LEARNING LODGE
ACADEMY, INC.

A Charter School and Component Unit of the
District School Board of Pasco County

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2016

King & Walker, CPAs, PL

Certified Public Accountants

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LEARNING LODGE ACADEMY, INC.

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Independent Auditor's Report

To the Board of Directors Learning Lodge Academy, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Learning Lodge Academy, Inc. ("School"), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the year ended June 30, 2016, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School'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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Learning Lodge Academy, Inc., as of June 30, 2016, and the respective changes in financial position thereof for the year 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, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2016 on our consideration of Learning Lodge Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Learning Lodge Academy, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

King & Walker, CPAs

August 25, 2016
Tampa, Florida

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Learning Lodge Academy, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2016.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- The School reported Total Net Position of $347,800 as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2016, the School's revenue exceeded expenses by $134,295 as shown on the School's statement of activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of Net Position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of Net Position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the Net Position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's Net Position and the results of operations during the fiscal year. An increase or decrease in Net Position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities, and a Special Revenue Fund to account for Federal grant programs. Each of these funds are major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and the major Special Revenue Fund to demonstrate compliance with the budget.

Notes to 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's Net Position as of June 30, 2015 and June 30, 2016:

Net Position, End of Year

	Governmental Activities		
	6-30-15	6-30-16	Increase (Decrease)
ASSETS			
Current and Other Assets	$ 304,268	$ 420,469	$ 116,201
Capital Assets, net	25,048	206,845	181,797
Total Assets	329,316	627,314	297,998
LIABILITIES			
Current Liabilities	115,811	279,514	163,703
Total Liabilities	115,811	279,514	163,703
NET POSITION			
Net Investment in Capital Assets	25,048	206,845	181,797
Unrestricted	188,457	140,955	(47,502)
Total Net Position	$ 213,505	$ 347,800	$ 134,295

Current Assets consist mainly of cash and an amount due from the District for reimbursement of grant expenses. The increase in capital assets was the purchase of computers and instructional equipment through the Charter School Program grant. Liabilities mainly consist of accounts payable for grant expenses. Total Net Position amounted to $347,800 which included an Unrestricted Net Position balance of $140,955.

The key elements of the changes in the School's Net Position for the fiscal years ended June 30, 2015 and June 30, 2016, is as follows:

	Operating Results for the Year Governmental Activities		
	6-30-15	6-30-16	(Decrease)
Revenues:			
Federal Through Local	$ 75,000	$ 385,819	$ 310,819
State Sources	1,164,823	1,451,001	286,178
Local and Other	121,748	132,189	10,441
Total Revenues	1,361,571	1,969,009	607,438
Expenses:			
Instruction	700,970	1,004,978	304,008
Pupil Personnel Services	735	2,457	1,722
Instructional Media	16,596	4,396	(12,200)
Instruction & Curriculum Development	16,596	6,966	(9,630)
Instructional Staff Training	16,596	34,612	18,016
Board	3,926	7,663	3,737
General Administration	58,241	75,335	17,094
School Administration	125,110	244,302	119,192
Facilities Acq. & Construction	110,475	130,800	20,325
Fiscal Services	9,565	24,925	15,360
Food Services	2,040	1,652	(388)
Central Services	1,938	945	(993)
Operation of Plant	67,910	175,914	108,004
Community Service	47,471	94,241	46,770
Unallocated Depreciation	3,089	25,528	22,439
Total Expenses	1,181,258	1,834,714	653,456
Increase/(Decrease) in Net Position	$ 180,313	$ 134,295	$ (46,018)

The largest revenue source for the School is the State of Florida (74%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The increase in FEFP was attributable to the increase in enrollment. The School also received funding through the Charter School Program grant which amounted to 20% of total revenues.

