters - Required Supplementary Information.** Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedules, and certain pension related information, as listed in the table of contents, 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 Reporting Required by *Government Auditing Standards*

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of the School's internal control over financial reporting (internal control) 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control 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 and compliance.

*Kattell and Company, P.L.*

# **Management's Discussion and Analysis**

**June 30, 2020**

## **Caring and Sharing Learning School**

*A Component Unit of the Alachua County District School Board*

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, 2020. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2020:

- The School's overall net position decreased by \$195,623, from a surplus of \$137,922 to a deficit of \$57,701.
- Total ending unrestricted net position was approximately \$(675,000.)
- The School had total expenses for the year of about \$2,092,000, compared to revenues of approximately \$1,897,000.
- The School serves grade levels VPK - 6 with 188 students in 2020 and 200 students in 2019.

### **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 and deferred outflows and liabilities and deferred 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 – the difference between assets and deferred outflows and liabilities and deferred inflows – 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.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. The General Fund, Special Revenue Fund and Capital Projects Fund are considered to be major funds and, accordingly, they are separately displayed.

Governmental 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 fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

# Management's Discussion and Analysis

June 30, 2020

## Caring and Sharing Learning School

A Component Unit of the Alachua County District School Board

### CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net position and changes in net position for governmental activities.

	2020	2019
<b>Net Position</b>		
Assets:		
Non-capital Assets	\$ 398,044	\$ 152,979
Capital Assets, Net	569,613	622,943
Total Assets	<u>967,657</u>	<u>775,922</u>
Deferred Outflows	<u>494,330</u>	<u>413,347</u>
Liabilities:		
Current Liabilities	74,527	68,983
Long-term Liabilities	304,176	44,905
Net Pension Liability	1,057,522	840,799
Total Liabilities	<u>1,436,225</u>	<u>954,687</u>
Deferred Inflows	<u>83,463</u>	<u>96,660</u>
Net Position:		
Net Investment in Capital Assets	569,613	614,438
Restricted for Capital Projects	47,832	--
Unrestricted (deficit)	(675,146)	(476,516)
Total Net Position	<u>\$ (57,701)</u>	<u>\$ 137,922</u>
<b>Change in Net Position</b>		
Program Revenues:		
Charges for Services	\$ 215,411	\$ 331,098
Operating Grants & Contributions	57,061	25,159
Capital Grants & Contributions	118,808	121,958
General Revenues:		
Title I Grant	213,036	137,553
Title II Grant	538	--
Title IV Grant	759	--
Florida Education Finance Program	1,240,338	1,277,146
Other State Revenues	41,262	22,722
Unrestricted Grants & Contributions	9,597	3,098
Total Revenues	<u>1,896,810</u>	<u>1,918,734</u>
Program Expenses:		
Instruction	1,526,006	1,265,391
Instructional Support Services	15,519	18,778
General Support	394,977	350,492
Community Service	2,462	21,659
Operation of Plant	153,469	150,157
Total Expenses	<u>2,092,433</u>	<u>1,806,477</u>
Change in Net Position	(195,623)	112,257
Beginning Net Position:	<u>137,922</u>	<u>25,665</u>
Ending Net Position	<u>\$ (57,701)</u>	<u>\$ 137,922</u>

## **Management's Discussion and Analysis**

**June 30, 2020**

### **Caring and Sharing Learning School**

*A Component Unit of the Alachua County District School Board*

#### **OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities.** The governmental activities generated \$391,280 in program revenues and \$1,505,530 of general revenues, and incurred \$2,092,433 of program expenses. This resulted in a \$195,623 decrease in net position.

At June 30, 2020, the School's unrestricted net position was a deficit of \$675,146 and the School's total net position was a deficit of \$57,701.

#### **THE SCHOOL'S INDIVIDUAL FUNDS**

**General Fund.** The fund balance of the General Fund increased by \$191,689 from \$83,996 to \$275,685.

**Special Revenue Fund.** The fund balance of the Special Revenue Fund remained at \$0, which means that all grant funds were spent during the year. This is expected due to the nature of the Title I grant funds.

