

A decorative border of colored pencils surrounds the text. The pencils are arranged in a rectangular frame, with colors including yellow, brown, green, red, blue, and teal. A pencil cup filled with several colored pencils is located in the bottom right corner.

**Whispering Winds  
Charter School Project, Inc.**

*A Component Unit of the Levy County District School Board*

Financial Statements  
And  
Independent Auditors' Report

**June 30, 2016**

**KATTELL AND COMPANY, P.L.**

A professional accounting firm serving the nonprofit community.

**808-B NW 16<sup>th</sup> Avenue  
Gainesville, Florida 32601  
(352) 395-6565**

**Financial Statements and Independent Auditors' Reports**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

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# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Whispering Winds Charter School Project, Inc.

October 27, 2016

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Whispering Winds Charter School Project, Inc. (the School), a component unit of the Levy County District School Board, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility.**

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

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

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

**Opinions.** In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2016, 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 management's discussion and analysis, budgetary comparison schedules, and certain pension related information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016 on our consideration of the School's internal control over financial reporting (internal control) and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance.

*Kattell and Company, P.L.*

**Management's Discussion and Analysis**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2016:

- The School's overall Net Position increased by approximately \$11,000, which is about 5%.
- Total ending unrestricted Net Position was approximately \$(90,000).
- The School had total expenses for the year of about \$979,000 compared to revenues of approximately \$990,000.
- The School educated 102 students in 2016 and 107 in 2015, serving grades K-5.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

**Government-wide Financial Statements**

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net Position – the difference between assets and deferred outflows and liabilities and deferred inflows – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in Net Position during the fiscal year. Over time, the increases or decreases in Net Position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. The General Fund, Special Revenue Fund and Capital Projects Funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

**Management's Discussion and Analysis**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**CONDENSED FINANCIAL INFORMATION**

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

	2016	2015
<b>Net Position</b>		
Assets:		
Non-capital Assets	\$ 172,277	\$ 170,598
Capital Assets, Net	546,808	586,097
Total Assets	<u>719,085</u>	<u>756,695</u>
Deferred Outflows	<u>119,535</u>	<u>42,523</u>
Liabilities:		
Current Liabilities	4,366	13,872
Long-term Liabilities	215,153	234,231
Net Pension Liability	246,960	158,603
Total Liabilities	<u>466,479</u>	<u>406,706</u>
Deferred Inflows	<u>130,175</u>	<u>161,623</u>
Net Position:		
Net Investment in Capital Assets	331,655	351,866
Unrestricted	(89,689 )	(120,977 )
Total Net Position	<u>\$ 241,966</u>	<u>\$ 230,889</u>
<b>Change in Net Position</b>		
Program Revenues:		
Charges for Services	\$ 12,079	\$ 2,708
Operating Grants & Contributions	123,655	107,837
Capital Grants & Contributions	38,642	36,312
General Revenues:		
Title 1 Grant	26,170	29,570
IDEA Grant	10,000	9,476
Florida Education Finance Program	717,822	670,989
Unrestricted Grants and Contributions	1,312	319
Unrestricted Investment Earnings	23	21
Other Miscellaneous Local Sources	60,290	6,500
Total Revenues	<u>989,993</u>	<u>863,732</u>
Program Expenses:		
Instruction	447,796	394,917
Instructional Support Services	4,114	--
General Support	411,085	266,884
Operation of Plant	103,400	105,192
Community Service	1,054	574
Interest on Long-term Debt	11,467	12,379
Total Expenses	<u>978,916</u>	<u>779,946</u>
Change in Net Position	11,077	83,786
Beginning Net Position:	<u>230,889</u>	<u>147,103</u>
Ending Net Position	<u>\$ 241,966</u>	<u>\$ 230,889</u>

**Management's Discussion and Analysis**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities.** The governmental activities generated \$174,376 in program revenues and \$815,617 of general revenues, and incurred \$978,916 of program expenses. This resulted in a \$11,077 increase in net position.

