

Central Charter School
A Division of Assistance Unlimited, Inc.
(A Component Unit of the School
Board of Broward County, Florida)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2019

Central Charter School

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Central Charter School

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Charter School
(a division of Assistance Unlimited, Inc.)
Lauderdale Lakes, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2019, 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 auditors' 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 7, budgetary comparison for the General Fund and Special Revenue Fund on pages 27 and 28 and the schedules related to the pension plan on pages 29 through 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2019 with certain comparative information for 2018.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

Financial Highlights

The following are the highlights of financial activity for the year ended June 30, 2019.

- The School's total liabilities exceeded its assets by \$ 4,802,005 resulting in a net deficit.
- The School's total revenues were \$ 10,993,053 including \$ 8,563,771 from general revenues and \$ 2,429,282 from program revenues. The School's expenses for this year were \$ 11,778,715.

Overview of the Financial Statements

This 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 basic financial statements. This report also contains other required supplemental information in addition to the basic financial statements.

Government-wide financial statements: The government-wide basic financial statements, which consist of the following two 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 the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net assets 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 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 (e.g. uncollected revenues and services rendered, but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

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

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds – governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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 the School'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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Special Revenue Fund, and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General and Special Revenue Funds as required supplemental information.

The government fund financial statements can be found on pages 10 through 13 of this report.

Notes to the basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 through 26 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General and Special Revenue Funds adopted budget to actual results and the schedules relating to the School's pension plan. Required supplemental information can be found on pages 27 through 34 of this report.

Government-Wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of financial position. The School's net position (deficit) was (\$ 4,802,005) at June 30, 2019, which represents net investment in capital assets of \$ 1,353,886, restricted for debt service of \$ 1,426,432, and unrestricted deficit of \$ 7,582,323. The School's net position (deficit) was (\$ 4,016,343) at June 30, 2018, which represents net investment in capital assets of \$ 1,592,197, restricted for debt service of \$ 1,570,501, and unrestricted deficit of \$ 7,179,041.

**Central Charter School
Management's Discussion and Analysis
June 30, 2019**

The following table reflects the condensed government- wide statements of net position as of June 30, 2019 and 2018:

Central Charter School Net Position		
	2019	2018
Current Assets	\$ 3,040,688	\$ 2,927,935
Noncurrent Assets and Deferred Outflows	11,973,152	12,058,543
Total assets	15,013,840	14,986,478
Current Liabilities	1,572,598	1,466,680
Noncurrent Liabilities and Deferred Inflows	18,243,247	17,536,141
Total liabilities	19,815,845	19,002,821
Net Position:		
Net investment in capital assets	1,353,886	1,592,197
Restricted net position	1,426,432	1,570,501
Unrestricted deficit	(7,582,323)	(7,179,041)
Total net position	\$ (4,802,005)	\$ (4,016,343)

A portion of the School's net position reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. The School used these capital assets to provide service to students; consequently, these assets are not available for future spending. Although the School's investment in it capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2019 and 2018, the School had \$ 1,426,432 and \$ 1,570,501 in restricted assets, respectively.

As reflected below, the net position is showing a change of (\$ 785,662) for the year ended June, 30, 2019 and change of (\$ 862,736) for the year ended June 30, 2018 as summarized in the following table:

Central Charter School Changes in Net Position		
	2019	2018
Revenues:		
General revenues	\$ 8,563,771	\$ 8,352,000
Program revenues:		
Capital grants	704,601	549,713
Operating grants	1,724,681	1,562,495
Total revenues	10,993,053	10,464,208

Central Charter School
Changes in Net Position
(continued)

	<u>2019</u>	<u>2018</u>
Functions/Program Expenses:		
Instruction and administration	7,507,830	6,682,459
Plant operations and maintenance	1,814,664	1,913,050
Instructional supporting services	384,603	341,806
Transportation	185,935	206,366
Food services	868,312	790,388
Board services	18,238	35,478
Fiscal services	75,005	87,501
Interest expense and other fees	924,128	1,269,896
	<u>11,778,715</u>	<u>11,326,944</u>
Total expenses		
Change in net position	(785,662)	(862,736)
Net position, beginning of year	<u>(4,016,343)</u>	<u>(3,153,607)</u>
Net position, end of year	<u>\$ (4,802,005)</u>	<u>\$ (4,016,343)</u>

The above changes in net position include adjustments adding to the losses for Florida Retirement System accruals, deferred inflows and outflows of \$ 390,142 and \$ 1,443 in 2019 and 2018 respectively. In addition, included in the above is also provisions for depreciation of \$ 697,568 and \$ 655,083 for 2019 and 2018 respectively.