**Capital Projects Fund.** The fund balance of the Capital Projects Fund increased to \$47,832 from \$0, which means that not all capital outlay grant funds were expended on eligible costs during the year.

#### **BUDGETARY HIGHLIGHTS**

**General Fund.** The School amended the original budget to reflect reduced revenues, increased expenditures, and proceeds from the Paycheck Protection Program loan – all a result of the COVID-19 pandemic. There were no differences between the final budget and actual amounts.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The School had no significant capital asset activity. Please refer to the 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 acquired new debt from the Paycheck Protection Program. The school made the final payment on a three-year capital lease for computers. The School fully paid off its draws on the line of credit during the year. Please refer to the paragraph entitled *Long-Term Liabilities* in the notes to the accompanying financial statements for more detailed information about the School's long-term debt policy.

#### **ECONOMIC FACTORS**

The School currently is not aware of any 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, 1951 SE 4<sup>th</sup> Street, Gainesville, Florida 32641.

**Statement of Net Position**  
**June 30, 2020**  
**Caring and Sharing Learning School**  
*A Component Unit of the Alachua County District School Board*

	Governmental Activities
<hr/>	
<b>Assets:</b>	
Cash	\$ 358,801
Receivables	29,643
Prepaid Expenses	9,600
Capital Assets:	
Non-depreciable Capital Assets	27,700
Depreciable Capital Assets, Net	541,913
<b>Total Assets</b>	<u><b>967,657</b></u>
<b>Deferred Outflows</b>	<u><b>494,330</b></u>
<b>Liabilities:</b>	
Accounts Payable	74,527
Long-Term Debt:	
Due in Less than One Year	121,836
Due In More Than One Year	182,340
Net Pension Liability	1,057,522
<b>Total Liabilities</b>	<u><b>1,436,225</b></u>
<b>Deferred Inflows</b>	<u><b>83,463</b></u>
<b>Net Position:</b>	
Net Investment in Capital Assets	569,613
Restricted for Capital Projects	47,832
Unrestricted (deficit)	(675,146)
<b>Total Net Position</b>	<u><u><b>\$ (57,701)</b></u></u>

See accompanying notes.





**Balance Sheet – Governmental Funds**  
**June 30, 2020**  
**Caring and Sharing Learning School**  
*A Component Unit of the Alachua County District School Board*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 310,969	\$ --	\$ 47,832	358,801
Receivable	29,643	--	--	29,643
Prepaid Expenses	9,600	--	--	9,600
<b>Total Assets</b>	<b>\$ 350,212</b>	<b>\$ --</b>	<b>\$ 47,832</b>	<b>398,044</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 74,527	\$ --	\$ --	74,527
Total Liabilities	74,527	--	--	74,527
Fund Balances:				
Non-Spendable – Prepaid Expenses	9,600	--	--	9,600
Unassigned	266,085	--	47,832	313,917
Total Fund Balances	275,685	--	47,832	323,517
<b>Total Liabilities and Fund Balances</b>	<b>\$ 350,212</b>	<b>\$ --</b>	<b>\$ 47,832</b>	<b>398,044</b>

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position –  
Governmental Funds**

**June 30, 2020**

**Caring and Sharing Learning School**

*A Component Unit of the Alachua County District School Board*

**Fund Balances – Total Governmental Funds** \$ 323,517

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 569,613

Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net position.

Long-Term Liabilities (304,176)

Accounting for the School’s participation in the Florida Retirement System – the following amounts are reported in the Government-wide Statements (see Note 5):

Deferred Outflows 494,330

Deferred Inflows (83,463)

Net Pension Liability (1,057,522)