**THE SCHOOL'S INDIVIDUAL FUNDS**

**General Fund.** The fund balance of the General Fund increased by \$11,185 from \$156,726 to \$167,911.

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

**Capital Projects Fund.** The fund balance of the Capital Projects Fund remained at \$0 which means all grant funds were spent during the year.

**BUDGETARY HIGHLIGHTS**

**General Fund.** The original budget was amended to increase revenues and expenditures due to higher than expected enrollment. There were no differences between the final budget and actual amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The School had no significant capital asset activity. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

**Debt Administration.** The School issued no new debt during the year and made scheduled payments on existing long-term debt. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

**ECONOMIC FACTORS**

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kimberly Bartley or Jennifer Smith, Co-Directors, Whispering Winds Charter School Project, Inc. at 2480 NW Old Fannin Road, Chiefland, Florida 32626.

**Statement of Net Position**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	Governmental Activities
<b>Assets:</b>	
Cash	\$ 161,720
Accounts Receivable	3,466
Prepays	6,261
Deposits	830
Capital Assets:	
Land	69,505
Depreciable Capital Assets, Net	477,303
<b>Total Assets</b>	<b>719,085</b>
<b>Deferred Outflows</b>	<b>119,535</b>
<b>Liabilities:</b>	
Accounts Payable	4,366
Long-Term Debt:	
Due Within One Year	20,267
Due In More Than One Year	194,886
Net Pension Liability	246,960
<b>Total Liabilities</b>	<b>466,479</b>
<b>Deferred Inflows</b>	<b>130,175</b>
<b>Net Assets:</b>	
Net Investment in Capital Assets	331,655
Unrestricted	(89,689)
<b>Total Net Position</b>	<b>\$ 241,966</b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
Instruction	\$ (447,796)	\$ 12,079	\$ 28,364	\$ --	\$ (407,353)
Instructional Support Services	(4,114)	--	--	--	(4,114)
General Support	(411,085)	--	95,291	27,175	(288,619)
Operation of Plant	(103,400)	--	--	--	(103,400)
Community Services	(1,054)	--	--	--	(1,054)
Interest on Long-Term Debt	(11,467)	--	--	11,467	--
<b>Total</b>	<b>\$ (978,916)</b>	<b>\$ 12,079</b>	<b>\$ 123,655</b>	<b>\$ 38,642</b>	<b>(804,540)</b>

**General Revenues:**

Federal through State:	
Title I Grant	26,170
IDEA Grant	10,000
State Revenue:	
Florida Education Finance Program	717,822
Unrestricted Grants and Contributions	1,312
Unrestricted Investment Earnings	23
Other Miscellaneous Local Sources	60,290

**Total General Revenues** 815,617

**Change in Net Position** 11,077

**Net Position – Beginning of Year** 230,889

**Net Position – End of Year** \$ 241,966

See accompanying notes.



**Balance Sheet – Governmental Funds**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash	\$ 161,720	\$ --	\$ --	\$ 161,720
Accounts Receivable	3,466	--	--	3,466
Prepaid Expenses	6,261	--	--	6,261
Deposits	830	--	--	830
<b>Total Assets</b>	<b><u>\$ 172,277</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 172,277</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 4,366	\$ --	\$ --	\$ 4,366
<b>Fund Balances:</b>				
Non-Spendable – Prepaids	6,261	--	--	6,261
Non-Spendable – Deposits	830	--	--	830
Unassigned	160,820	--	--	160,820
<b>Total Fund Balances</b>	<b><u>167,911</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>167,911</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 172,277</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 172,277</u></b>

See accompanying notes.

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

**June 30, 2016**

**Whispering Winds Charter School Project, Inc.**

*A Component Unit of the Levy County District School Board*

<b>Fund Balances – Total Governmental Funds</b>	<b>\$ 167,911</b>
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Amounts reported for Governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	546,808
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Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net position.

