

**ESCAMBIA CHARTER SCHOOL, INC.**

**A COMPONENT UNIT OF  
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**ESCAMBIA CHARTER SCHOOL, INC.  
A COMPONENT UNIT OF  
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Escambia Charter School, Inc. (the "School") (a component unit of the Escambia County District School Board), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2014, 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.

Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 9 and Budgetary Comparison Schedule - General Fund on page 25 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 School's basic financial statements. The Budgetary Comparison Schedule - Capital Projects Fund on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. We have applied certain limited procedures to the Budgetary Comparison Schedule - Capital Projects Fund 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***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Pensacola, Florida  
August 7, 2014

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

To the Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Escambia Charter School, Inc. (the "School") (a component unit of the Escambia County District School Board) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 7, 2014.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a significant deficiency.

#### **2009-1: Segregation of Duties**

##### *Auditor's Comment:*

Due to the small size of the School's office, there is a lack of segregation of duties among the staff. The lack of segregation creates instances in which one individual may perform both custodial and recording functions with certain assets. The basic premise of internal control is that no one employee should have access to both physical assets and related accounting records or to all phases of a transaction. We noted a lack of segregation of duties in that the principal can both approve invoices and sign checks.

We suggest that management continue to review its internal control structure and segregate duties among its staff to the greatest extent possible. Individuals outside of accounting can be used to mitigate situations where incompatible duties exist.

##### *Client's Corrective Action Plan:*

Due to our continued decreasing funding and relatively small size, we are currently unable to hire a new person to help with our segregation of duties issue. We have separated duties using an outside accountant, board members as well as our current staff to create the control procedures that remove the ability to commit fraud to the greatest extent possible. We will continue to review this area and make changes as available funding permits.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

## **2014-1: School Website**

### *Auditor's Comment:*

According to Section 1002.33(9)(p), Florida Statutes, the School should maintain a website in accordance with certain requirements. Per review of the website, the School's annual budget, minutes from the Board of Directors meetings, and information regarding the School's academic performance were not posted as required. We recommend management include the missing information on the School's website to comply with Section 1002.33(9)(p), Florida Statutes.

### *Client's Corrective Action Plan:*

We have resolved this issue by providing all the information required by Section 1002.33(9)(p), Florida Statutes, and adding it to our website.

## **The School's Response to Findings**

The School's responses to the findings identified in our audit are described above as "Client's Corrective Action Plan." The School's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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.



Pensacola, Florida  
August 7, 2014

**ESCAMBIA CHARTER SCHOOL, INC.  
A COMPONENT UNIT OF  
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

As management of Escambia Charter School, Inc., (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2014 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, and (d) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Basic Financial Statements found on pages 10 through 24.

### **FINANCIAL HIGHLIGHTS**

- As of June 30, 2014, the School's governmental funds reported combined ending fund balances of \$272,332, a decrease of \$9,653 in comparison with prior year.
- At June 30, 2014, unassigned balance for the general fund was \$242,019 and assigned balance for the capital projects fund was \$30,313.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the School that are principally supported by the Escambia County District School Board (the "District"), and state funding (governmental activities). The governmental activities of the School include instruction, pupil personnel services, instructional media services, instructional staff training, board, school administration, facilities acquisition and construction, fiscal services, central services, pupil transportation services, operation of plant, maintenance of plant, and interest on long-term debt.



**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**  
**(Continued)**

The government-wide financial statements can be found on pages 10 and 11 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 School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

*Government funds* - Government 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, governmental fund financial statements focus on near-term 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 12 and 14 of this report.