**Net Position of Governmental Activities** \$ (57,701)

See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds**

**For the Year Ended June 30, 2020**

**Caring and Sharing Learning School**

*A Component Unit of the Alachua County District School Board*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Federal through State:				
Title I Grant	\$ --	\$ 213,036	\$ --	\$ 213,036
Title II Grant	--	538	--	538
Title IV Grant	--	759	--	759
State Revenue:				
Florida Education Finance Program	1,240,338	--	--	1,240,338
Public Education Capital Outlay	--	--	118,808	118,808
Other State Revenues	72,692	--	--	72,692
Local Revenue:				
Gifts, Grants and Bequests	27,881	--	--	27,881
Voluntary Prekindergarten Revenue	63,048	--	--	63,048
Afterschool Revenue	62,382	--	--	62,382
Summer Camp Revenue	88,294	--	--	88,294
Other Local Revenues	9,034	--	--	9,034
<b>Total Revenues</b>	<b><u>1,563,669</u></b>	<b><u>214,333</u></b>	<b><u>118,808</u></b>	<b><u>1,896,810</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	1,190,467	213,036	--	1,403,503
Instructional Support Services	14,845	--	--	14,845
General Support Services	293,675	--	49,442	343,117
Community Services	1,165	1,297	--	2,462
Operation of Plant	122,329	--	21,534	143,863
Debt Service:				
Principal	8,505	--	--	8,505
Interest	444	--	--	444
<b>Total Expenditures</b>	<b><u>1,631,430</u></b>	<b><u>214,333</u></b>	<b><u>70,976</u></b>	<b><u>1,916,739</u></b>
<b>Excess of Expenditures Over Revenues</b>	<b>(67,761)</b>	<b>--</b>	<b>47,832</b>	<b>(19,929)</b>
<b>Other Financing Sources</b>				
Debt Proceeds	259,450	--	--	259,450
<b>Net Change in Fund Balance</b>	<b>191,689</b>	<b>--</b>	<b>47,832</b>	<b>239,521</b>
<b>Fund Balances, July 1, 2019</b>	<b><u>83,996</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>83,996</u></b>
<b>Fund Balances, June 30, 2020</b>	<b><u>\$ 275,685</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 47,832</u></b>	<b><u>\$ 323,517</u></b>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance to the Statement of Activities - Governmental Funds**

**For the Year Ended June 30, 2020**

**Caring and Sharing Learning School**

*A Component Unit of the Alachua County District School Board*

**Net Change in Fund Balance – Total Governmental Funds** **\$ 239,521**

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 Expenditures for Capital Assets	3,842
Current Year Depreciation Expense	(57,172)

Issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Current Year Principal Payments	8,505
Current Year Loan Proceeds	(259,450)

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.

Net change in Compensated Absences	(8,326)
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Accounting for the School's participation in the Florida Retirement System:

Adjustment of Required Contribution to Net Pension Expense	<u>(122,543)</u>
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**Change in Net Position of Governmental Activities** **\$ (195,623)**

See accompanying notes.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Caring and Sharing Learning School conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

#### Reporting Entity

Caring and Sharing Learning School is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as Caring and 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 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 provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

#### 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 inter-fund 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.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### 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 funds are used by the School:

#### GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with grants that are restricted to operational uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no non-major funds.

#### 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.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

#### Cash and Cash Equivalents

Cash consists of deposits in financial institutions. Such deposits qualify as public deposits and are insured by Florida's Public Deposits Program as defined in Section 280.02, Florida Statutes. The School has no policy regarding deposit custodial credit risk.

#### Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets, if any, are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

A Component Unit of the Alachua County District School Board

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$2,500 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 on the date of donation.

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

<u>Assets</u>	<u>Years</u>
Buildings	15-30
Improvements Other Than Buildings	15
Furniture, Fixtures, Equipment and Vehicles	5

#### 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.

#### Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

#### 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 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 Educational Finance Program and the actual weighted FTE 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 based on applications submitted to and approved by the granting agency.

#### Net Position

Net Position represents the difference between assets and deferred outflows and liabilities and deferred inflows and 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 their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* Net Position is Net Position that does not meet the definition 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.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

#### Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

**Non-Spendable.** The non-spendable fund balance classification includes 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.** The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed.** Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's 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.** Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Principal. Assigned fund balance includes spendable fund balance amounts established by the Principal that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Principal. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

**Unassigned.** Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

#### 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.

#### 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) and the Health Insurance Subsidy (HIS), and additions to/deductions from the FRS and HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS 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.



# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### **NOTE 2 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets not Being Depreciated:				
Land Improvements	\$ 27,700	\$ --	\$ --	\$ 27,700
Capital Assets Being Depreciated:				
Buildings	852,254	--	--	852,254
Improvements Other Than Buildings	46,532	--	--	46,532
Furniture and Equipment	87,442	3,842	--	91,284
Vehicles	53,646	--	--	53,646
Total Capital Assets	<u>1,067,574</u>	<u>3,842</u>	<u>--</u>	<u>1,071,416</u>
Accumulated Depreciation:				
Buildings	332,791	34,482	--	367,273
Improvements Other Than Buildings	46,468	64	--	46,532
Furniture and Equipment	41,218	11,897	--	53,115
Vehicles	24,154	10,729	--	34,883
Total Accumulated Depreciation	<u>444,631</u>	<u>57,172</u>	<u>--</u>	<u>501,803</u>
Net Capital Assets	<u>\$ 622,943</u>	<u>\$ (53,330)</u>	<u>\$ --</u>	<u>\$ 569,613</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 9,677
General Support	<u>47,495</u>
Total Depreciation Expense	<u>\$ 57,172</u>

### **NOTE 3 – 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 in the current and previous two years.

### **NOTE 4 – LONG-TERM LIABILITIES**

Long-term debt activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Payments	Balance June 30, 2020	Due Within One Year
Capital Lease	\$ 8,505	\$ --	\$ 8,505	\$ --	\$ --
Paycheck Protection Program		259,450	--	259,450	115,436
Revolving Line-of-Credit	--	15,000	15,000	--	--
Compensated Absences	36,400	20,400	12,074	44,726	6,400
	<u>\$ 44,905</u>	<u>\$ 294,850</u>	<u>\$ 35,579</u>	<u>\$ 304,176</u>	<u>\$ 121,836</u>

In April 2020, the School was awarded a Small Business Administration, Paycheck Protection Program loan, through the CARES Act. The term is 24 months at an interest rate of 1%. The full amount is forgivable if spent on allowable costs.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### NOTE 4 – LONG-TERM LIABILITIES (concluded)

The School holds a \$30,000 capital-related unsecured revolving line-of-credit payable to the bank with 12.25% interest which was fully paid off during the year ended June 30, 2020, and ended the year with a zero balance.

The following is a schedule of future minimum Paycheck Protection Plan loan payments:

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 115,436	\$ 2,693	\$ 118,129
2022	144,014	656	144,670
Total	<u>\$ 259,450</u>	<u>\$ 3,349</u>	<u>\$ 262,799</u>

### NOTE 5 – EMPLOYEE RETIREMENT PLAN

The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (System). The School participates in two defined benefit plans administered by the Division. The Division issues a publicly-available, audited comprehensive annual financial report (CAFR) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. The System's CAFR and the actuarial reports, which provide detailed information about the plans, are available on line at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications). The System's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at: Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, FL 32315-9000, or call 850-488-5706 or toll free at 877-377-1737.

#### *Plan Descriptions*

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, is administered, and may be amended in accordance with Chapter 121, Florida 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 non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Benefits under the FRS Pension Plan are computed based on 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. The percentage value for each year of service credit earned (for Regular class members) ranges from 1.60% to 1.68%. Benefits received are increased by an annual cost-of-living adjustment, ranging from 0% to 3% depending on effective dates of enrollment and retirement.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### **NOTE 5 – EMPLOYEE RETIREMENT PLAN (continued)**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established, administered, and subject to amendment 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. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received 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 under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

#### **Contributions**

Contribution requirements of active employees and participating employers are established by and may be amended only through an act of the Florida Legislature. The FRS requires a contribution of 3% of covered pay from employees. Those who are retirees of the FRS but are reemployed, do not make contributions. The School is required to contribute at an actuarially determined rate for all of these employees. Contribution rates and amounts are listed in the table below. Amounts contributed were equal to the required contribution for those years.

