

A decorative border of colored pencils surrounds the text. The pencils are arranged in a rectangular frame, with some pencils oriented vertically and others horizontally. The colors include yellow, blue, red, green, and brown. At the bottom right, there is a small blue cup containing several colored pencils.

Alachua Learning Academy
Elementary School

An elementary school program of
Alachua Learning Center, Inc.

A Component Unit of the Alachua County District School Board

Financial Statements
And
Independent Auditors' Reports

June 30, 2018

KATTELL AND COMPANY, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue
Gainesville, Florida 32601

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Financial Statements and Independent Auditors' Reports

June 30, 2018

Alachua Learning Academy Elementary School

A Component Unit of the Alachua County District School Board

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alachua Learning Center, Inc.

September 28, 2018

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alachua Learning Academy Elementary School (the School), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2018, 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, 2018, 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. As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2018, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Alachua Learning Center, Inc. These financial statements do not purport to and do not present fairly the financial position of Alachua Learning Center, Inc. as of June 30, 2018, and its changes in financial position for the year then ended in conformity with accounting principles accepted in the United States of America.

Required Supplementary Information. Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison schedules, 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*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, 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 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 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.

Gainesville, Florida

Management's Discussion and Analysis
June 30, 2018
Alachua Learning Academy Elementary 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, 2018. Please read it in conjunction with the School's financial statements, which follow this section.

Alachua Learning Center, Inc. operates as two different schools, a middle school and an elementary school. Although this discussion and analysis is for the elementary school alone, it should be noted that Alachua Learning Center, Inc. has elected to report all capital assets, and long-term debt, if any, in the financial statements of the middle school.

The following are various financial highlights for fiscal year 2018:

- The School's overall Net Position increased by approximately \$170,000, which is a 50% increase.
- Total ending unrestricted Net Position was \$511,226.
- The School had total expenses for the year of approximately \$668,000 compared to revenues of approximately \$838,000.
- The School educated 108 and 109 students in the years ending June 30, 2018 and 2017, respectively, serving grades K-5.

OVERVIEW OF THE SPECIAL PURPOSE 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 liabilities 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 liabilities – 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. All three 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, 2018
Alachua Learning Academy Elementary School, Inc.
A Component Unit of the Alachua County District School Board

CONDENSED FINANCIAL INFORMATION

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

	2018 Governmental Activities	2017 Governmental Activities
Net Position		
Assets:		
Non-capital Assets	\$ 511,269	\$ 387,689
Total Assets	<u>511,269</u>	<u>387,689</u>
Liabilities:		
Current Liabilities	43	46,851
Total Liabilities	<u>43</u>	<u>46,851</u>
Net Position:		
Restricted for Capital Outlay	41,035	--
Unrestricted	470,191	340,838
Total Net Position	<u>\$ 511,226</u>	<u>\$ 340,838</u>
Change in Net Position		
Program Revenues:		
Capital Grants & Contributions	\$ 60,393	\$ 30,558
General Revenues:		
USAC E-Rate Grant	5,916	--
Title I Grant	41,040	36,808
Florida Education Finance Program	709,389	706,188
Other State Revenues	21,108	13,124
Unrestricted Investment Earnings	198	160
Total Revenues	<u>838,044</u>	<u>786,838</u>
Program Expenses:		
Instruction	392,643	343,827
Instructional Support Services	8,576	10,140
General Support	266,437	339,712
Community Service	--	18,035
Total Expenses	<u>667,656</u>	<u>711,714</u>
Change in Net Position	<u>170,388</u>	<u>75,124</u>
Beginning Net Position	<u>340,838</u>	<u>265,714</u>
Ending Net Position	<u>\$ 511,226</u>	<u>\$ 340,838</u>

Management's Discussion and Analysis
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$60,393 in program revenues and \$777,651 of general revenues, and incurred \$667,656 of program expenses. This resulted in a \$170,388 increase in Net Position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund increased by \$129,353, from \$340,838 to \$470,191.

Special Revenue Fund. The fund balance of the Special Revenue Fund remained the same at \$0. This is expected due to the nature of Title I funding.

Capital Projects Fund. The fund balance of the Capital Projects Fund increased to \$41,035 from zero. Capital outlay funding exceeded eligible expenditures for the year.