*Notes to the 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 financial statements can be found on pages 16 through 24 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

*Condensed financial information* - As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**  
**(Continued)**

	2014	2013
Total assets, excluding capital assets	\$ 296,964	\$ 298,893
Capital assets	<u>210,386</u>	<u>230,881</u>
Total assets	<u><u>\$ 507,350</u></u>	<u><u>\$ 529,774</u></u>
Total liabilities, excluding long-term liabilities	\$ 24,632	\$ 16,908
Long-term liabilities	<u>28,482</u>	<u>35,941</u>
Total liabilities	<u><u>53,114</u></u>	<u><u>52,849</u></u>
Net investment in capital assets	201,194	211,539
Unrestricted net position	<u>253,042</u>	<u>265,386</u>
Total net position	<u><u>454,236</u></u>	<u><u>476,925</u></u>
Total liabilities and net position	<u><u>\$ 507,350</u></u>	<u><u>\$ 529,774</u></u>
Program revenues:		
District	\$ 133,961	\$ 101,272
General revenues:		
District	756,707	647,723
Other	<u>5,700</u>	<u>12,796</u>
Total revenues	<u><u>896,368</u></u>	<u><u>761,791</u></u>
Program expenses:		
Instruction	380,326	475,450
Pupil personnel services	40,851	39,216
Instructional media services	25	2,987
Instruction and curriculum development	-	840
Instructional staff training	788	299
Board	416	435
School administration	3,949	7,467
Facilities acquisition and construction	25,331	24,875
Fiscal services	150,883	39,891
Central services	67,674	65,256
Pupil transportation services	120,218	145,606
Operation of plant	96,474	87,331
Maintenance of plant	31,332	19,781
Interest on long-term debt	<u>790</u>	<u>1,345</u>
Total expenses	<u><u>919,057</u></u>	<u><u>910,779</u></u>
Change in net position	<u><u>\$ (22,689)</u></u>	<u><u>\$ (148,988)</u></u>

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**  
**(Continued)**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds* - The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, the School's governmental funds reported combined ending fund balances of \$272,332.

**BUDGETARY HIGHLIGHTS**

The School made various amendments to the original budget during the year based on changes in expected funding sources and expenditures. The most significant budgetary amendment was to increase the amount budgeted for Escambia County District School Board revenue and instruction expenditures.

**CAPITAL ASSETS**

*Capital assets* - The School's investment in capital assets for its governmental activities as of June 30, 2014, amounted to \$210,386 (net of accumulated depreciation). This investment in capital assets includes buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, computer software, property under capital lease, building improvements, and construction in progress.

**ECONOMIC FACTORS**

Funding from the District according to the number of students enrolled primarily supports the School.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Escambia Charter School, Inc., P.O. Box 1147, Gonzalez, Florida 32560.

## **BASIC FINANCIAL STATEMENTS**

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

**ASSETS**

	Governmental Activities
<b>Assets:</b>	
Cash and cash equivalents	\$ 239,864
Certificate of deposit	49,798
Prepaid expenditures	7,302
Capital assets, net of accumulated depreciation of \$878,140	<u>210,386</u>
<b>Total Assets</b>	<u><u>\$ 507,350</u></u>

**LIABILITIES AND NET POSITION**

<b>Liabilities:</b>	
Accounts payable	\$ 14,998
Accrued liabilities	9,634
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	6,842
Compensated absences	5,688
Portion due or payable after one year:	
Notes payable	2,350
Compensated absences	<u>13,602</u>
Total liabilities	<u>53,114</u>
<b>Net Position:</b>	
Net investment in capital assets	201,194
Unrestricted	<u>253,042</u>
Total net position	<u>454,236</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 507,350</u></u>

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

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**

		Program Revenues		Net (Expense)
		Operating	Capital	Revenue and
		Grants and	Grants and	Change in
	Expenses	Contributions	Contributions	Net Position
<b>Functions:</b>				
<b>Governmental activities:</b>				
Instruction	\$ 380,326	\$ 90,902	\$	\$ (289,424)
Pupil personnel services	40,851			(40,851)
Instructional media services	25			(25)
Instructional staff training	788			(788)
Board	416			(416)
School administration	3,949			(3,949)
Facilities acquisition and construction	25,331			(25,331)
Fiscal services	150,883			(150,883)
Central services	67,674			(67,674)
Pupil transportation services	120,218	43,059		(77,159)
Operation of plant	96,474			(96,474)
Maintenance of plant	31,332			(31,332)
Interest on long-term debt	790			(790)
Total governmental activities	<u>\$ 919,057</u>	<u>\$ 133,961</u>	<u>\$ -</u>	<u>(785,096)</u>
<b>General revenues:</b>				
		State aid -		
		Formula grants		682,488
		Capital outlay funds		74,219
		Miscellaneous local sources		5,110
		Interest income		259
		Private contributions		331
		Total general revenues		<u>762,407</u>
		<b>Change in Net Position</b>		<u>(22,689)</u>
		<b>Net Position at July 1, 2013</b>		<u>476,925</u>
		<b>Net Position at June 30, 2014</b>		<u>\$ 454,236</u>