Capital Assets and Debt Administration

Capital assets: The School's investment in capital assets at June 30, 2019 was \$ 9,083,992 net of accumulated depreciation compared to \$ 9,495,018 at June 30, 2018. This investment in capital assets is composed of buildings, building improvements, computer equipment, office furniture and equipment, textbooks, transportation equipment and land. A more detailed analysis is provided in Note 4 to the financial statements.

Debt: A summary of changes in debt is as follows:

	<u>2019</u>	<u>2018</u>
Debt, beginning of year	\$ 13,117,645	\$ 1,913,482
Additions	-	15,802,208
Payments/amortization	<u>(234,566)</u>	<u>(4,598,045)</u>
Debt, end of year	<u>\$ 12,883,079</u>	<u>\$ 13,117,645</u>

Additional information on the School debt can be found in Note 5 to the financial statements.

General Fund Budgetary Highlights

A budget was adopted by the board and no changes occurred throughout the year. Actual revenues slightly exceeded budgeted revenues. Actual expenditures exceeded the budget due to higher instruction costs and unbudgeted debt service costs.

Economic Outlook

Total funding for capital outlay is expected to increase slightly next year, in addition to regular FFEP revenue. Given the student count remains consistent, the overall effect will be a small increase in revenues.

Requests for Information

If you have any questions about this report or need additional information, please write Hugh Jarrett, CEO; 4515 North State Road 7; Lauderdale Lakes, FL 33319.

BASIC
FINANCIAL STATEMENTS

Central Charter School
Statement of Net Position
June 30, 2019

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 1,558,842
Restricted cash and cash equivalents	1,426,432
Due from government agencies	55,414
	<hr/>
Total current assets	3,040,688
	<hr/>
Noncurrent Assets:	
Capital assets (depreciable), net of accumulated depreciation	9,083,992
Deposits	20,707
	<hr/>
Total noncurrent assets	9,104,699
	<hr/>
Deferred Outflows of Resources:	
Deferred pension outflows	2,868,453
	<hr/>
Total assets and deferred outflows	15,013,840
	<hr/>
Current Liabilities:	
Accounts payable and other accrued liabilities	1,432,967
Debt, due in less than one year	139,631
	<hr/>
Total current liabilities	1,572,598
	<hr/>
Noncurrent Liabilities:	
Net pension liability	4,653,672
Debt, due in more than one year	12,743,448
	<hr/>
Total noncurrent liabilities	17,397,120
	<hr/>
Deferred Inflows of Resources:	
Deferred pension inflows	846,127
	<hr/>
Total liabilities and deferred inflows	19,815,845
	<hr/>
Net Position (deficit):	
Net investment in capital assets	1,353,886
Restricted for debt service	1,426,432
Unrestricted deficit	(7,582,323)
	<hr/>
Total net position (deficit)	\$ (4,802,005)
	<hr/> <hr/>

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

**Central Charter School
Statement of Activities
For the Year Ended June 30, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Governmental Activities Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Functions/Programs:					
Governmental activities:					
Instruction:					
Regular instruction	\$ 6,180,618	\$ -	\$ 643,588	\$ -	\$ (5,537,030)
Instructional supporting services:					
School administration	1,327,212	-	-	-	(1,327,212)
Plant operations	1,548,829	-	77,555	704,601	(766,673)
Plant maintenance	265,835	-	-	-	(265,835)
Transportation	185,935	-	223,004	-	37,069
Instructional services	384,603	-	-	-	(384,603)
Operation of non-instructional services:					
Food services	868,312	-	780,534	-	(87,778)
Board services	18,238	-	-	-	(18,238)
Fiscal services	75,005	-	-	-	(75,005)
Debt service:					
Interest expense and other fees	924,128	-	-	-	(924,128)
 Total governmental activities	 \$ <u>11,778,715</u>	 \$ <u>-</u>	 \$ <u>1,724,681</u>	 \$ <u>704,601</u>	 <u>(9,349,433)</u>
General revenues:					
Grants and entitlements					8,200,751
Miscellaneous revenues					<u>363,020</u>
Total general revenues					<u>8,563,771</u>
Change in net position					(785,662)
Net position (deficit), July 1, 2018					<u>(4,016,343)</u>
Net position (deficit), June 30, 2019					\$ <u>(4,802,005)</u>