BUDGETARY HIGHLIGHTS

General Fund. There were no significant differences between original and final budgets. There were no differences between the final budget and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The School and the Alachua Learning Academy Middle School are programs operated by Alachua Learning Center, Inc. (the Corporation). The Corporation has elected to report all capital assets and all long term debt in the special purpose financial statements of the Middle School. As such, there will be no capital asset and debt administration activities reported in these special purpose financial statements.

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 Krishna Rivera, Director; 11100 W SR 235, Alachua, Florida 32615.

Statement of Net Position
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

	Governmental Activities
Assets	
Cash	\$ 488,829
Grants Receivable	5,711
Due from Middle School	<u>16,729</u>
Total Assets	<u>511,269</u>
Liabilities	
Accounts Payable	<u>43</u>
Total Liabilities	<u>43</u>
Net Position	
Restricted for Capital Outlay	41,035
Unrestricted	<u>470,191</u>
Total Net Position	<u><u>\$ 511,226</u></u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

	Program Revenues				Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (392,643)	\$ --	\$ --	\$ --	\$ (392,643)
Instructional Support	(8,576)	--	--	--	(8,576)
General Support	(266,437)	--	--	60,393	(206,044)
Community Service	--	--	--	--	--
Total	<u>\$ (667,656)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 60,393</u>	<u>(607,263)</u>

General Revenues:

Federal:	
USAC E-Rate Grant	5,916
Federal Through State:	
Title I Grant	41,040
State Revenue:	
Florida Education Finance Program	709,389
Other State Revenues	21,108
Unrestricted Investment Earnings	<u>198</u>
Total General Revenues	<u>777,651</u>
Change in Net Position	170,388
Net Position – Beginning of Year	<u>340,838</u>
Net Position – End of Year	<u><u>\$ 511,226</u></u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ 447,794	\$ --	\$ 41,035	\$ 488,829
Grants Receivable	5,711	--	--	5,711
Due from Middle School	16,729			16,729
Total Assets	<u>\$ 470,234</u>	<u>\$ --</u>	<u>\$ 41,035</u>	<u>\$ 511,269</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 43	\$ --	\$ --	\$ 43
Total Liabilities	43	--	--	43
Fund Balances:				
Restricted for Capital Outlay	--	--	41,035	41,035
Unassigned	470,191	--	--	470,191
Total Fund Balances	470,191	--	41,035	511,226
Total Liabilities and Fund Balances	<u>\$ 470,234</u>	<u>\$ --</u>	<u>\$ 41,035</u>	<u>\$ 511,269</u>

See accompanying notes.

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

June 30, 2018

Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

Fund Balances – Total Governmental Funds	\$ 511,226
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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 reported in the governmental funds:

Capital Assets – Net of Accumulated Depreciation	--
--	----

Net Position of Governmental Activities	<u>\$ 511,226</u>
--	--------------------------

See accompanying notes.

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

For the Year Ended June 30, 2018

Alachua Learning Academy Elementary School

A Component Unit of the Alachua County District School Board

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Federal:				
USAC E-Rate Grant	\$ 5,916	\$ --	\$ --	\$ 5,916
Federal through State:				
Title I Grant	--	41,040	--	41,040
State Revenue:				
Florida Education Finance Program	709,389	--	--	709,389
State Recognition Program	10,852	--	--	10,852
Public Education Capital Outlay	--	--	19,738	19,738
Other State Revenue	10,213	43	--	10,256
Local Revenue:				
Local Capital Improvement Revenue	--	--	40,655	40,655
Unrestricted Investment Earnings	198	--	--	198
Total Revenues	736,568	41,083	60,393	838,044
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	351,560	41,083	--	392,643
Instructional Support	8,576	--	--	8,576
General Support	247,079	--	--	247,079
Community Service	--	--	--	--
Capital Outlay	--	--	19,358	19,358
Total Expenditures	607,215	41,083	19,358	667,656
Excess of Revenues Over/(Under)				
Expenditures	129,353	--	41,035	170,388
Fund Balances, July 1, 2017	340,838	--	--	340,838
Fund Balances, June 30, 2018	\$ 470,191	\$ --	\$ 41,035	\$ 511,226

See accompanying notes.