Long-Term Liabilities	(215,153)
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Accounting for the School’s participation in the Florida Retirement System – the following amounts are reported in the Government-Wide Statements (see Note 6):

Deferred Outflows	119,535
Deferred Inflows	(130,175)
Net Pension Liability	(246,960)
	_____

<b>Net Position of Governmental Activities</b>	<b>\$ 241,966</b>
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See accompanying notes.

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

**For the Year Ended June 30, 2016**

**Whispering Winds Charter School Project, Inc.**

*A Component Unit of the Levy County District School Board*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Federal through State:				
Title I Grant	\$ --	\$ 26,170	\$ --	\$ 26,170
IDEA Grant	--	10,000	--	10,000
National School Lunch Program	95,291	--	--	95,291
State Revenue:				
Florida Education Finance Program	717,822	--	--	717,822
Public Education Capital Outlay	--	--	38,642	38,642
Voluntary Prekindergarten	28,364	--	--	28,364
Local Revenue:				
Interest Income	23	--	--	23
Meal Service	213	--	--	213
Other Local Revenues	13,468	--	--	13,468
<b>Total Revenues</b>	<b>855,181</b>	<b>36,170</b>	<b>38,642</b>	<b>929,993</b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	419,179	32,170	--	451,349
Instructional Support Services	114	4,000	--	4,114
General Support Services	387,889	--	--	387,889
Operation of Plant	95,760	--	--	95,760
Community Services	1,054	--	--	1,054
Capital Outlay	--	--	8,097	8,097
Debt Service:				
Principal	--	--	19,078	19,078
Interest	--	--	11,467	11,467
<b>Total Expenditures</b>	<b>903,996</b>	<b>36,170</b>	<b>38,642</b>	<b>978,808</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(48,815)</b>	<b>--</b>	<b>--</b>	<b>(48,815)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Lawsuit	60,000	--	--	60,000
<b>Net Change in Fund Balance</b>	<b>11,185</b>	<b>--</b>	<b>--</b>	<b>11,185</b>
<b>Fund Balances, July 1, 2015</b>	<b>156,726</b>	<b>--</b>	<b>--</b>	<b>156,726</b>
<b>Fund Balances, June 30, 2016</b>	<b>\$ 167,911</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 167,911</b>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance to the Statement of Activities - Governmental Funds**  
**For the Year Ended June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**Excess of Revenues over Expenditures – Total Governmental Funds** **\$ 11,185**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	11,862
Current Year Depreciation Expense	(51,151)

Issuance of long term debt provides current financial resources to governmental funds, but has no effect on net position. Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Current Year Principal Payments	19,078
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Accounting for the School’s participation in the Florida Retirement System:  
Adjustment of required contribution to net pension expense.

20,103
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**Change in Net Position of Governmental Activities**

<b>\$ 11,077</b>
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See accompanying notes.

**Notes to the Financial Statements**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

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

The accounting policies of Whispering Winds Charter School Project, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Reporting Entity**

Whispering Winds Charter School Project, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as Whispering Winds Charter School Project, Inc. (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

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 Levy County District School Board (the District). The current charter is effective until June 30, 2019, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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

**Government-wide Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

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

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

**Fund Financial Statements**

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

# Notes to the Financial Statements

June 30, 2016

## Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following funds are used by the School:

#### GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with grants that are restricted to operational uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no nonmajor funds.

#### Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

#### Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions and purchases non negotiable certificates of deposit in financial institutions. At June 30, 2016, no amounts were held in excess of FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

#### Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as “non-spendable” in the funds financial statements to indicate that prepaids do not represent available expendable resources.

#### Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$2,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Improvements	20-30
Furniture, Fixtures and Equipment	5-20
Motor Vehicles	5

#### Compensated Absences

All unused leave is paid by the end of the fiscal year. Vacation leave is paid at 100% and sick leave is paid at 50%. Therefore, no liability for compensated absences is recorded.