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

Central Charter School
Balance Sheet - Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,558,842	\$ -	\$ -	\$ 1,558,842
Restricted cash and cash equivalents	1,426,432	-	-	1,426,432
Due from government agencies	-	-	55,414	55,414
Due from other funds	55,414	-	-	55,414
Deposits	<u>20,707</u>	<u>-</u>	<u>-</u>	<u>20,707</u>
Total assets	<u>\$ 3,061,395</u>	<u>\$ -</u>	<u>\$ 55,414</u>	<u>\$ 3,116,809</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,111,522	\$ -	\$ -	\$ 1,111,522
Due to other funds	<u>-</u>	<u>-</u>	<u>55,414</u>	<u>55,414</u>
Total liabilities	<u>1,111,522</u>	<u>-</u>	<u>55,414</u>	<u>1,166,936</u>
Fund Balances:				
Nonspendable:				
Deposits	20,707	-	-	20,707
Restricted for debt service	1,016,897	-	-	1,016,897
Unassigned	<u>912,269</u>	<u>-</u>	<u>-</u>	<u>912,269</u>
Total fund balances	<u>1,949,873</u>	<u>-</u>	<u>-</u>	<u>1,949,873</u>
Total liabilities and fund balances	<u>\$ 3,061,395</u>	<u>\$ -</u>	<u>\$ 55,414</u>	<u>\$ 3,116,809</u>

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

**Central Charter School
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2019**

Total Fund Balances - Governmental Funds \$ 1,949,873

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

The cost of capital assets acquired is reported as an expenditure in the governmental fund. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$ 13,027,712	
Accumulated depreciation	<u>(3,943,720)</u>	9,083,992

Certain funds related to pension assets and liabilities are not reported in the governmental funds:

Deferred outflows, relating to the net pension liability	2,868,453
Deferred inflows, relating to the net pension liability	<u>(846,127)</u>

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(321,445)
Net pension liability	(4,653,672)
Capital leases, bonds and note payable	<u>(12,883,079)</u>

Net Position (Deficit) of Governmental Activities \$ (4,802,005)

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

**Central Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
Federal sources	\$ -	\$ 1,499,296	\$ -	\$ 1,499,296
State sources	8,423,755	-	704,601	9,128,356
Local sources	365,401	-	-	365,401
	<u>8,789,156</u>	<u>1,499,296</u>	<u>704,601</u>	<u>10,993,053</u>
Total revenues				
Expenditures:				
Current:				
Instruction:				
Regular instruction	5,146,888	643,588	-	5,790,476
Instructional supporting services:				
General administration	1,327,212	-	-	1,327,212
Plant operations and maintenance	358,028	75,174	418,059	851,261
Plant maintenance	265,835	-	-	265,835
School administration		-	-	-
Transportation	185,935	-	-	185,935
Instructional services	384,603	-	-	384,603
Operation of non-instructional services:				
Food services	87,778	780,534	-	868,312
Board services	18,238	-	-	18,238
Fiscal services	75,005	-	-	75,005
Capital outlay:				
Equipment and improvements	-	-	286,542	286,542
Debt service:				
Principal	365,526	-	-	365,526
Interest and fees	806,832	-	-	806,832
	<u>9,021,880</u>	<u>1,499,296</u>	<u>704,601</u>	<u>11,225,777</u>
Total expenditures				
Net changes in fund balances	(232,724)	-	-	(232,724)
Fund Balances, July 1, 2018	<u>2,182,597</u>	<u>-</u>	<u>-</u>	<u>2,182,597</u>
Fund Balances, June 30, 2019	<u>\$ 1,949,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,949,873</u>

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

**Central Charter School
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

Net Changes in Fund Balances - Governmental Funds \$ (232,724)

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

Cost of capital assets	\$ 286,542	
Provision for depreciation	<u>(697,568)</u>	(411,026)

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows, related to the pension liability		325,635
Change in deferred inflows, related to the pension liability		(96,465)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Change in accrued interest payable		13,664
Change in net pension liability		(619,312)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payments on debt	365,526	
Amortization of bond issuance costs	(111,628)	
Amortization of bond discounts	<u>(19,332)</u>	<u>234,566</u>

Change in Net Position of Governmental Activities \$ (785,662)

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

Note 1 - Organization and Operations

Central Charter School (the "School") is a division of Assistance Unlimited, Inc., a not-for-profit organization incorporated in the State of Florida and established as a charter school for children from pre-kindergarten through eighth grade in Broward County. As of June 30, 2019, 1,157 children were enrolled in the School. The School is funded primarily through the School Board of Broward County and certain other governmental grants.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Assistance Unlimited, Inc. as of June 30, 2019, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America though the School is its only current activity at present.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district, the Broward County Public School District (the "District"). The current charter is effective until June 30, 2025. 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 ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Central Charter School is considered a component unit of the Broward County Public School Board.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Note 2 - Summary of Significant Accounting Policies (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School reports the following major governmental funds:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for the state capital outlay funding that is legally restricted to expenditures for particular purposes.