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

For the Year Ended June 30, 2018

Alachua Learning Academy Elementary School

A Component Unit of the Alachua County District School Board

Excess of Revenues over Expenditures – Total Governmental Funds	\$ 170,388
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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:	<u> -- </u>
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Change in Net Position of Governmental Activities	<u>\$ 170,388</u>
--	--------------------------

See accompanying notes.

Notes to the Financial Statements
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

NOTE 1 – REPORTING ENTITY

Alachua Learning Center, Inc. (the Corporation) 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 Corporation operates an elementary school under the name “Alachua Learning Academy Elementary School” and a middle school under the name “Alachua Learning Academy Middle School” (Middle School). These special purpose financial statements are those of the Alachua Learning Academy Elementary School (the School) only. The governing body of the School is the Corporation’s Board of Directors. The School is a program of the Corporation; the Corporation is considered a component unit of the Alachua County District School Board (the District).

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the District, the sponsoring entity. The current charter is effective until June 30, 2031, 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.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 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.

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.

Notes to the Financial Statements
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (concluded)

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

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

Fund Financial Statements

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

The following 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, if any, are recorded only when payment is due.

Notes to the Financial Statements
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (concluded)

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

Cash

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2018, amounts exceeded FDIC insurance coverage by \$237,223. The School has no policy regarding deposit custodial credit risk.

Capital Assets and Depreciation

The School is a program of the Corporation. The School contributes to the purchase of capital assets, but the Corporation has elected to report all capital assets in the special purpose financial statements of the Middle School. As such, the School does not report capital assets in these special purpose financial statements.

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 FTE 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.

Compensated Absences

The School's employees had no unused sick and vacation time at the end of the school year. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations would be 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. The School has no long-term liabilities.

Notes to the Financial Statements
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Net Position

Net position represents the difference between assets and liabilities and is reported, as applicable, 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. The balance of the net position is reported as *unrestricted*.

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

Fund Balance 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.

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 Director. Assigned fund balance includes spendable fund balance amounts established by the Director that are intended to be used for specific purposes that are neither considered restricted nor 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 Director. 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 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.

Notes to the Financial Statements
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

NOTE 3 – OPERATING LEASE

The Corporation had a lease for land for the School's premises. The lease began on November 1, 2007, and ended November 1, 2017. The School has the option to renew the lease for another five years. The lease has not been renewed; however, it is continuing on a month to month basis. Total paid for the fiscal year ending June 30, 2018, was \$17,160.

NOTE 4 – 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 Corporation has purchased commercial insurance which covers both the Elementary School and the Middle School. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

NOTE 5 – RETIREMENT

The Corporation has elected to report the costs of all retirement benefits in the special purpose financial statements of the Middle School. The School reimburses the Middle School for the School's share of all personnel costs, including retirement. Retirement costs paid by the Corporation are disclosed in the financial statements of the Middle School.

The Corporation made contributions on behalf of its employees to a 457(b) Deferred Compensation Plan managed by Mass Mutual Financial Group. The Corporation matches employee contributions up to five percent of each eligible employee's salary. The Board of Directors of the Corporation has the authority to amend or terminate this benefit.

NOTE 6 – INTER-COMPANY TRANSACTIONS

The Middle School pays all of the expenses of the School. The School reimburses the Middle School for all direct costs of the School as well as a share of other costs: Below is a breakdown of the associated costs:

Salaries and Payroll Taxes - Teachers and Administration	\$ 515,596
Supplies and Curriculum	19,782
Facilities Costs	10,217
Accounting Services	14,071
Professional Fees	7,066
Operation of Plant	72,091
Maintenance of Plant	20,012
Other	7,008
Total	<u><u>\$ 665,843</u></u>

NOTE 7 – CONTINGENCIES

The School is subject to occasional lawsuits and claims arising in the normal conduct of business. In the opinion of management, the ultimate disposition of these matters, if any, will not have a significant impact on the financial position of the School.