	2020	
	Regular	Retirees
Contribution Rates – %		
Retirement– Employer	6.75	3.56
HIS – Employer	1.66	1.66
Administrative– Employer	.06	--
Employee	3.00	--
Total	11.47	5.22
Contribution Amounts		
Employer	\$ 94,749	\$ 1,461
Employee	37,603	--
Totals	\$ 132,352	\$ 1,461

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

At June 30, 2020, the School reported a liability of \$1,057,522 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The following displays the School's proportionate shares for the two programs:

	Share at June 30, 2018	Share at June 30, 2019	Change
Florida Retirement System	0.001827199%	0.002036777%	0.000209578%
Health Insurance Subsidy	0.002744086%	0.003182447%	0.000438361%

## Notes to the Financial Statements

June 30, 2020

### Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

#### NOTE 5 – EMPLOYEE RETIREMENT PLAN (continued)

##### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)*

For the year ended June 30, 2020, the School recognized pension expense of \$218,753. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.	\$ 45,929	\$ 871
Changes of assumptions.	221,390	29,103
Net difference between projected and actual earnings on pension plan investments.	230	38,807
Changes in proportion and differences between School contributions and proportionate share of contributions.	130,571	14,682
School contributions subsequent to the measurement date.	96,210	--
<b>Total</b>	<b>\$ 494,330</b>	<b>\$ 83,463</b>

The School reported \$96,210 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following years:

Year Ending	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
<u>June 30,</u>			
2021	\$ 82,919	\$17,664	\$ 100,583
2022	21,575	17,158	38,733
2023	64,693	13,914	78,607
2024	49,027	8,772	57,799
2025	9,932	10,068	20,000
2026	4,993	10,057	15,050
2027	(214)	3,806	3,592
2028	--	293	293
<b>Total</b>	<b>\$ 232,925</b>	<b>\$ 81,732</b>	<b>\$ 314,657</b>

#### *Actuarial Assumptions and Discount Rate*

The total pension liability for each cost-sharing defined benefit plan was determined by an actuarial valuation as of July 1, 2019, using the entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, 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 6.90%. 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 3.50% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index.) Mortality assumptions for the FRS Pension Plan were changed as noted below and mortality assumptions for the HIS Program were updated based on the Generational RP-2000 with Projection Scale BB tables.

# Notes to the Financial Statements

June 30, 2020

## Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

### NOTE 5 – EMPLOYEE RETIREMENT PLAN (concluded)

#### *Actuarial assumptions and Discount Rate (concluded)*

The following changes in actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the active member mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability was increased from 3.87% to 3.50%.

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.* The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact of the School's proportionate share of the collective net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2019.

Florida Retirement System			Health Insurance Subsidy		
1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
\$ 1,212,552	\$ 701,438	\$ 274,571	\$ 406,488	\$ 356,084	\$ 314,103

*Long-term expected rate of return.* The long-term expected rate of return assumption of 6.90% consists of two building block components: 1) a real (in excess of inflation) return of 4.30%, consistent with the capital market outlook model developed during 2019 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.60% as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.90% reported investment return assumption differs from the 7.20% investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

The table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. 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>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.8%	16.5%
Real Estate (Property)	10%	6.7%	6.1%	11.7%
Private Equity	11%	11.2%	8.4%	25.8%
Strategic Investments	6%	5.9%	5.7%	6.7%

#### *Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS financial report.

# **Notes to the Financial Statements**

**June 30, 2020**

## **Caring and Sharing Learning School**

*A Component Unit of the Alachua County District School Board*

### **NOTE 6 – RELATED PARTY TRANSACTIONS**

The School rents 3.9 acres of land from a relative of the principal. The School signed a one-year contract for the year beginning July 1, 2018, and terminating June 30, 2019. The terms of the contract called for payments of \$3,800 per month. Another one-year contract under the same terms was signed for the year beginning July 1, 2019, and terminating June 30, 2020. The School's payments for the years ended June 30, 2020 and 2019, were \$45,600 and \$45,600, respectively.

The School pays three employees who are related to the School's Principal. The School paid these employees approximately \$169,000 in compensation during the year ended June 30, 2020.