Net position: Net position is classified in three categories.

The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets (if any).
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted – indicates that portion of net position that will need to be funded by future operations.

Fund balance: The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

Note 2 - Summary of Significant Accounting Policies (continued)

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – consists of amounts that are not in spendable form and of net position that are legally or contractually required to be maintained intact.
- Restricted fund balance – consist of amounts constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Committed fund balance – consists of amounts that can be used for specific purposes pursuant to constraints imposed by the government itself, using its highest level of decision making authority.
- Assigned fund balance – consists of amounts that are constrained by the government's intended use of resources but are neither restricted nor committed.
- Unassigned – consists of net resources in excess of what can be properly classified in one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School's governing body or its delegated official or body has provided otherwise in its commitment or assignment actions. The details of the fund balances are included in the Balance Sheet – Governmental Funds.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the current is period is defined as sixty days.

Cash and cash equivalents: The School maintains its cash accounts with several financial institutions. The School's accounts at these institutions, at time may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Note 2 - Summary of Significant Accounting Policies (continued)

Due to and from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Due from other governments: Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000 and a useful life of over one year. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expended/expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	30 years
Building improvements	5-10 years
Computer equipment	3-5 years
Transportation equipment	5-7 years
Office furniture and equipment	3-15 years
Textbooks	5 years

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2019 the School had deferred outflows of \$ 2,868,453, which is related to the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2019 the School had deferred inflows of \$ 846,127, which is related to the net pension liability.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Note 2 - Summary of Significant Accounting Policies (continued)

Grant and contract revenue: Grant and contract revenue are recognized when the allowable costs as defined by the individual grant or contract are incurred.

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Available is defined as one year.

Unearned revenue: Unearned revenue arises when the School receives resources before it has legal claim to them.

Allowance for doubtful accounts: Management of the School reviews the contract receivable balances and provides an allowance for accounts which may be uncollectible. At June 30, 2019, management considers the contracts receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

Compensated absences: The School's policy allows certain employees to carry over ten personal days per calendar year. Unused vacation days are not paid upon separation from service. No liability for compensated absences was recorded for the year ended June 30, 2019.

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.

Date of management review: Subsequent events have been evaluated by management through September 24, 2019, which is the date the financial statements were available for issuance.

Note 3 - Cash and Cash Equivalents

Deposits: At June 30, 2019, the carrying amount of the deposits and cash on hand totaled \$ 1,558,842 with a bank balance of \$ 1,558,943.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Restricted cash and cash equivalents: At June 30, 2019, the School maintains cash and cash equivalents restricted for future debt service payments in the amount of \$ 1,426,432.

Central Charter School
Notes to Basic Financial Statements
June 30, 2019

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,037,570	\$ -	\$ -	\$ 4,037,570
Total capital assets, not being depreciated	<u>4,037,570</u>	<u>-</u>	<u>-</u>	<u>4,037,570</u>
Capital assets, being depreciated:				
Building	3,735,094	-	-	3,735,094
Building improvements	1,716,340	56,814	-	1,773,154
Computer equipment	1,387,704	212,922	-	1,600,626
Transportation equipment	729,151	2,500	-	731,651
Office furniture and equipment	495,420	14,306	-	509,726
Textbooks	639,891	-	-	639,891
Total capital assets, being depreciated	<u>8,703,600</u>	<u>286,542</u>	<u>-</u>	<u>8,990,142</u>
Accumulated depreciation:				
Building	62,252	124,503	-	186,755
Building improvements	1,016,862	118,914	-	1,135,776
Computer equipment	926,560	227,311	-	1,153,871
Transportation equipment	411,458	86,795	-	498,253
Office furniture and equipment	414,925	34,328	-	449,253
Textbooks	414,095	105,717	-	519,812
Total accumulated depreciation	<u>3,246,152</u>	<u>697,568</u>	<u>-</u>	<u>3,943,720</u>
Total capital assets being depreciated, net	<u>5,457,448</u>	<u>(411,026)</u>	<u>-</u>	<u>5,046,422</u>
Governmental activities capital assets, net	<u>\$ 9,495,018</u>	<u>\$ (411,026)</u>	<u>\$ -</u>	<u>\$ 9,083,992</u>

The provision for depreciation for the year ended June 30, 2019, amounted to \$ 697,568 and is allocated to plant operations in the statement of activities.

