

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Financial Statements
with Independent Auditors' Reports Thereon**

June 30, 2014



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CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1 – 6
Report of Independent Auditors on Basic Financial Statements and Supplementary Information	7 – 8
Basic Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-23
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	24
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities</i>:	
Management Letter	27-29

**ACCESS CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of Access Charter School, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2014. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ For the fiscal year ended June 30, 2014, the School's revenues exceeded expenses by \$154,155.
- ❖ The School's net position at June 30, 2014 was \$507,149.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. This document also includes the Report of Independent Auditors 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2014, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. A budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2014 and 2013 is summarized as follows:

	Governmental Activities		Increase
	2014	2013	(Decrease)
Current and other assets	\$ 593,063	\$ 435,343	\$ 157,720
Capital assets, net	6,490	3,806	2,684
Total assets	599,553	439,149	160,404
Current and other liabilities	92,404	86,155	6,249
Total liabilities	92,404	86,155	6,249
Net position:			
Invested in capital assets, net of related debt	6,490	3,806	2,684
Unrestricted	500,659	349,188	151,471
Total net position	\$ 507,149	\$ 352,994	\$ 154,155

Current and other assets increased due to the increase in cash balances as a result of the current year operations. Capital assets increased due to capital additions exceeding depreciation expense in the current year. Current and other liabilities increased due to the timing of payments for accounts payable and accrued expenses. The increase in net position is due to the current year results of operations.

Change in Net Position

The School's total revenues exceeded total expenses by approximately \$154,000 in fiscal 2014—see table below.

Revenues:	2014	2013	Increases (Decreases)
Federal sources passed through local school district	\$ 14,482	\$ 10,112	\$ 4,370
State and local sources	1,854,079	1,629,407	224,672
Contributions and other revenues	77,273	64,454	12,819
Total revenues	<u>1,945,834</u>	<u>1,703,973</u>	<u>241,861</u>
Expenses:			
Instruction	964,814	848,480	116,334
Pupil personnel services	218,540	149,532	69,008
Instructional staff training	13,221	3,496	9,725
Board	2,712	1,844	868
General administration	29,536	24,844	4,692
School administration	181,715	164,552	17,163
Central services	14,369	11,081	3,288
Fiscal services	55,172	54,780	392
Pupil transportation	28,278	28,136	142
Operation of plant	272,352	258,345	14,007
Community services	10,970	7,889	3,081
Total expenses	<u>1,791,679</u>	<u>1,552,979</u>	<u>238,700</u>
Change in net position	<u>\$ 154,155</u>	<u>\$ 150,994</u>	<u>\$ 3,161</u>

The change in state and local sources is due to an overall increase in student enrollment and an increase in the per student FEFP allocation in the current year.

The increase in instruction, pupil personnel services and school administration was primarily due to an overall increase in personnel and related benefit expenses. The increase in operation of plant expenditures is due to the addition of contract cleaning in the current fiscal year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental funds reported a combined fund balance of \$500,659 which was an increase from the prior year as a result of current year operations.

General Fund Budgetary Highlights

During the fiscal year, the School amended its budget twice. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts, and 3) changes in appropriations that become necessary to maintain services.

For the year ended June 30, 2014 budgeted revenues exceeded actual revenues by approximately \$42,000. Actual expenditures were approximately \$87,000 less than budgeted amounts.

CAPITAL ASSETS

As of end of fiscal 2014, the School had invested approximately \$6,490, net of accumulated depreciation in capital assets.

As of June 30, 2014 and 2013 comparative information regarding the School's capital assets is as follows:

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>
Furniture, fixtures, and equipment	\$ 10,999	\$ 6,063	\$ 4,936
Accumulated depreciation	<u>(4,509)</u>	<u>(2,257)</u>	<u>(2,252)</u>
Total capital assets	<u>\$ 6,490</u>	<u>\$ 3,806</u>	<u>\$ 2,684</u>

This year's major capital asset additions included the following:

- Computers - \$4,936

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2015

Amounts available for appropriation in the general fund are approximately \$2.0 million, approximately a \$100,000 increase over the actual 2014 amount, which is primarily a result of a 5% budgeted increase in student population.

Budgeted expenditures are expected to be approximately \$2.0 million, an increase of approximately \$300,000 from the fiscal 2014 actual amount. The change is primarily related to an increase in instruction and student support personnel. The School added no new programs to the fiscal 2015 budget. If these estimates are realized, the School's general fund balance is expected to remain consistent at the close of fiscal 2015.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1100 Lee Road Orlando, Florida, 32810.



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Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of Access Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Orange County, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Access Charter School, Inc., a Charter School and Component Unit of the District School Board of Orange County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-6 and 24 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 20, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the School's internal control over financial reporting and compliance.