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

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

**ASSETS**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 205,933	\$ 33,931	\$ 239,864
Certificate of deposit		49,798	49,798
Due from other funds	53,873		53,873
Prepaid expenditures	6,345	957	7,302
<b>Total Assets</b>	<u><u>\$ 266,151</u></u>	<u><u>\$ 84,686</u></u>	<u><u>\$ 350,837</u></u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>			
Due to other funds	\$	53,873	\$ 53,873
Accounts payable	14,498	500	14,998
Accrued liabilities	9,634		9,634
Total liabilities	<u><u>24,132</u></u>	<u><u>54,373</u></u>	<u><u>78,505</u></u>
<b>Fund Balances:</b>			
Unrestricted:			
Unassigned	242,019		242,019
Assigned		30,313	30,313
Total fund balances	<u><u>242,019</u></u>	<u><u>30,313</u></u>	<u><u>272,332</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 266,151</u></u>	<u><u>\$ 84,686</u></u>	<u><u>\$ 350,837</u></u>

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

**ESCAMBIA CHARTER SCHOOL, INC.  
A COMPONENT UNIT OF  
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

<b>Total Fund Balances - Governmental Funds</b>	\$ 272,332
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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 as assets in the governmental funds. The cost of the assets is \$1,088,526 and the accumulated depreciation is \$878,140.	210,386
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(28,482)</u>
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<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 454,236</u></u>
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**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>			
Intergovernmental:			
Escambia County District School Board	\$ 802,059	\$ 74,219	\$ 876,278
Title I teacher funding	14,390		14,390
Other	5,551	149	5,700
	<hr/>	<hr/>	<hr/>
Total revenues	822,000	74,368	896,368
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current - Education:			
Instruction	360,231	10,094	370,325
Pupil personnel services	40,851		40,851
Instructional media services	25		25
Instructional staff training	788		788
Board	416		416
School administration	3,949		3,949
Facilities acquisition and construction		6,500	6,500
Fiscal services	150,883		150,883
Central services	50,675	2,745	53,420
Pupil transportation services	107,433	4,899	112,332
Operation of plant	94,283		94,283
Maintenance of plant	8,745	17,556	26,301
Debt Service:			
Principal	3,617	6,533	10,150
Interest	201	589	790
Capital Outlay:			
Instruction	3,811		3,811
Central services		8,124	8,124
Operation of plant		2,897	2,897
Maintenance of plant		20,176	20,176
	<hr/>	<hr/>	<hr/>
Total expenditures	825,908	80,113	906,021
	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balances</b>	(3,908)	(5,745)	(9,653)
<b>Fund Balances at July 1, 2013</b>	<hr/> 245,927	<hr/> 36,058	<hr/> 281,985
<b>Fund Balances at June 30, 2014</b>	<hr/> <hr/> \$ 242,019	<hr/> <hr/> \$ 30,313	<hr/> <hr/> \$ 272,332

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

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**

<b>Net Change In Fund Balances - Governmental Funds</b>	\$	(9,653)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which current year depreciation expense (\$55,503) exceeds capital outlays (\$35,008).		(20,495)
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In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(2,691)
--	--	---------

Principal payments on long-term debt are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.		10,150
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<b>Change in Net Position - Governmental Activities</b>	\$	<u>(22,689)</u>
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**ESCAMBIA CHARTER SCHOOL, INC.  
A COMPONENT UNIT OF  
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*The Reporting Entity:*

Escambia Charter School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors. The president of the not-for-profit corporation is the executive officer of the School.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Escambia County District School Board. The current charter is effective until June 30, 2019. The School is considered a component unit of the Escambia County District School Board.