**Notes to the Financial Statements**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Position

Net Position represent the difference between assets and deferred outflows and liabilities and deferred inflows and are reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net Position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* Net Position is Net Position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Equity

Governmental funds report separate classifications of fund balance.

**Non-Spendable.** The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted.** The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed.** Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

**Assigned.** Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Executive Director. Assigned fund balance includes spendable fund balance amounts established by the Executive Director that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Executive Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

**Unassigned.** Unassigned fund balance is the residual classification for the general fund.

**Notes to the Financial Statements**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Fund Equity (concluded)

It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS), and additions to/deductions from FRSs' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets not Being Depreciated:				
Land	\$ 69,505	\$ --	\$ --	\$ 69,505
Capital Assets Being Depreciated:				
Buildings	685,840	7,980	--	693,820
Improvements	133,646	--	--	133,646
Furniture, Fixtures & Equipment	197,027	3,882	1,698	199,211
Motor Vehicles	29,172	--	--	29,172
Total Capital Assets	<u>1,115,190</u>	<u>11,862</u>	<u>1,698</u>	<u>1,125,354</u>
Accumulated Depreciation:				
Buildings	279,250	34,941	--	314,191
Improvements	61,696	6,682	--	68,378
Furniture, Fixtures & Equipment	158,975	9,528	1,698	166,805
Motor Vehicles	29,172	--	--	29,172
Total Accumulated Depreciation	<u>529,093</u>	<u>51,151</u>	<u>1,698</u>	<u>578,546</u>
Net Capital Assets	<u>\$ 586,097</u>	<u>\$ (39,289)</u>	<u>\$ --</u>	<u>\$ 546,808</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 3,208
General Support	47,943
Total Depreciation Expense	<u>\$ 51,151</u>

**NOTE 3 – RISK MANAGEMENT**

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.



# Notes to the Financial Statements

June 30, 2016

## Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

### NOTE 4 – LONG-TERM LIABILITIES

Long-term debt activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Loan Payable	\$ 234,231	\$ --	\$ 19,078	\$ 215,153	\$ 20,267

During the year ended June 30, 2015, the School refinanced existing loans. The resulting note is collateralized by the School's real property and building and is payable in monthly installments of \$2,545, with 5.00% financing, maturing May 2025. In March 2019, the interest rate will adjust to a variable rate based on the weekly average yield on United States Treasury Securities, adjusted to a constant maturity of one year, the effective rate being no less than 5% or more than 17.7% per year for the remaining term.

Debt service payments, computed at 5% interest, are due as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 20,267	\$ 10,278	\$ 30,545
2018	21,304	9,241	30,545
2019	22,394	8,151	30,545
2020	23,539	7,006	30,545
2021	24,744	5,801	30,545
2022	26,009	4,536	30,545
2023	27,340	3,205	30,545
2024	28,739	1,806	30,545
2025	20,818	394	21,212
Total	\$ 215,153	\$ 50,418	\$ 265,571

### NOTE 5 – EMPLOYEE RETIREMENT PLAN

The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (System). The School participates in two defined benefit plans administered by the Division. The Division issues a publicly-available, audited comprehensive annual financial report (CAFR) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the CAFR, which is available on line at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications). The system's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at: Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, FL 32315-9000, or call 850-488-5706 or toll free at 877-377-1737.

#### ***Plan Descriptions***

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established, is administered, and may be amended in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

# Notes to the Financial Statements

June 30, 2016

## Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

**NOTE 5 – EMPLOYEE RETIREMENT PLAN (continued)**

***Plan Descriptions (concluded)***

Benefits under the FRS Pension 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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 plan and/or class to which the member belonged when the service credit was earned. The percentage value for each year of service credit earned ranges from 1.60% to 1.68%. Benefits received are increased by an annual cost-of-living adjustment, ranging from 0% to 3% depending on effective dates of enrollment and retirement.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established, administered, and subject to amendment in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

***Contributions***

Contribution requirements of active employees and participating employers are established and may be amended only through an act of the Florida Legislature. The FRS requires a contribution of 3% of covered pay from employees. The School is required to contribute at an actuarially determined rate. Contribution rates and amounts are listed in the table below. Amounts contributed were equal to the required contribution for those years.