McCRA DY HESS

Maitland, Florida
September 20, 2014

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ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 569,552
Due from other agencies	9,701
Deposits	13,810
Capital assets:	
Furniture, fixtures, and equipment	10,999
Less accumulated depreciation	<u>(4,509)</u>
Total capital assets, net	<u>6,490</u>
Total assets	<u><u>\$ 599,553</u></u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 92,404</u>
Total liabilities	<u>92,404</u>
NET POSITION	
Invested in capital assets, net of related debt	6,490
Unrestricted	<u>500,659</u>
Total net position	<u><u>\$ 507,149</u></u>

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

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

Statement of Activities

For the Year Ended June 30, 2014

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 964,814	\$ -	\$ -	\$ -	(964,814)	(964,814)
Pupil personnel services	218,540	-	9,208	-	(209,332)	(209,332)
Instructional staff training	13,221	-	5,274	-	(7,947)	(7,947)
Board	2,712	-	-	-	(2,712)	(2,712)
General administration	29,536	-	-	-	(29,536)	(29,536)
School administration	181,715	-	-	-	(181,715)	(181,715)
Fiscal services	55,172	-	-	-	(55,172)	(55,172)
Central services	14,369	-	-	-	(14,369)	(14,369)
Pupil transportation	28,278	-	-	-	(28,278)	(28,278)
Operation of plant	272,352	-	-	55,681	(216,671)	(216,671)
Community services	10,970	28,566	-	-	17,596	17,596
Total primary government	\$ 1,791,679	\$ 28,566	\$ 14,482	\$ 55,681	(1,692,950)	(1,692,950)
General revenues:						
State and local sources					1,798,398	1,798,398
Contributions and other revenues					48,707	48,707
Total general revenues					1,847,105	1,847,105
Change in net position					154,155	154,155
Net position at beginning of year					352,994	352,994
Net position at end of year					\$ 507,149	\$ 507,149

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

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

Balance Sheet - Governmental Funds

June 30, 2014

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 569,552	\$ -	\$ 569,552
Due from other agencies	-	9,701	9,701
Deposits	13,810	-	13,810
Due from capital projects funds	9,701	-	9,701
	\$ 593,063	\$ 9,701	\$ 602,764
LIABILITIES			
Accounts payable and accrued expenses	\$ 92,404	\$ -	\$ 92,404
Due to general fund	-	9,701	9,701
	92,404	9,701	102,105
FUND BALANCES			
Nonspendable:			
Deposits	13,810	-	13,810
Spendable:			
Unassigned	486,849	-	486,849
	500,659	-	500,659
	\$ 593,063	\$ 9,701	\$ 602,764

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

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

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

June 30, 2014

Total fund balances - governmental funds \$ 500,659

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$10,999 and the accumulated depreciation is \$4,509.

6,490

Total net position - governmental activities \$ 507,149

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

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

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

For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ -	\$ 14,482	\$ 14,482
State and local sources	1,798,398	55,681	-	1,854,079
Contributions and other revenue	77,273	-	-	77,273
Total revenues	<u>1,875,671</u>	<u>55,681</u>	<u>14,482</u>	<u>1,945,834</u>
EXPENDITURES				
Current:				
Instruction	964,132	-	-	964,132
Pupil personnel services	208,617	-	9,208	217,825
Instructional staff training	7,947	-	5,274	13,221
Board	2,712	-	-	2,712
General administration	29,536	-	-	29,536
School administration	181,715	-	-	181,715
Fiscal services	55,172	-	-	55,172
Central services	13,514	-	-	13,514
Pupil transportation	28,278	-	-	28,278
Operation of plant	216,671	55,681	-	272,352
Community services	10,970	-	-	10,970
Capital outlay	4,936	-	-	4,936
Total expenditures	<u>1,724,200</u>	<u>55,681</u>	<u>14,482</u>	<u>1,794,363</u>
Net changes in fund balances	151,471	-	-	151,471
Fund balances at beginning of year	<u>349,188</u>	<u>-</u>	<u>-</u>	<u>349,188</u>
Fund balances at end of year	<u>\$ 500,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,659</u>

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

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

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

For the Year Ended June 30, 2014

Net changes in fund balances - total governmental funds \$ 151,471

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,936) exceed depreciation expense (\$2,252) in the current period.

2,684

Change in net position of governmental activities \$ 154,155

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

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

Notes to Financial Statements

For the Year Ended June 30, 2014

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Access Charter School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors (the "Board"), which is composed of seven 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 Orange County, Florida, (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

Charter Contract

The current charter expires on June 30, 2016 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the Florida Department of Education ("FDOE").

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

ACCESS CHARTER SCHOOL, INC.

A Charter School and Component Unit of the District School Board of Orange County, Florida

Notes to Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are individual governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Special Revenue Fund – to account the proceeds of specific revenue sources that restricted or committed to expenditures for a specific purpose including all federal grant revenues passed through the School District.

For the purpose of these statements, the general and capital projects funds are considered major funds. The special revenue fund is a non-major fund and is reported as other governmental funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures 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 reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 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, revenues is recognized at the time the expenditure is made. Expenditures are recorded 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

As Florida Statutes and the School's policy require, all deposits must be made into and 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 the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2014.

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

Interfund receivables and payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund has recorded total receivables of \$9,701 which are related to the capital outlay fund for amounts paid by the general funds on behalf of the capital projects fund.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Furniture, fixtures, and equipment	3

Information related to the change in capital assets is described in Note 3.