Note 5 - Debt

Charter School Revenue Bonds – Series 2017 C&D Issuance: The School previously issued \$ 14,000,000 in Charter School Revenue Bonds, Series 2017C for \$ 13,255,000 and Series 2017D for \$ 745,000. These bonds were used to provide financing for real property of the School as well as refinance the Series 2017 A&B Issuance Bonds. These bonds bear interest at 5.625% through July 2047. The bonds required monthly payments to be made to a bond sinking escrow fund of approximately \$ 72,000 through July 2019 where cash is accumulated for the annual principal and interest to be redeemed. Payments to the sinking fund are adjusted annually thereafter and are expected to be approximately \$ 79,000.

Central Charter School
Notes to Basic Financial Statements
June 30, 2019

Note 5 - Debt (continued)

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 90,000	\$ 768,938	\$ 858,938
2021	180,000	761,344	941,344
2022	215,000	750,234	965,234
2023	230,000	737,719	967,719
2024	245,000	724,359	969,359
Thereafter	12,755,000	10,480,360	23,235,360
	<u>\$ 13,715,000</u>	<u>\$ 14,222,954</u>	<u>\$ 27,937,954</u>

At June 30, 2019, the above Series 2017 C&D Charter School Revenue Bonds has a reserve balance requirement of approximately \$ 992,000 which was met. Additionally, the bonds provide for certain financial covenants to be met annually including a debt service ratio of at least 110% and days cash on hand of at least 30 days. As of June 30, 2019, the School was in compliance with the days cash on hand and the debt service coverage ratio.

Capital leases: The School is obligated under various capital leases for equipment and vehicles. The leases require monthly installments of approximately \$ 12,000 including interest at 4.15% through January 2020. The remaining balance of these leases at June 30, 2019 is \$ 49,631.

Approximate future capital lease payments in the aggregate are approximately as follows:

Period Ending June 30,	Amount
2020	\$ 49,700
Thereafter	\$ NONE

The following is a summary of changes in the School's debt for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year
Capital leases payable	\$ 130,157	\$ -	\$ 80,526	\$ 49,631	\$ 49,631
Series 2017 C&D bonds payable	14,000,000	-	285,000	13,715,000	90,000
Series 2017 C&D bonds discount	(407,112)	-	(19,332)	(387,780)	-
Series 2017 C&D cost of issuance	(605,400)	-	(111,628)	(493,772)	-
Total	<u>\$ 13,117,645</u>	<u>\$ -</u>	<u>\$ 234,566</u>	<u>\$ 12,883,079</u>	<u>\$ 139,631</u>

Note 6 - Florida Retirement System

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan:

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

Note 6 - Florida Retirement System (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2018 through June 30, 2019, were as follows: Regular - 8.26%; Special Risk Administrative Support - 34.98%; Special Risk - 24.50%; Senior Management Service - 24.06%; Elected Officers' - 48.70%; and DROP participants - 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods from July 1, 2018 through June 30, 2019.

HIS Plan:

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers asset by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the HIS contribution for the period from July 1, 2018 through June 30, 2019 was 1.66%. The School contributed 100% of its statutorily required contributions for the current and preceding four years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Note 6 - Florida Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the School reported liabilities of \$ 3,045,278 for its proportionate share of the FRS Plan's net pension liability and \$ 1,608,394 for the HIS Plan's net pension liability for a total net pension liability of \$ 4,653,672. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The School's proportion of the net pension liability was based on a projection of the School's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2018, the School's proportion was 0.010110311% for the FRS Plan and 0.015196306% for the HIS Plan, which was an increase of 0.001326176% and 0.001765609%, respectively from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$ 687,545 for the FRS Plan and \$ 113,163 for the HIS Plan for a total pension expense of \$ 800,708.

At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Differences between expected and actual experience	\$ 257,981	\$ 24,624	\$ 282,605
Changes of assumptions	995,049	178,873	1,173,922
Net difference between projected and actual earnings on pension plan investments	-	971	971
Changes in proportion and differences between School contributions and proportionate share of contributions	517,261	500,038	1,017,299
School contributions subsequent to the measurement date	<u>310,312</u>	<u>83,344</u>	<u>393,656</u>
Total	<u>\$ 2,080,603</u>	<u>\$ 787,850</u>	<u>\$ 2,868,453</u>
	<u>Deferred Inflows of Resources</u>		
	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Differences between expected and actual experience	\$ 9,364	\$ 2,733	\$ 12,097
Changes of assumptions	-	170,053	170,053
Net difference between projected and actual earnings on pension plan investments	235,285	-	235,285
Changes in proportion and differences between School contributions and proportionate share of contributions	<u>231,067</u>	<u>197,625</u>	<u>428,692</u>
Total	<u>\$ 475,716</u>	<u>\$ 370,411</u>	<u>\$ 846,127</u>