The largest concentration of expenses is in Instruction related functions (57%). The increase in expenses was attributable to the increase in enrollment and to the final phase of the Charter School Program grant.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of $140,955.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2016, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund and special revenue budget. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2016, amounts to $206,845 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, and furniture, fixtures and equipment. Additional information regarding the School's capital assets can be found in note 4 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Learning Lodge Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Learning Lodge Academy, Inc., 5844 Pine Hill Rd, Port Richey, FL 34668.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

STATEMENT OF NET POSITION
June 30, 2016

		Governmental Activities
ASSETS		
Cash & Cash Equivalents	$	74,228
Due From Other Agency		320,515
Prepaid Expenses		25,726
Capital Assets:		
Leasehold Improvements, Net		30,584
Furniture, Fixtures and Equipment, Net		176,261
Total Capital Assets, Net		206,845
TOTAL ASSETS		627,314
LIABILITIES		
Salaries and Benefits Payable		13,692
Accounts Payable		231,977
Unearned Revenue		33,845
TOTAL LIABILITIES		279,514
NET POSITION		
Net Investment in Capital Assets		206,845
Unrestricted		140,955
TOTAL NET POSITION	$	347,800

The accompanying notes to the financial statements are an integral part of this statement.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

		Program Revenues			Net (Expenses) Revenue and Changes Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	$ 1,004,978	$	$ 235,167	$ -	$ (769,811)	$ (769,811)
Pupil Personnel Services	2,457				(2,457)	(2,457)
Instructional Media	4,396		4,108		(288)	(288)
Instruction & Curriculem Development	6,966				(6,966)	(6,966)
Instructional Staff Training	34,612		20,916		(13,696)	(13,696)
Board	7,663				(7,663)	(7,663)
General Administration	75,335				(75,335)	(75,335)
School Administration	244,302		37,294		(207,008)	(207,008)
Facilities Acquisition & Construction	130,800				(130,800)	(130,800)
Fiscal Services	24,925				(24,925)	(24,925)
Food Services	1,652				(1,652)	(1,652)
Central Services	945				(945)	(945)
Operation of Plant	175,914		88,334		(87,580)	(87,580)
Community Service	94,241	102,337			8,096	8,096
Unallocated Depreciation	25,528				(25,528)	(25,528)
Total Governmental Activities	$ 1,834,714	$ 102,337	$ 385,819	$ -	$ (1,346,558)	(1,346,558)
General Revenues:						
State Sources					1,451,001	1,451,001
+ Local and Other					29,852	29,852
Total General Revenues					1,480,853	$ 1,480,853
Change in Net Position					134,295	134,295
Net Position - July 1, 2015					213,505	213,505
Net Position - June 30, 2016					$ 347,800	$ 347,800

The accompanying notes to the financial statements are an integral part of this statement.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	$ 40,383	$ 33,845	$ 74,228
Due From Other Agency	1,409	319,106	320,515
Prepaid Expenses	25,726		25,726
Due from Other Funds	87,129		87,129
Total Assets	$ 154,647	$ 352,951	$ 507,598
LIABILITIES			
Salaries and Benefits Payable	$ 13,692	$ -	$ 13,692
Accounts Payable		231,977	231,977
Unearned Revenue		33,845	33,845
Due to Other Funds		87,129	87,129
Total Liabilities	13,692	352,951	366,643
FUND BALANCE			
Nonspendable	25,726		25,726
Unassigned	115,229		115,229
Total Fund Balances	140,955	-	140,955
Total Liabilities and Fund Balances	$ 154,647	$ 352,951	$ 507,598

The accompanying notes to the financial statements are an integral part of this statement.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Total Fund Balances - Governmental Funds	$	140,955
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		206,845
Total Net Position - Governmental Activities	$	347,800

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The accompanying notes to financial statements are an integral part of this statement.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal through Local	$ -	$ 385,819	$ 385,819
State	1,451,001		1,451,001
Local and Other	132,189		132,189
Total Revenues	1,583,190	385,819	1,969,009
Expenditures			
Current - Education:			
Instruction	895,275	109,703	1,004,978
Pupil Personnel Services	2,457		2,457
Instructional Media	288	4,108	4,396
Instruction & Curriculum Development	6,966		6,966
Instructional Staff Training	13,696	20,916	34,612
Board	7,663		7,663
General Administration	75,335		75,335
School Administration	209,542	34,760	244,302
Facilities Acquisition & Construction	130,800		130,800
Fiscal Services	24,925		24,925
Food Services	1,652		1,652
Central Services	945		945
Operation of Plant	140,703	35,211	175,914
Community Service	94,241		94,241
Fixed Capital Outlay:			
Facilities Acquisition & Construction		181,121	181,121
Other Capital Outlay	26,204		26,204
Total Expenditures	1,630,692	385,819	2,016,511
Net Change in Fund Balances	(47,502)	-	(47,502)
Fund Balances, July 1, 2015	188,457	-	188,457
Fund Balances, June 30, 2016	$ 140,955	$ -	$ 140,955