	2014	2015	2016	
			Regular	SMSC
<b>Contribution Rates – %</b>				
Retirement– Employer	5.72	6.07	5.56	19.73
HIS – Employer	1.20	1.26	1.66	1.66
Administrative – Employer	.03	.04	.04	.04
Employee	3.00	3.00	3.00	3.00
<b>Total</b>	9.95	10.37	10.26	24.43
<b>Contribution Amounts</b>				
Employer	\$ 24,884	\$ 29,523	\$ 28,670	\$ 36,503
Employee	10,558	12,099	12,752	477
<b>Totals</b>	\$ 35,442	\$ 41,622	\$ 41,422	\$ 37,980

***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 \$246,960 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The following displays the School's proportionate shares for the two programs:

	Share at June 30, 2014	Share at June 30, 2015	Change
Florida Retirement System	0.000784685%	0.000866155%	0.000081470%
Health Insurance Subsidy	0.001184207%	0.001324562%	0.000140355%

**Notes to the Financial Statements**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**NOTE 5 – EMPLOYEE RETIREMENT PLAN (continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)***

For the year ended June 30, 2016, the School recognized pension expense of \$45,960. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.	\$ 11,811	\$ 2,653
Changes of assumptions.	18,054	--
Net difference between projected and actual earnings on pension plan investments.	39,479	66,120
Changes in proportion and differences between School contributions and proportionate share of contributions.	21,585	61,402
School contributions subsequent to the measurement date.	28,606	--
<b>Total</b>	<b>\$ 119,535</b>	<b>\$ 130,175</b>

The School reported \$28,606 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following years:

Year Ending <u>June 30,</u>	
2017	\$ (13,762)
2018	(13,762)
2019	(13,762)
2020	(13,762)
2021	8,373
2022	5,185
2023	2,044
2024	200
<b>Total</b>	<b>\$ (39,246)</b>

***Actuarial Assumptions and Discount Rate***

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2015:

- FRS: There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.

# Notes to the Financial Statements

June 30, 2016

## Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

**NOTE 5 – EMPLOYEE RETIREMENT PLAN (concluded)**

**Actuarial assumptions and Discount Rate (concluded)**

- HIS: The municipal rate used to determine total pension liability was decreased from 4.29% to 3.80%. (In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used at the two dates differ due to changes in the applicable municipal bond rate.)

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School's proportionate share of the net pension liability calculated with the discount rate used, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Florida Retirement System			Health Insurance Subsidy		
1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
\$ 158,806	\$ 61,286	\$ (19,867)	\$ 78,308	\$ 68,724	\$ 60,733

*Long-term expected rate of return.* To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%

***Pension plan fiduciary net position.***

Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS financial report.

**NOTE 6 - RELATED PARTY**

The School employed an individual who is related to one of the Board members, and paid \$4,000 in compensation during the year ended June 30, 2016.