Note 6 - Florida Retirement System (continued)

Deferred outflows of resources related to the Pension Plan, totaling \$ 393,656 related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year Ended June 30,	FRS Plan	HIS Plan	Total
2020	\$ 458,324	\$ 91,226	\$ 549,550
2021	\$ 313,701	\$ 91,144	\$ 404,845
2022	\$ 67,020	\$ 53,842	\$ 120,862
2023	\$ 244,554	\$ 28,724	\$ 273,278
2024	\$ 178,561	\$ 40,001	\$ 218,562
Thereafter	\$ 32,415	\$ 29,158	\$ 61,573

Actuarial Assumptions - The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan’s valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS Plan	HIS Plan
Inflation	2.60%	2.60%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	Generational RP-2000 with Projection Scale BB table	Generational RP-2000 with Projection Scale BB table

Long-term Expected Rate of Return - The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Note 6 - Florida Retirement System (continued)

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.0%
Global equity	54.0%	7.6%	6.6%	17.0%
Real estate (property)	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 7.00% for the FRS Plan. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.87% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 3.87% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following table represents sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact of the School's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2018.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School's proportionate share of the net pension liability for FRS Plan	\$ 5,557,760	\$ 3,045,278	\$ 958,513
	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
School's proportionate share of the net pension liability for HIS Plan	\$ 1,831,867	\$ 1,608,394	\$ 1,422,117

Note 7 - Income Taxes

The School is a division of Assistance Unlimited, Inc., which has qualified as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and is generally exempt from income tax. Accordingly, no tax provision has been made in the accompanying basic financial statements.

Note 8 - Commitments and Contingencies

Grant funding: The School received financial assistance from Federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act, the School is required to conduct a "single audit" when the required threshold, which is \$ 750,000 for both Federal and state financial assistance, is met. The School exceeded the Federal threshold thus a single audit is required under the Uniform Guidance. The school is currently in the process of completing this requirement.

Service agreement: The School has a service agreement with Assistance Unlimited Real Estate Holdings Corp to provide various services including facility maintenance and security. The service agreement provides for monthly payments that fluctuate due to maintenance activity but are usually approximated at \$ 34,600. Total amounts paid in connection with this agreement for the year ended June 2019 was approximately \$ 415,000.

Personal service contract: In January 2019, the School amended their agreement with an independent contractor to serve as the full-time CEO of the School. The agreement provides for annual base compensation of \$ 137,500 paid bi-monthly through June 31, 2014 at which time the agreement will automatically renew for a tri-annual period unless terminated by the School. The Board may terminate the agreement with twelve-month notice prior to the renewal date. Upon early termination, the contract provides for certain compensation to be paid based on the agreement. For the year ended June 30, 2019 the school incurred expenses of approximately \$ 137,500 related to this agreement.

Note 9 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the current year.

REQUIRED SUPPLEMENTARY
INFORMATION

Central Charter School
Schedule of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ 8,402,925	\$ 8,423,755	\$ 20,830
Local sources	276,000	365,401	89,401
Total revenues	<u>8,678,925</u>	<u>8,789,156</u>	<u>110,231</u>
Expenditures:			
Current:			
Instruction:			
Regular Instruction	4,680,786	5,146,888	(466,102)
Instructional supporting services:			
General administration	1,478,154	1,327,212	150,942
Plant operation	768,338	358,028	410,310
Plant maintenance	213,100	265,835	(52,735)
Pupil transportation	227,500	185,935	41,565
Instructional services	408,648	384,603	24,045
Operation of non-instructional services:			
Food services	259,333	87,778	171,555
Board services	15,800	18,238	(2,438)
Fiscal services	90,000	75,005	14,995
Debt service:			
Principal	313,000	365,526	(52,526)
Interest	-	806,832	(806,832)
Total expenditures	<u>8,454,659</u>	<u>9,021,880</u>	<u>(567,221)</u>
Change in fund balance	\$ <u>224,266</u>	\$ <u>(232,724)</u>	\$ <u>(456,990)</u>