Criteria for determining if other entities are potential component units which should be reported within the School's financial statements are identified and described in the Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's 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 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 nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates 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 to individuals who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ESCAMBIA CHARTER SCHOOL, INC.  
A COMPONENT UNIT OF  
THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Financial Statement Presentation:*

The accompanying financial statements of the School have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The government-wide financial statements are prepared 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.

Program revenues included in the statement of activities derive directly from the program itself or from parties outside the School. Program revenues reduce the cost of the function to be financed from the School's general revenues.

**FUND FINANCIAL STATEMENTS (FFS) - GOVERNMENTAL FUNDS**

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant 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. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The School reports the following major governmental funds:

**GOVERNMENTAL FUNDS**

*General Fund* - The General Fund is the general operating fund of the School. It accounts for all financial resources except those required to be accounted for in another fund.

*Capital Projects Fund* - The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the General Fund.

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Restricted and Unrestricted Resources:*

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. Within the unrestricted category, committed resources are used first, then assigned resources, if any, followed by unassigned resources as needed.

*Assigned Fund Balance:*

The Florida Commissioner of Education allocates capital outlay funds to eligible charter schools, and those funds are assigned to the School's Capital Projects Fund. Capital outlay funds are to be used for the following purposes: purchase of real property, construction of school facilities, purchase, lease-purchase, or lease of permanent or relocatable school facilities, purchase of vehicles to transport students, or renovation, repair, and maintenance of school facilities that a charter school owns or is purchasing through a lease-purchase or long-term lease.

*Use of Estimates:*

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

*Income Taxes:*

The organization is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

*Elimination and Reclassifications:*

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

*Short-Term Interfund Receivables and Payables:*

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as due from other funds or due to other funds on the FFS balance sheet.

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Capital Assets:*

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following estimated useful lives:

Buildings and fixed equipment	20 - 40 years
Furniture, fixtures and equipment	3 - 10 years
Motor vehicles	4 - 10 years
Computer software	5 - 10 years
Property under capital lease	5 - 10 years
Building improvements	7 - 40 years

*Long-Term Debt and Compensated Absences:*

All long-term debt is recorded as liabilities in the GWFS when incurred. Principal and interest payments are recorded as expenditures in the General Fund or Capital Fund Projects Fund in the FFS, with a corresponding reduction in the liability in the GWFS for the amount of the principal payment. Compensated absences are recorded as expenditures when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave.

*Revenue Sources:*

The School's primary revenue source is the Escambia County District School Board (the "District"). Pursuant to the provision of the School's charter and Section 1002.33, Florida Statutes, the School reports full time equivalents ("FTEs") to the District. The District, under Section 1011.62, Florida Statutes, then reports the number of FTEs to the Florida Department of Education for funding under the Florida Education Finance Program. The District retains an administration charge from the total FTE funding attributed to the School, therefore actual revenue recorded by the School represents the remainder of FTE funding after the administrative charge. School revenue is adjusted during the year to reflect changes in the number of FTEs.

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

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Revenue Sources (Continued):*

The School receives funding under the provisions of Section 1013.62, Florida Statutes, which provides capital outlay funding for charter schools. This amount is recorded as deferred revenue rather than as revenue until the School incurs and requests reimbursement for qualifying capital outlay expenditures. Awards received from the capital outlay program are made from funds appropriated by Legislature and may be used for any lawful capital outlay purpose that is directly related to the functioning of the charter school.

*Budgetary Data:*

The School utilizes the following procedures in establishing budgetary data:

The president submits to the Board of Directors the proposed annual budgets for the General Fund and the Capital Projects Fund for the fiscal year commencing the next July 1. The Board of Directors legally enacts the budget through adoption, and the budget is revised periodically throughout the school year, when deemed appropriate. Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the total expenditures level.

*Risk Management Programs:*

Automobile liability, general liability, property, employee bond, and workers' compensation coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage for the last three years.

**NOTE 2 - CASH AND INVESTMENTS**

The School's cash and investments consist of petty cash, demand deposits, and a certificate of deposit. At year end, the carrying amount of the School's deposits was \$289,662 and the bank balance was \$284,967, all of which was held by qualified public depositories under Chapter 280, Florida Statutes. Accordingly, all of the deposits are considered to be fully insured.