**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

BUDGETED AMOUNTS

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Federal Through State:				
National School Lunch Program	\$ 83,443	\$ 95,291	\$ 95,291	\$ --
State Revenue:				
Florida Education Finance Program	656,468	717,822	717,822	--
Voluntary Prekindergarten	18,775	28,364	28,364	--
Local Revenue:				
Interest Income	21	23	23	--
Meal Service	--	213	213	--
Other Local Revenue	1,659	13,468	13,468	--
<b>Total Revenues</b>	<b><u>760,366</u></b>	<b><u>855,181</u></b>	<b><u>855,181</u></b>	<b><u>--</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	342,611	419,179	419,179	--
Instructional Support Services	--	114	114	--
General Support	280,775	387,889	387,889	--
Operation of Plant	106,058	95,760	95,760	--
Community Services	1,478	1,054	1,054	--
<b>Total Expenditures</b>	<b><u>730,922</u></b>	<b><u>903,996</u></b>	<b><u>903,996</u></b>	<b><u>--</u></b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b><u>29,444</u></b>	<b><u>(48,815)</u></b>	<b><u>(48,815)</u></b>	<b><u>--</u></b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Lawsuit	--	60,000	60,000	--
<b>Net Change in Fund Balance</b>	<b><u>29,444</u></b>	<b><u>11,185</u></b>	<b><u>11,185</u></b>	<b><u>--</u></b>
<b>Fund Balances, July 1, 2015</b>	<b><u>--</u></b>	<b><u>156,726</u></b>	<b><u>156,726</u></b>	<b><u>--</u></b>
<b>Fund Balances, June 30, 2016</b>	<b><u>\$ --</u></b>	<b><u>\$ 167,911</u></b>	<b><u>\$ 167,911</u></b>	<b><u>\$ --</u></b>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

**Budgetary Comparison Schedule – Special Revenue Fund**  
**For the Year Ended June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	<u>BUDGETED AMOUNTS</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Revenues:</b>				
Federal through State:				
Title I Grant	\$ --	\$ 26,170	\$ 26,170	\$ --
IDEA Grant	9,476	10,000	10,000	--
<b>Total Revenues</b>	<b>9,476</b>	<b>36,170</b>	<b>36,170</b>	<b>--</b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	9,476	39,046	39,046	--
Instructional Support	--	4,000	4,000	--
<b>Total Expenditures</b>	<b>9,476</b>	<b>36,170</b>	<b>36,170</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balances, July 1, 2015</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balances, June 30, 2016</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

## Schedules of School's Proportionate Share of the Net Pension Liability – Last 10 Fiscal Years

For the Year Ended June 30, 2016

### Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

#### Florida Retirement System

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Proportion of the net pension liability (asset)	0.000866 155%	0.000784 685%								
Proportionate share of the net pension liability (asset)	\$ 111,876	\$ 47,877								
Covered-employee payroll	\$ 434,414	\$ 357,161								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.75%	13.40%								
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%								

#### Health Insurance Subsidy Program

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Proportion of the net pension liability (asset)	0.001324 562%	0.001184 207%								
Proportionate share of the net pension liability (asset)	\$ 135,084	\$ 110,726								
Covered-employee payroll	\$ 434,414	\$ 357,161								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.10%	31.00%								
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%								

Note: The amounts presented were determined as of June 30 for each fiscal year.

Note: Amounts will be presented prospectively.

Note: There are no factors that significantly affect trends in the amounts reported.

## Schedules of Contributions – Last 10 Fiscal Years

For Year Ended June 30, 2016

### Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

#### Florida Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Required contribution	\$ 21,550	\$ 21,118	\$ 17,188							
Contributions in relation to the required contribution	(21,550)	(21,118)	(17,188)							
Contribution deficiency (excess)	\$ --	\$ --	\$ --							
Covered-employee payroll	\$ 426,032	\$ 434,414	\$ 357,161							
Contributions as a percentage of covered-employee payroll	5.06%	4.86%	4.81%							

#### Health Insurance Subsidy Program

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Required contribution	\$ 7,056	\$ 5,063	\$ 4,057							
Contributions in relation to the required contribution	(7,056)	(5,063)	(4,057)							
Contribution deficiency (excess)	\$ --	\$ --	\$ --							
Covered-employee payroll	\$ 426,032	\$ 434,414	\$ 357,161							
Contributions as a percentage of covered-employee payroll	1.66%	1.17%	1.14%							

Note: The amounts presented were determined as of June 30 for each fiscal year.

Note: Amounts will be presented prospectively.

Note: There are no significant trends in the amounts reported.



# Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 27, 2016

To the Board of Directors  
Whispering Winds Charter School Project, Inc.