Central Charter School
 Schedule of Revenues and Expenditures
 Budget and Actual - Special Revenue Fund
 For the Year Ended June 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal sources	\$ 1,083,842	\$ 1,499,296	\$ 415,454
Total revenues	<u>1,083,842</u>	<u>1,499,296</u>	<u>415,454</u>
Expenditures:			
Current:			
Instruction	550,000	643,588	(93,588)
Plant operations and maintenance	-	75,174	(75,174)
Food services	<u>533,842</u>	<u>780,534</u>	<u>(246,692)</u>
Total expenditures	<u>1,083,842</u>	<u>1,499,296</u>	<u>(415,454)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Central Charter School
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)**

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>
Central Charter School's proportion of the net pension liability	0.00902221%		0.00950770%		0.00641988%		0.00878414%		0.01011031%
Central Charter School's proportionate share of the net pension liability	\$ 550,488	\$	1,228,046	\$	1,621,024	\$	2,598,288	\$	3,045,278
Central Charter School's covered-employee payroll	\$ 4,487,663	\$	3,512,843	\$	4,290,412	\$	4,811,868	\$	4,960,728
Central Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.27%		34.96%		37.78%		54.00%		61.39%
Plan fiduciary net position as a percentage of total pension liability	96.09%		92.00%		84.88%		83.89%		84.26%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Central Charter School's proportion of the net pension liability	0.01312141%	0.01366743%	0.01005970%	0.01343070%	0.01519631%
Central Charter School's proportionate share of the net pension liability	\$ 1,226,884	\$ 1,393,864	\$ 1,172,418	\$ 1,436,072	\$ 1,608,394
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728
Central Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.34%	39.68%	27.33%	29.84%	32.42%
Plan fiduciary net position as a percentage of total pension liability	0.50%	0.99%	0.97%	1.64%	2.15%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 325,237	\$ 268,716	\$ 313,255	\$ 383,998	\$ 403,751
Contributions in related to the contractually required contribution	\$ <u>(325,237)</u>	\$ <u>(268,716)</u>	\$ <u>(313,255)</u>	\$ <u>(383,998)</u>	\$ <u>(403,751)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728
Contributions as a percentage of covered payroll	7.25%	7.65%	7.30%	7.98%	8.14%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 4,150	\$ 4,535	\$ 5,288	\$ 6,482	\$ 6,815
Contributions in related to the contractually required contribution	\$ <u>(4,150)</u>	\$ <u>(4,535)</u>	\$ <u>(5,288)</u>	\$ <u>(6,482)</u>	\$ <u>(6,815)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Central Charter School covered -employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728
Contributions as a percentage of covered payroll	0.09%	0.13%	0.12%	0.13%	0.14%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School
Schedule of Investment Returns
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted annual rate of return, net of investment expenses	17.57%	3.77%	0.057%	13.59%	9.28%

* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for these years for which the information is available.

Central Charter School
Schedule of Investment Returns
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted annual rate of return, net of investment expenses	17.57%	3.77%	0.057%	13.59%	9.28%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for these years for which the information is available.

OTHER INDEPENDENT
AUDITOR'S REPORTS

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
Central Charter School (a division of Assistance Unlimited, Inc.)
Lauderdale Lakes, 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 Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 24, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompany schedule of findings and recommendations that we consider to be a significant deficiency as noted in finding number 2019-01.

Central Charter School

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 are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations: 2019-01.

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 24, 2019

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Central Charter School (a division of Assistance Unlimited, Inc.)
Lauderdale Lakes, Florida

Report on the Financial Statements

We have audited the financial statements of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, as of and for the year ended June 30, 2019, and have issued our report thereon dated September 24, 2019.

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 United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Recommendations. Disclosures in that report and schedule, which are dated September 24, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Central Charter School (a division of Assistance Unlimited, Inc.) and 065041.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had a recommendation to improve financial management; finding 2019-01 as described in the accompanying schedule of findings and recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 24, 2019

Current Year Comments and Recommendations

2019-01 Reconcile Accounts Payable Detail to the General Ledger:

Condition: Through our review and testing of the accounts payable system, we noted that the accounts payable detail is not recorded and reconciled to the general ledger balance on a monthly basis.

Criteria: Recording and reconciling of accounts payable to the general ledger is required to accurately produce financial statements accurately.

Cause: Procedures to record and reconcile accounts payable to the general ledger on a monthly basis are not being completed to ensure accurate financial reporting.

Effect: As a result of not recording and reconciling accounts payable to the general ledger, financial statements produced will not be accurate.

Recommendation: We recommend that the School recorded and reconcile accounts payable at each month end to ensure that the interim financial statements reflect the proper accounts payable amount.

Management Response: Management agrees with this comment and has implemented additional procedures to reconcile accounts payable on a monthly basis.