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2014 consisted of \$53,873 due to the General Fund from the Capital Projects Fund.

**NOTE 4 - CAPITAL ASSETS**

Changes in capital assets were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Buildings and fixed equipment	\$ 178,880	\$ 13,527	\$	\$ 192,407
Furniture, fixtures and equipment	278,716	13,082		291,798
Motor vehicles	371,301			371,301
Computer software	34,426			34,426
Property under capital lease	25,555			25,555
Building improvements	164,640	6,649		171,289
Construction in progress		1,750		1,750
Totals at historical cost	<u>1,053,518</u>	<u>35,008</u>	<u>-</u>	<u>1,088,526</u>
Less accumulated depreciation:				
Buildings and fixed equipment	101,496	17,728		119,224
Furniture, fixtures and equipment	231,421	15,460		246,881
Motor vehicles	344,668	6,444		351,112
Computer software	33,867			33,867
Property under capital lease	22,226	2,990		25,216
Building improvements	88,959	12,881		101,840
Total accumulated depreciation	<u>822,637</u>	<u>55,503</u>	<u>-</u>	<u>878,140</u>
Capital assets, net	<u>\$ 230,881</u>	<u>\$ (20,495)</u>	<u>\$ -</u>	<u>\$ 210,386</u>



**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 7,310
Facilities acquisition and construction	18,831
Central services	14,254
Pupil transportation services	7,886
Operation of plant	2,191
Maintenance of plant	<u>5,031</u>
	<u>\$ 55,503</u>

**NOTE 5 - LONG-TERM LIABILITIES**

Changes in long-term liabilities were as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Note payable	\$ 15,725	\$	\$ (6,533)	\$ 9,192	\$ 6,842
Capital lease obligations	3,617		(3,617)	-	-
Compensated absences	<u>16,599</u>	<u>2,691</u>		<u>19,290</u>	<u>5,688</u>
Total	<u>\$ 35,941</u>	<u>\$ 2,691</u>	<u>\$ (10,150)</u>	<u>\$ 28,482</u>	<u>\$ 12,530</u>

The School has a note payable to a financial institution that matures in October 2015, is secured by the vehicle purchased with the loan proceeds, is subject to an interest rate of 4.55%, and has monthly installments of \$593 (including principal and interest).

Compensated absences records relate only to hours earned, used, and available; therefore, the net change in compensated absences payable is reflected in the previous schedule.

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

Maturity of the note payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 6,842	\$ 277	\$ 7,119
2016	2,350	22	2,372
	<u>\$ 9,192</u>	<u>\$ 299</u>	<u>\$ 9,491</u>

**NOTE 6 - SCHEDULE OF REVENUE SOURCES**

The following is a schedule of revenue sources and amounts:

Sources	General Fund	Capital Projects Fund
Escambia County District School Board:		
Florida Education Finance Program	\$ 800,559	\$
Capital outlay		74,219
Title I teacher funding	14,390.00	
Other state funding	1,500	
Miscellaneous local sources	5,110	
Interest income	110	149
Private contributions	331	
	<u>\$ 822,000</u>	<u>\$ 74,368</u>
Total		

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 - EMPLOYEE BENEFIT PLAN**

The School has a 401(k) retirement plan covering substantially all employees who have completed one year of service with the School. The plan includes provisions for an employer match of 25% of employee contributions up to 6% of the employee's salary. The School contributions to the Plan amounted to \$2,527 during the year ended June 30, 2014.

**NOTE 8 - OPERATING LEASE OBLIGATIONS**

The School leases land and a building from Escambia County. The five-year lease, which began in 1998, is considered an operating lease and was renewed for an additional period to end May 15, 2018. The monthly lease payment was \$500 through June 30, 2014. The lease payments are included in current facilities acquisition and construction under the Capital Projects Fund. The lease is cancelable by either party with ninety days notice. The minimum future payments under the lease total \$6,000 for each year ending June 30, 2015 through 2017 and \$5,500 for the year ending June 30, 2018.