**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2020**  
**Caring and Sharing Learning School**  
*A Component Unit of the Alachua County District School Board*

BUDGETED AMOUNTS

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
State Revenue:				
Florida Education Finance Program	\$ 1,271,361	\$ 1,240,338	\$ 1,240,338	\$ --
Other State Revenues	18,143	72,692	72,692	--
Local Revenue:				
Gifts, Grants and Bequests	15,000	27,881	27,881	--
Voluntary Prekindergarten Revenue	140,000	63,048	63,048	--
Afterschool Revenue	70,000	62,382	62,382	--
Summer Camp Revenue	75,000	88,294	88,294	--
Other Local Revenues	28,232	9,034	9,034	--
<b>Total Revenues</b>	<b><u>1,617,736</u></b>	<b><u>1,563,669</u></b>	<b><u>1,563,669</u></b>	<b><u>--</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	1,106,982	1,190,467	1,190,467	--
Instructional Support Services	460	14,845	14,845	--
General Support	261,611	293,675	293,675	--
Community Services	5,890	1,165	1,165	--
Operation of Plant	67,440	122,329	122,329	--
Debt Service:				
Principal	--	8,505	8,505	--
Interest	--	444	444	--
<b>Total Expenditures</b>	<b><u>1,442,383</u></b>	<b><u>1,631,430</u></b>	<b><u>1,631,430</u></b>	<b><u>--</u></b>
<b>Excess of Expenditures Over Revenues</b>	<b><u>175,353</u></b>	<b><u>(67,761)</u></b>	<b><u>(67,761)</u></b>	<b><u>--</u></b>
<b>Other Financing Sources</b>				
Debt Proceeds	--	259,450	259,450	--
<b>Net Change in Fund Balance</b>	<b><u>175,353</u></b>	<b><u>191,689</u></b>	<b><u>191,689</u></b>	<b><u>--</u></b>
<b>Fund Balances, July 1, 2019</b>	<b><u>--</u></b>	<b><u>83,996</u></b>	<b><u>83,996</u></b>	<b><u>--</u></b>
<b>Fund Balances, June 30, 2020</b>	<b><u>\$ 175,353</u></b>	<b><u>\$ 275,685</u></b>	<b><u>\$ 275,685</u></b>	<b><u>\$ --</u></b>

Note to 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 to actual amounts. The fund is the legal level of control.

**Budgetary Comparison Schedule – Special Revenue Fund**  
**For the Year Ended June 30, 2020**  
**Caring and Sharing Learning School**  
*A Component Unit of the Alachua County District School Board*

	<u>BUDGETED AMOUNTS</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Revenues:</b>				
Federal through State:				
Title I Grant	\$ 138,000	\$ 213,036	\$ 213,036	\$ --
Title II Grant	--	538	538	--
Title IV Grant	--	759	759	--
	<u>138,000</u>	<u>214,333</u>	<u>214,333</u>	<u>--</u>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	138,000	213,036	213,036	--
Community Services	--	1,297	1,297	--
<b>Total Expenditures</b>	<u><b>138,000</b></u>	<u><b>214,333</b></u>	<u><b>214,333</b></u>	<u><b>--</b></u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>--</b></u>
<b>Fund Balances, July 1, 2019</b>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>--</b></u>
<b>Fund Balances, June 30, 2020</b>	<u><u><b>\$ --</b></u></u>	<u><u><b>\$ --</b></u></u>	<u><u><b>\$ --</b></u></u>	<u><u><b>\$ --</b></u></u>

Note to 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 to actual amounts. The fund is the legal level of control.