The accompanying notes to financial statements are an integral part of this statement.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances - Governmental Funds	$	(47,502)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays ($207,325) in excess of depreciation expense ($25,528) in the current period.		181,797
Change in Net Position - Governmental Activities	$	134,295

The accompanying notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➢ **Reporting Entity**

The Learning Lodge Academy, Inc. ("School"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Pasco County, Florida, ("District"). The current charter is effective until June 30, 2019 and is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this case, the District is required to notify the school in writing at least 90 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. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

➢ **Basis of Presentation**

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.

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 considers all of its funds as major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for certain Federal grant program resources and food service operations.

➢ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

- **<u>Deposits and Investments</u>**

Cash deposits consist primarily of demand deposits and certificates of deposit held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured up to $250,000 by the Federal Deposit Insurance Company and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

- **<u>Capital Assets</u>**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than $750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Furniture, Fixtures and Equipment	3 - 5 years
Leasehold Improvements	10 years

Current-year information relative to changes in capital assets is described in a subsequent note.

- **<u>Deferred Outflows/Inflows of Resources</u>**

In addition to assets, the statement of financial 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. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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 then. The School does not have any items that qualify for reporting in this category.

➢ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

- **Order of Fund Balance Spending Policy**

  The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

- **Revenue Sources**

  Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

  Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

  The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2016, the School reported 210.43 unweighted and 230.3819 weighted FTE.

  FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

  - Attendance and membership documentation (Rule 6A-1.044, FAC).

- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, local grants, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

- **Income Taxes**

The School has filed for exemption from Federal tax under Section 501(c)(3) of the Internal Revenue Code. The School has not received approval, but is in anticipation of approval. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

- **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

- **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. DUE FROM OTHER AGENCY

Amounts Due from Other Agency included in the accompanying statement of Net Position and balance sheet – governmental funds consists of amounts due from the Pasco County District School Board for FEFP funds. This receivable is considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Leasehold Improvements	$ 10,000	$ 26,204	$ -	$ 36,204
Furniture, Fixtures and Equipment	18,137	181,121		199,258
Total Capital Assets Being Depreciated	28,137	207,325	-	235,462
Less Accumulated Depreciation for:				
Leasehold Improvements	(1,000)	(4,620)		(5,620)
Furniture, Fixtures and Equipment	(2,089)	(20,908)		(22,997)
Total Accumulated Depreciation	(3,089)	(25,528)	-	(28,617)
Governmental Activities Capital Assets, net	$ 25,048	$ 181,797	$ -	$ 206,845

All depreciation expense is shown as unallocated on the Statement of Activities.

5. UNEARNED REVENUE

The amount reported as unearned revenue included in the accompanying statement of Net Position and balance sheet – governmental funds consists of Charter School Program grant funds received by the School in excess of allowed disbursements at June 30, 2016.

6. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

Source	Amount
Florida Education Finance Program	$ 947,391
Class Size Reduction	281,681
Supplementary Academic Instruction	55,457
Discretionary Local Effort	51,200
Discretionary Millage Compression	39,699
ESE Guarantee	34,910
Instructional Materials	16,594
School Recognition	16,500
Digital Classroom Allocation	3,951
FL Teachers Classroom Supply Assistance Program	3,618
Total State Revenue	1,451,001

As provided in the charter school contract, the District has charged the School an administrative fee totaling $71,544.

7. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

8. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Benefit Pension Plans

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class – Members of the FRS who do not qualify for membership in the other classes.*

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 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 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

	Percent of Gross Salary	
Class	Employee	Employer (A)
FRS, Regular	3.00	7.26
FRS, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

(B) Contribution rates are dependent upon retirement class in which reemployed.