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2018

Alachua Learning Academy Elementary School

A Component Unit of the Alachua County District School Board

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Federal:				
USAC E-Rate Grant	\$ --	\$ 5,916	\$ 5,916	\$ --
State Revenue:				
Florida Education Finance Program	706,188	709,389	709,389	--
State Recognition Program	11,027	10,852	10,852	--
Other State Revenue	1,855	10,213	10,213	--
Local Revenue:				
Interest	160	198	198	--
Total Revenues	719,230	736,568	736,568	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	417,809	351,560	351,560	--
Instructional Support Services	13,720	8,576	8,576	--
General Support	227,709	247,079	247,079	--
Community Service	19,000	--	--	--
Total Expenditures	678,238	607,215	607,215	--
Excess of Revenues Over Expenditures	40,992	129,353	129,353	--
Fund Balances, July 1, 2017	--	340,838	340,838	--
Fund Balances, June 30, 2018	\$ --	\$ 470,191	\$ 470,191	\$ --

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. The fund is the legal level of control.

Budgetary Comparison Schedule – Special Revenue Fund

For the Year Ended June 30, 2018

Alachua Learning Academy Elementary School

A Component Unit of the Alachua County District School Board

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Federal through State:				
Title I Grant	\$ 36,808	\$ 41,040	\$ 41,040	\$ --
Other State Revenue	242	43	43	--
Total Revenues	37,050	41,083	41,083	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	37,050	41,083	41,083	--
Total Expenditures	37,050	41,083	41,083	--
Excess of Revenues Over Expenditures	--	--	--	--
Fund Balances, July 1, 2017	--	--	--	--
Fund Balances, June 30, 2018	\$ --	\$ --	\$ --	\$ --

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. The fund is the legal level of control.

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 28, 2018

To the Board of Directors
Alachua Learning Center, Inc.

We have audited the special purpose financial statements of Alachua Learning Academy Elementary School (the School), a program of Alachua Learning Center, Inc., for the year ended June 30, 2018, and have issued our report thereon dated September 28, 2018. 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 July 22, 2018. 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. There are no estimates that are particularly sensitive.

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. We have communicated all known and likely adjustments to management and all adjustments have been reflected in the financial statements.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no 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.

Kattell and Company, P.L.

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MANAGEMENT LETTER

To the Board of Directors,
Alachua Learning Center, Inc.

September 28, 2018

Report on the Financial Statements. We have audited the financial statements of Alachua Learning Academy Elementary School (the School), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 28, 2018.

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

Other Reports and Schedules. 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 28, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In that regard, there are no uncorrected findings to report.

Official Title. 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 Alachua Learning Academy Elementary School.

Financial Condition. Sections 10.854(1)(e)2., Rules of the Auditor General requires that we report the results of our determination as to 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.

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 the review of financial information provided by same.

Transparency. Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website all of 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 which warrants the attention of those charged with governance. See Finding 2018-001 in the Schedule of 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.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

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
Alachua Learning Center, Inc.

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 Alachua Learning Academy Elementary School (the School), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 28, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 28, 2018.

September 28, 2018
Gainesville, Florida

Kattell and Company, P.L.

Schedule of Findings
June 30, 2018
Alachua Learning Academy Elementary School
A Component Unit of the Alachua County District School Board

Immaterial Noncompliance

Finding 2018-001 Public Funds Designation

Criteria: Any unit of Florida government must comply with Chapter 280, Florida Statutes when placing any public funds on deposit in a bank or savings association, including a) ensure that the moneys are placed in a qualified public depository and b) execute a prescribed form for identification of each public deposit account and obtain acknowledgment of receipt of the form from the qualified public depository.

Condition: Although the School's bank account is in a qualified public depository, the bank does not have the School's deposits designated as public funds.

Recommendation: The School should complete the prescribed form, obtain acknowledgment of receipt, and ensure that all accounts remain designated as public funds.



ALACHUA LEARNING ACADEMY

Elementary & Middle School

Established 1996

9/28/2018

Kattel and Company, P.L.
808-B NW 16th Ave
Gainesville, FL 32601

RE: Alachua Learning Academy Elementary School Audit 6/2018

Dear Sirs/Madam:

We have received the results of the June 30, 2018 audit report of our school conducted by your firm.

We will make the following adjustments:

- 2018-001 - The School should complete the prescribed form, obtain acknowledgment of receipt, and ensure that all accounts remain designated as public funds.

We appreciate your professionalism and look forward to working with you again.

Sincerely,

Krishna Rivera
Administrative Director

Educating students to become exemplary citizens of the world with H.E.A.R.T.

PO Box 1389 - 11100 SR 235 Alachua FL 32616

Ph: (386) 418-2080 Fax: (386) 418- 4116

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