## Schedules of School's Proportionate Share of the Net Pension Liability – Last 10 Fiscal Years

For the Year Ended June 30, 2020

### Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

#### Florida Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Proportion of the net pension liability (asset)	.0020%	.0018%	.0016%	.0018%	.0018%	.0018%				
Proportionate share of the net pension liability (asset)	\$ 701,438	\$ 550,362	\$ 486,716	\$ 226,526	\$ 111,436	\$ 111,436				
Covered-employee payroll	\$ 1,065,746	\$ 901,993	\$ 744,469	\$ 748,979	\$ 700,873	\$ 700,873				
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	62.82%	61.02%	65.38%	30.24%	15.90%	15.90%				
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	92.00%	96.09%	96.09%				

#### Health Insurance Subsidy Program

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Proportion of the net pension liability (asset)	.0032%	.0027%	.0023%	.0024%	.0024%	.0023%				
Proportionate share of the net pension liability (asset)	\$ 356,084	\$ 290,437	\$ 249,170	\$ 280,171	\$ 247,450	\$ 218,890				
Covered-employee payroll	\$ 1,065,746	\$ 901,993	\$ 744,469	\$ 743,146	\$ 748,979	\$ 700,873				
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.41%	32.2%	33.47%	37.70%	33.04%	31.23%				
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	.97%	.50%	.99%				

Note: The amounts presented were determined as of June 30 for each fiscal year.

Note: Amounts will be presented prospectively.

Note: There are no factors that significantly affect trends in the amounts reported.

## Schedules of Contributions – Last 10 Fiscal Years

For Year Ended June 30, 2020

### Caring and Sharing Learning School

*A Component Unit of the Alachua County District School Board*

#### Florida Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Required contribution	\$ 75,210	\$ 63,155	\$ 58,027	\$ 46,401	\$ 39,979	\$ 42,759				
Contributions in relation to the required contribution	<u>(75,210)</u>	<u>(63,155)</u>	<u>(58,027)</u>	<u>(46,401)</u>	<u>(39,979)</u>	<u>(42,759)</u>				
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>				
Covered-employee payroll	\$ 1,263,418	\$ 1,065,746	\$ 901,993	\$ 744,469	\$ 743,146	\$ 748,979				
Contributions as a percentage of covered-employee payroll	5.95%	5.93%	6.43%	6.23%	5.38%	5.71%				

#### Health Insurance Subsidy Program

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Required contribution	\$ 21,000	\$ 17,672	\$ 14,973	\$ 12,358	\$ 12,322	\$ 9,275				
Contributions in relation to the required contribution	<u>(21,000)</u>	<u>(17,673)</u>	<u>(14,973)</u>	<u>(12,358)</u>	<u>(12,322)</u>	<u>(9,275)</u>				
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>				
Covered-employee payroll	\$ 1,263,418	\$ 1,065,746	\$ 901,993	\$ 744,469	\$ 743,146	\$ 745,979				
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.24%				

Note: The amounts presented were determined as of June 30 for each fiscal year.

Note: Amounts will be presented prospectively.

Note: There are no significant trends in the amounts reported.

# Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 22, 2020

To the Board of Directors  
Caring and Sharing Learning School

We have audited the financial statements of Caring and Sharing Learning School (the School) for the year ended June 30, 2020, and have issued our report thereon dated September 22, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Qualitative Aspects of Accounting Practices

*Accounting Policies.* Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting Estimates.* Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Note 5 describes the estimates used to calculate net pension liability of the Florida Retirement System.

*Disclosures.* There are no disclosures that are particularly sensitive.

*Corrected and Uncorrected Misstatements.* Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There are no uncorrected misstatements.

### Our Working Relationship with Management

*Difficulties Encountered in Performing the Audit.* We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management.* For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations.* We have requested certain representations from management that are included in the management representation letter.

*Management Consultations with Other Independent Accountants.* In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Consultations Prior to Engagement.* We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

\*\*\*\*\*

This letter is intended solely for the information and use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Kattell and Company, P.L.*

Gainesville, Florida

# Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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## MANAGEMENT LETTER

To the Board of Directors,  
Caring and Sharing Learning School

September 22, 2020

**Report on the Financial Statements.** We have audited the financial statements of Caring and Sharing Learning School (the School), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 22, 2020.

**Auditors' Responsibility.** 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; and Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements.** We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* and Schedule of Findings. Disclosures in that report and schedule, which are dated September 22, 2020, 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. There are no uncorrected findings to report.