#- Deemed a significant deficiency

Assistance Unlimited, Inc.,
d/b/a Central Charter School

Compliance Section
For the Year Ended June 30, 2019

Assistance Unlimited, Inc.,
d/b/a Central Charter School

Compliance Section
For the Year Ended June 30, 2019

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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
Assistance Unlimited, Inc.,
d/b/a Central Charter School
Lauderdale Lakes, 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 statement of the governmental activities and each major fund of Assistance Unlimited, Inc., d/b/a Central Charter School (the "Organization"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated September 24, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompany schedule of findings and recommendations that we consider to be a significant deficiency as noted in finding number 2019-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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 are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations: 2019-01.

The Organization’s Response to Findings

The Organization’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 18, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Assistance Unlimited, Inc.,
d/b/a Central Charter School
Lauderdale Lakes, Florida

Report on Compliance for Each Major Federal Program

We have audited Assistance Unlimited, Inc., d/b/a Central Charter School (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings, recommendations and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and condition of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the Organization as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements. We issued our report thereon dated September 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Assistance Unlimited, Inc.,
d/b/a Central Charter School

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 18, 2020

Assistance Unlimited, Inc.
d/b/a Central Charter School
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Agency/Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Federal Agency Name: Indirect Programs:				
Department of Agriculture - Passed through Florida Department of Agriculture - National School Lunch Program	* 10.555	01-8065	\$ 612,093	\$ -
School Breakfast Program	* 10.553	01-8065	168,441	-
Department of Agriculture Total			780,534	-
Department of Education - Passed through Florida Department of Education - Title I Grants to Local Educational Agencies	84.010	-	643,588	-
Hurricane Education Recovery	84.938	-	34,052	-
Special Education Grants to States	84.027	-	2,381	-
Department of Education Total			680,021	-
Total expenditures of Federal awards			\$ 1,460,555	\$ -

* Department of Agriculture programs are considered "clustered" in accordance with 2 CFR Part 200, Appendix XI Compliance Supplement.

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Assistance Unlimited, Inc., d/b/a Central Charter School (the "Organization") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

Note 3 - Indirect Cost Rate

The Organization did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and state laws and other applicable regulations.

**Assistance Unlimited, Inc.,
d/b/a Central Charter School
Schedule of Findings, Recommendations and Questioned Costs
For the Year Ended June 30, 2019**

A. Summary of Auditor's Results

1. The auditor's report dated September 24, 2019 expresses an unmodified opinion on the financial statements of Assistance Unlimited, Inc. d/b/a Central Charter School.
2. One significant deficiency relating to the audit of the financial statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements of Assistance Unlimited, Inc., d/b/a Central Charter School.
4. No material weaknesses relating to the audit of the major federal programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal programs for Assistance Unlimited, Inc., d/b/a Central Charter School expresses an unmodified opinion.
6. There are no audit findings relative to the major federal programs for Assistance Unlimited, Inc., d/b/a Central Charter School reported in Part C of this schedule.
7. The programs tested as major programs are as follows:

<u>Federal Award Program</u>	<u>CDFA Number</u>
Department of Agriculture – National School Lunch Program	10.555
School Breakfast Program	10.553

8. The threshold for distinguishing Type A and Type B programs was \$ 750,000.
9. Assistance Unlimited, Inc., d/b/a Central Charter School was determined to be a low risk auditee pursuant to the Uniform Guidance.

B. Findings - Financial Statement Audit

Current Year Comments and Recommendations

2019-01 Reconcile Accounts Payable Detail to the General Ledger:

Condition: Through our review and testing of the accounts payable system, we noted that the accounts payable detail is not recorded and reconciled to the general ledger balance on a monthly basis.

Criteria: Recording and reconciling of accounts payable to the general ledger is required to accurately procedure financial statements accurately.

Cause: Procedures to record and reconcile accounts payable to the general ledger on a monthly basis are not being completed to ensure accurate financial reporting.

Effect: As a result of not recording and reconciling accounts payable to the general ledger, financial statements procedure will not be accurate.

Recommendation: We recommend that the School recorded and reconcile accounts payable at each month end to ensure that the interim financial statements reflect the proper accounts payable amount.

Management Response: Management agrees with this comment and has implemented additional procedures to reconcile accounts payable on a monthly basis.

- Deemed a significant deficiency

C. Findings and Questioned Costs - Major Federal Award Programs

No matters were reported.

D. Other Issues

1. A separate management letter was not issued.
2. A summary schedule of prior audit findings is not required because there were no prior audit findings related to federal programs.
3. No corrective action plan is required because there were no findings reported under the Uniform Guidance.