The School's contributions, including employee contributions, to the Plan totaled $36,302 for the fiscal year ended June 30, 2016, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the School reported a liability of $0 for its proportionate share of the Plan's net pension liability, since the net pension liability was measured as of June 30, 2015, prior to the Schools participation in the Plan.

HIS Pension Plan

Plan Description. The HIS Pension Plan (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, 2016, 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, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, 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 as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statues. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled $10,761 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the School reported a liability of $0 for its proportionate share of the HIS Plan's net pension liability, since the net pension liability was measured as of June 30, 2015, prior to the Schools participation in the Plan.

9. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

10. FACILITY LEASE

The School leases its educational facility under a two year non-cancelable operating lease through June 30, 2016. This lease contains a renewal options for two additional two year periods. The School exercised its option to renew the lease through June 30, 2018. The lease includes a base monthly rental rate of $8,964 with increases of 3% per year and requires the School to pay insurance and other costs. Total rent expense charged to operations for the year ended June 30, 2016 totaled $111,465.

The School entered into a three year non-cancelable operating lease through September 20, 2018 for the lease of portable classrooms. Monthly lease payments are $2,557. Total rent expense charged to operations for the year ended June 30, 2016 totaled $23,009.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2016, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

12. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

LEARNING LODGE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND - (Unaudited)
For the Fiscal Year Ended June 30, 2016

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal Through State	$ -	$ -	$ -	$ -	$ 455,600	$ 5,600	$ 385,819	$ 380,219
State	1,579,835	1,451,001	1,451,001	-	-	-	-	-
Local and Other	-	132,189	132,189	-	-	-	-	-
Total Revenues	1,579,835	1,583,190	1,583,190	-	455,600	5,600	385,819	-
Expenditures:								
Current - Education:								
Instruction	942,144	895,275	895,275	-	347,118	165,997	109,703	56,294
Pupil Personnel Services	4,500	2,457	2,457	-	9,647	9,647	-	9,647
Instructional Media	-	288	288	-	8,440	8,440	4,108	4,332
Instruction & Curriculum Development	-	6,966	6,966	-	9,987	9,987	-	9,987
Instructional Staff Training		13,696	13,696	-	22,527	22,527	20,916	1,611
Board	6,375	7,663	7,663	-			-	-
General Administration	78,992	75,335	75,335	-			-	-
School Administration	164,063	209,542	209,542	-	27,926	27,926	34,760	(6,834)
Facilities Acquisition & Construction	178,600	130,800	130,800	-			-	-
Fiscal Services	14,000	24,925	24,925	-			-	-
Food Services	4,000	1,652	1,652	-			-	-
Central Services		945	945	-			-	-
Operation of Plant	100,616	140,703	140,703	-	29,955	29,955	35,211	(5,256)
Community Service		94,241	94,241	-	-		-	-
Fixed Capital Outlay:				-				-
Facilities Acquisition & Construction		-	-	-	-	181,121	181,121	-
Other Capital Outlay		26,204	26,204	-			-	-
Total Expenditures	1,493,290	1,630,692	1,630,692	-	455,600	455,600	385,819	69,781
Net Change in Fund Balance	86,545	(47,502)	(47,502)	-	-	-	-	-
Fund Balance, July 1, 2015	188,457	188,457	188,457	-	-	-	-	-
Fund Balance, June 30, 2016	$ 275,002	$ 140,955	$ 140,955	$ -	$ -	$ -	$ -	$ -

See Independent Auditor's Report.

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

KING & WALKER
CERTIFIED PUBLIC ACCOUNTANTS

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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 Learning Lodge Academy, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco County, 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, each major fund, and the aggregate remaining fund information of Learning Lodge Academy, Inc. ("School"), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 25, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

King & Walker, CPAs

August 25, 2016
Tampa, Florida

KING&WALKER
CERTIFIED PUBLIC ACCOUNTANTS

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Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors Learning Lodge Academy, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of the Learning Lodge Academy, Inc. ("School"), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 25, 2016.

Auditor's Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated August 25, 2016, 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Learning Lodge Academy, Inc.

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its 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.

Other Matters

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. 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, applicable management, and the District School Board of Pasco County and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

King & Walker, CPAs

August 25, 2016
Tampa, Florida