We have audited the financial statements of Whispering Winds Charter School Project, Inc. (the School) for the year ended June 30, 2016, and have issued our report thereon dated October 27, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 23, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Qualitative Aspects of Accounting Practices

*Accounting Policies.* Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting Estimates.* Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

*Disclosures.* There are no disclosures that are particularly sensitive.

*Corrected and Uncorrected Misstatements.* Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have communicated all known and likely adjustments to management and all material adjustments, if any, have been reflected in the financial statements.

### Our Working Relationship with Management

*Difficulties Encountered in Performing the Audit.* We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management.* For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations.* We have requested certain representations from management that are included in the management representation letter.

*Management Consultations with Other Independent Accountants.* In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Consultations Prior to Engagement.* We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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This letter is intended solely for the information and use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Kattell and Company, P.L.*

Gainesville, Florida

# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

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## MANAGEMENT LETTER

To the Board of Directors,  
Whispering Winds Charter School Project, Inc.

October 27, 2016

**Report on the Financial Statements.** We have audited the financial statements of Whispering Winds Charter School Project, Inc. (the School), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 27, 2016.

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

**Other Reports and Schedules.** We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Schedule of Findings. Disclosures in that report and schedule, which are dated October 27, 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. In that regard, Finding 2016-003 is similar to Finding 2015-001 for the year ended June 30, 2015. There was no similar finding for the year ended June 30, 2014.

**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 Whispering Winds Charter School Project, 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 did not maintain on its Web site all of the information specified in Section 1002.33(9)(p), Florida Statutes. See Finding 2016-003.

### **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. See Finding 2016-004.

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, the local district school board, the Board of Directors and management of the School, and is not intended to be and should not be used by anyone other than these specified parties.

\* \* \* \* \*

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

*Kattell and Company, P.L.*

# Kattell and Company, P.L.

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,  
Whispering Winds Charter School Project, Inc.

October 27, 2016

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Whispering Winds Charter School Project, Inc., (the School), as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 27, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Finding as Findings 2016-001 and 2016-002, that we consider to be significant deficiencies.

### Compliance and Other Matters

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

### School's Response to Findings

The School's response to our findings is described in the accompanying letter from the School. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated October 27, 2016.

Kattell and Company, P.L.

**Schedule of Findings**  
**June 30, 2016**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**Significant Deficiencies**

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**2016-001 Florida Retirement System (FRS) Deductions**

*Findings.* We noted the following instances where the School did not properly withhold from employees' wages the employees' share of retirement contributions:

1. For one employee, the amounts withheld were not made consistently, including one month when the amount was withheld before the employee was enrolled in FRS.
2. An amount was incorrectly withheld from one employee who was paid a stipend; however, the amount paid to FRS was correct.

*Recommendation:* The School should consider what procedures should be performed to ensure proper withholding from employees' wages for the employees' share of contributions to FRS.

**2016-002 Disbursement Made from Vendor Invoice**

*Finding.* During our testing, we noted one disbursement made from a vendor statement. There was no supporting documentation attached. This could lead to duplicate payments if disbursements are made from the invoices as well.

*Recommendation.* The School should only make disbursements from vendor statements when all charges on the statement are properly documented.

**Transparency**

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**2016-003 Information on School Web site**

*Finding.* The School has developed a web site that includes most information required by Sections 1002.33(9)(p) and 1002.33(21)(3), Florida Statutes; however, the following information was not available on September 26, 2016, the date of our procedures:

- The School's current annual budget.

*Recommendation.* The School should maintain a Web site in compliance with Florida Statutes, including all of the required information.

**Recommendations to Improve Financial Management**

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**2016-004 Potential Cost Savings**

*Finding.* The School paid the following taxes:

1. Sales tax on a copier lease,
2. Various charges on the credit card,
3. Communication taxes on phone services.

*Recommendation:* The School should communicate with its phone company and copier lease vendor to eliminate taxes for which the School is exempt. The School should seek refunds for amounts previously paid. The School should arrange for exemption from sales tax for amounts purchased using its credit card.