**Official Title.** Section 10.854(1)(e)5, Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Caring and Sharing Learning School, and the school code assigned by the Florida Department of Education is 01-0953.

### Financial Condition and Management.

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the 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 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 School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by 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, see Findings 2020-002, 2020-003, and 2020-004 in the Schedule of Findings.

**Transparency.** Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site 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 at August 10, 2020, the date of our procedures.

**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 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, the local district school board, the Board of Directors and management of the School, and is not intended to be and should not be used by anyone other than these specified parties.

\* \* \* \* \*

Thank you 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 any other matters.

*Kattell and Company, P.L.*

# Kattell and Company, P.L.

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors,  
Caring and Sharing Learning School

September 22, 2020

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 and each major fund of Caring and Sharing Learning School (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 22, 2020.

### 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency identified as 2020-001 in the accompanying Schedule of Findings to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

### School's Response to Findings

The School's response to our findings is described in the accompanying letter from the School. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

\* \* \* \* \*

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated September 22, 2020.

*Kattell and Company, P.L.*

**Schedule of Findings**  
**June 30, 2019**  
**Caring and Sharing Learning School**  
*A Component Unit of the Alachua County District School Board*

**Material Weakness in Internal Control**

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**2020-001      Controls over Financial Activity**

**Criteria:** Separation of duties is required for adequate internal control. However, normal assumptions about regarding the effectiveness of separation of duties may not hold true when those duties are performed by individuals who are related.

**Condition:** Four individuals who initiate and execute financial transactions are related, including the principal, his wife, sister, and mother.

**Effect:** Our testing did not reveal any invalid or unauthorized activity.

**Perspective:** A contracted accounting firm provides review and reconciliation procedures and the Board of Directors provides oversight procedures.

**Recommendation:** The School should review its processes for the review of cash receipts and disbursements to reduce the risk of invalid or unauthorized activity. We recommend having someone who is not a relative of the principal perform and document the following procedures each month:

- Review the monthly bank statements.
- Review the credit card statement activity and match to receipts.
- Trace cash receipts to bank statements.

**Recommendations to Improve Financial Management**

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**2020-002      Compensated Absences**

**Recommendation:** We recommend that the leave policies be communicated to all employees in writing. It would seem most appropriate to include such policies in the Employee Handbook.

**2020-003      Exemption from Telecommunication Taxes**

**Recommendation:** The School should communicate with its telecommunications service providers to obtain exemption from telecommunication taxes.

**2020-004      Land Lease**

**Recommendation 1.** The School should revise its lease for land to:

1. Ensure that the language is appropriate for the commercial use of the land, specifically the conduct of a charter school, and
2. Ensure that the term of the lease gives the School the option to extend the lease indefinitely.

**Recommendation 2.** The School should obtain an independent appraisal to support the amount paid on its land lease.

**Criteria.** The Internal Revenue Code prohibits the payment of excess compensation to members of management, the governing board, or their family members. However, there is no prohibition on paying at or below an amount considered reasonable compensation. An independent appraisal would be beneficial in the event of an IRS audit.



The Caring and Sharing Learning School  
2017 National Blue Ribbon School  
2010 National Title 1 Distinguished School

Mr. Curtis Peterson  
Principal

1951 S. E. 4<sup>th</sup> Street  
Gainesville, Florida 32641

Dr. Simon Johnson and Mrs. Verna Johnson  
Founders

9/22/2020

To Kattell and Company, P.L.

We appreciate your due diligence in completing our 2019-2020 school audit. Your professionalism and personal rapport should be commended.

We have reviewed your findings 2020-001 and accept the finding and have implemented adjustment based on your recommendation. We now have a non-related Assistant Principal who will now take on additional duties and be involved in the roles of financial activity to ensure the appearance of such activities remain above approach.

In addition, your recommendations 2020-002 and 2020-003 have been addressed and updated to reflect recommendations. 2020-004 is in the process and we are awaiting final appraisal and will align to appraisal recommendation.

Sincerely,

Curtis Peterson, Ed. S.  
Caring and Sharing Learning School  
Principal

"A Place Where Every Child Can Learn"  
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