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – 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 – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

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.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

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 the non-general fund.

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

Revenue Sources

Revenues for operations are received primarily from the District School Board of Orange County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative fee is calculated on the FEFP revenue up to 250 students, except when 75% or more of the students enrolled are exceptional students as defined in Section 1003.01(3). The 5% is then calculated based on unweighted full-time equivalent students. The School's population is primarily exceptional student and its administrative fee calculation is limited to 5% of its unweighted full-time equivalent students. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of 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 the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida 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 year ended June 30, 2014, the School reported 99.2 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

2 DUE FROM OTHER AGENCIES

Due from other agencies included in the accompanying financial statements includes \$9,701 in capital outlay funds due from the School Board. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

3 CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Furniture, fixtures, and equipment	\$ 6,063	\$ 4,936	\$ -	\$ 10,999
Total capital assets	<u>6,063</u>	<u>4,936</u>	<u>-</u>	<u>10,999</u>
Accumulated depreciation:				
Furniture, fixtures, and equipment	(2,257)	(2,252)	-	(4,509)
Total accumulated depreciation	<u>(2,257)</u>	<u>(2,252)</u>	<u>-</u>	<u>(4,509)</u>
Capital assets, net	<u>\$ 3,806</u>	<u>\$ 2,684</u>	<u>\$ -</u>	<u>\$ 6,490</u>
Depreciation expense:				
Instruction			\$ 682	
Pupil personnel services			715	
Central services			<u>855</u>	
Total governmental activities depreciation expense			<u>\$ 2,252</u>	

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

4 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Orange County, Florida:

Florida Education Finance Program	\$ 1,091,729
Class size reduction	262,405
ESE guaranteed allocation	211,235
Discretionary local efforts	90,651
Capital outlay	55,681
Teacher salary allocation	47,436
Special millage	45,908
Supplemental academic instruction	21,153
School recognition funds	8,893
Instructional materials	7,890
Safe schools	6,413
Discretionary millage funds	3,507
Lead teacher	2,471
Discretionary lottery funds	2,670
Additional allocation	969
Proration to funds available	<u>(4,932)</u>
Total	<u>\$ 1,854,079</u>

The administrative fee paid to the School Board during the year ended June 30, 2014 totaled approximately \$30,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds.

5 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

**Notes to Financial Statements
(continued)**

6 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal 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 collectability of any related receivable at year end may be impaired.

In the opinion of the School, there are no significant contingent liabilities related 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.

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.

7 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's 2012 and 2011 income tax returns are subject to examination by tax authorities, and may change upon examination.

8 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 20, 2014, which is the date the financial statements were available to be issued.

ACCESS CHARTER SCHOOL, INC.

**A Charter School and Component Unit of the
District School Board of Orange County, Florida**

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
State and local sources	\$ 1,861,319	\$ 1,783,782	\$ 1,798,398	\$ 14,616
Contributions and other revenue	42,000	50,000	77,273	27,273
Total revenues	1,903,319	1,833,782	1,875,671	41,889
EXPENDITURES				
Current:				
Instruction	1,084,019	999,120	964,132	(34,988)
Pupil personnel services	172,755	238,511	208,617	(29,894)
Instructional staff training	6,000	15,200	7,947	(7,253)
Board	2,150	2,810	2,712	(98)
General administration	27,488	29,536	29,536	-
School administration	184,480	189,463	181,715	(7,748)
Fiscal services	64,600	60,000	55,172	(4,828)
Central services	9,500	10,500	13,514	3,014
Pupil transportation	29,000	29,000	28,278	(722)
Operation of plant	266,650	225,608	216,671	(8,937)
Community services	10,970	10,970	10,970	-
Capital outlay		-	4,936	4,936
Total expenditures	1,857,612	1,810,718	1,724,200	(86,518)
Net changes in fund balances	45,707	23,064	151,471	128,407
Fund balances at beginning of year	349,188	349,188	349,188	-
Fund balances at end of year	\$ 394,895	\$ 372,252	\$ 500,659	\$ 128,407

See report of independent auditors.



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CERTIFIED PUBLIC ACCOUNTANTS

**Report of Independent Auditors 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 of Access Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Orange 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 for Access Charter School, Inc., a Charter School and Component Unit of the District School Board of Orange County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 20, 2014.

Internal Control Over Financial Reporting

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

This report is intended solely for the information and use of management of the School, the District School Board of Orange County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

McCRA DY HESS

Maitland, Florida
September 20, 2014

**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



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

To the Board of Directors of Access Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Orange County, Florida

Report on the Financial Statements

We have audited the financial statements of Access Charter School, Inc. (the "School") as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 20, 2014.

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.

Other Reporting Required by Government Auditing Standards

We have issued our Report of Independent Auditors 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.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, required 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 findings or recommendations made in the preceding annual financial audit report.

Financial Condition

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

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

Transparency

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

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 Access Charter School, Inc.

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.



Maitland, Florida
September 20, 2014

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