**NOTE 9 - CONTINGENCIES**

As stated in Note 1, the School has received charter school capital outlay funding. The disbursement of funds received under this program is subject to review and audit by awarding agencies, and these funds are restricted to use for lawful capital outlay expenditures only. Any disbursements disallowed by the awarding agency could become liabilities of the School. In the event the School terminates operation, all unencumbered funds and all equipment and property purchased with capital outlay funds revert back to the ownership of the District.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Intergovernmental:				
Escambia County District School Board	\$ 668,100	\$ 802,059	\$ 802,059	\$ -
Title I teacher funding	14,000	14,390	14,390	-
Other	5,620	5,549	5,551	2
Total revenues	687,720	821,998	822,000	2
<b>Expenditures:</b>				
Current - Education:				
Instruction	323,790	360,220	360,231	(11)
Pupil personnel services	35,296	40,922	40,851	71
Instructional media services	-	25	25	-
Instructional staff training	-	788	788	-
Board	360	415	416	(1)
School administration	3,356	3,944	3,949	(5)
Fiscal services	145,640	150,885	150,883	2
Central services	42,397	51,797	50,675	1,122
Pupil transportation services	114,744	108,206	107,433	773
Operation of plant	80,084	93,916	94,283	(367)
Maintenance of plant	12,000	8,742	8,745	(3)
Debt Service:				
Principal	5,841	3,618	3,617	1
Interest	-	200	201	(1)
Capital Outlay:				
Instruction	4,000	3,800	3,811	(11)
Total expenditures	767,508	827,478	825,908	1,570
Net Change in Fund Balance	(79,788)	(5,480)	(3,908)	1,572
Fund Balance at July 1, 2013	245,927	245,927	245,927	-
Fund Balance at June 30, 2014	\$ 166,139	\$ 240,447	\$ 242,019	\$ 1,572

**ESCAMBIA CHARTER SCHOOL, INC.**  
**A COMPONENT UNIT OF**  
**THE ESCAMBIA COUNTY DISTRICT SCHOOL BOARD**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Amounts	
<b>Revenues:</b>				
Intergovernmental:				
Escambia County District School Board	\$ 60,000	\$ 74,200	\$ 74,219	\$ 19
Other	960	150	149	(1)
Total revenues	60,960	74,350	74,368	18
<b>Expenditures:</b>				
Current - Education:				
Instruction	6,500	10,050	10,094	(44)
Facilities acquisition and construction	6,000	6,500	6,500	-
Central services	-	2,745	2,745	-
Pupil transportation services	-	4,900	4,899	1
Maintenance of plant	4,200	17,555	17,556	(1)
Debt Service:				
Principal	6,180	6,530	6,533	(3)
Interest	720	585	589	(4)
Capital Outlay:				
Instruction	3,000	-	-	-
Facilities acquisition and construction	3,000	-	-	-
Central services	3,000	8,125	8,124	1
Operation of plant	3,000	2,895	2,897	(2)
Maintenance of plant	3,000	20,174	20,176	(2)
Total expenditures	38,600	80,059	80,113	(54)
<b>Net Change in Fund Balance</b>	22,360	(5,709)	(5,745)	(36)
<b>Fund Balance at July 1, 2013</b>	36,058	36,058	36,058	-
<b>Fund Balance at June 30, 2014</b>	\$ 58,418	\$ 30,349	\$ 30,313	\$ (36)

## **OTHER SUPPLEMENTARY INFORMATION**

## MANAGEMENT LETTER

To the Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

### Report on the Financial Statements

We have audited the financial statements of Escambia Charter School, Inc. (the “School”) (a component unit of the Escambia County District School Board), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated August 7, 2014.

### Auditor’s 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.

### Other Reporting Required by *Government Auditing Standards*

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 August 7, 2014, 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 audit report, except finding 2009-1. Finding 2009-1 has been reported in each of the two preceding audit reports.



Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

### **Financial Condition**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply 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 the review of the financial information provided by same.

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit and as described in Finding 2014-1, we determined that the School did not maintain its Web site according to the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Escambia Charter School, Inc.

Board of Directors  
Escambia Charter School, Inc.  
Pensacola, Florida

**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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Saltmarsh Claudland & Gund". The signature is written in a cursive, flowing style.

Pensacola, Florida  
August 7, 2014