

A decorative border of colored pencils surrounds the text. The pencils are arranged in a rectangular frame. The top row has four pencils: brown, green, red, and blue. The right side has two pencils: blue and yellow. The bottom row has three pencils: brown, yellow, and blue. The left side has four pencils: yellow, blue, red, and green.

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

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

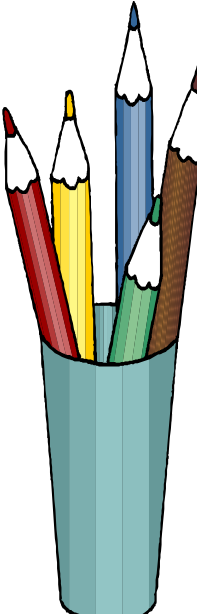
Financial Statements  
And  
Independent Auditors' Reports

**June 30, 2018**

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

*Certified Public Accountants Serving the Nonprofit Community*

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

A light blue cup containing several colored pencils: red, yellow, blue, green, and brown.

**Financial Statements and Independent Auditors' Reports**  
**June 30, 2018**  
**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.

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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.

November 12, 2018

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Whispering Winds Charter School (the School), a component unit of the Levy County District School Board, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters - 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 November 12, 2018, on our consideration of the School's internal control over financial reporting (internal control) and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on 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, 2018**  
**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, 2018. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2018:

- The School's overall Net Position decreased by approximately \$69,000, which is about 21%.
- Total ending unrestricted Net Position was approximately (\$20,000).
- The School had total expenses for the year of about \$1,050,000 compared to revenues of approximately \$981,000.
- The School educated 108 students in 2018 and 102 in 2017, 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, 2018**  
**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.

<b>Net Position</b>	2018	2017
<b>Assets:</b>		
Non-capital Assets	\$ 302,193	\$ 294,136
Capital Assets, Net	447,790	491,672
<b>Total Assets</b>	<u>749,983</u>	<u>785,808</u>
Deferred Outflows	<u>209,018</u>	<u>169,006</u>
<b>Liabilities:</b>		
Current Liabilities	50,986	2,502
Long-term Liabilities	173,915	195,055
Net Pension Liability	416,536	383,573
<b>Total Liabilities</b>	<u>641,437</u>	<u>581,130</u>
Deferred Inflows	<u>63,405</u>	<u>50,511</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	273,875	296,617
Unrestricted	(19,716)	26,556
<b>Total Net Position</b>	<u>\$ 254,159</u>	<u>\$ 323,173</u>

<b>Change in Net Position</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 8,064	\$ 13,588
Operating Grants & Contributions	126,943	114,335
Capital Grants & Contributions	41,105	32,912
<b>General Revenues:</b>		
Title 1 Grant	26,840	31,248
IDEA Grant	9,989	9,974
Florida Education Finance Program	764,955	723,660
Unrestricted Grants and Contributions	250	186
Unrestricted Investment Earnings	23	23
Other Miscellaneous Local Sources	2,992	1,369
<b>Total Revenues</b>	<u>981,161</u>	<u>927,295</u>
<b>Program Expenses:</b>		
Instruction	555,269	417,020
Instructional Support Services	2,594	965
General Support	392,407	336,219
Operation of Plant	88,444	80,539
Community Service	2,056	898
Interest on Long-term Debt	9,405	10,447
<b>Total Expenses</b>	<u>1,050,175</u>	<u>846,088</u>
<b>Change in Net Position</b>	(69,014)	81,207
<b>Beginning Net Position:</b>	<u>323,173</u>	<u>241,966</u>
<b>Ending Net Position</b>	<u>\$ 254,159</u>	<u>\$ 323,173</u>

**Management's Discussion and Analysis**  
**June 30, 2018**  
**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 \$176,112 in program revenues and \$805,049 of general revenues and incurred \$1,050,175 of program expenses. This resulted in a \$69,014 decrease in net position.

**THE SCHOOL'S INDIVIDUAL FUNDS**

**General Fund.** The fund balance of the General Fund decreased by (\$40,427) from \$291,634 to \$251,207.

**Special Revenue Fund.** The fund balance of the Special Revenue Fund remained 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 due to an increase in the number of students from the number used to create the original budget. Expenditures also were increased due to higher than budgeted 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 Pittman, Co-Directors, Whispering Winds Charter School Project, Inc. at 2480 NW Old Fannin Road, Chiefland, Florida 32626.

**Statement of Net Position**  
**June 30, 2018**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	Governmental Activities
<hr/>	
Assets:	
Cash	\$ 294,372
Accounts Receivable	395
Prepays	6,401
Deposits	1,025
Capital Assets:	
Land	69,505
Depreciable Capital Assets, Net	<u>378,285</u>
<b>Total Assets</b>	<b><u>749,983</u></b>
<b>Deferred Outflows</b>	<b><u>209,018</u></b>
Liabilities:	
Accounts Payable	986
Settlement Payable	50,000
Long-Term Debt:	
Due Within One Year	22,394
Due In More Than One Year	151,521
Net Pension Liability	<u>416,536</u>
<b>Total Liabilities</b>	<b><u>641,437</u></b>
<b>Deferred Inflows</b>	<b><u>63,405</u></b>
Net Assets:	
Net Investment in Capital Assets	273,875
Unrestricted	<u>(19,716)</u>
<b>Total Net Position</b>	<b><u>\$ 254,159</u></b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended June 30, 2018**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

<b>Functions/Programs:</b>	Program Revenues				Net (Expense) Revenue and Change in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Instruction	\$ (555,269)	\$ 8,064	\$ 23,588	\$ --	\$ (523,617)
Instructional Support Services	(2,594)	--	--	--	(2,594)
General Support	(392,407)	--	103,355	31,700	(257,352)
Operation of Plant	(88,444)	--	--	--	(88,444)
Community Services	(2,056)	--	--	--	(2,056)
Interest on Long-Term Debt	(9,405)	--	--	9,405	--
<b>Total</b>	<b><u>\$ (1,050,175)</u></b>	<b><u>\$ 8,064</u></b>	<b><u>\$ 126,943</u></b>	<b><u>\$ 41,105</u></b>	<b><u>(874,063)</u></b>

**General Revenues:**

Federal through State:	
Title I Grant	26,840
IDEA Grant	9,989
State Revenue:	
Florida Education Finance Program	764,955
Unrestricted Grants and Contributions	250
Unrestricted Investment Earnings	23
Other Local Sources	2,992
<b>Total General Revenues and Extraordinary Item</b>	<b><u>805,049</u></b>
<b>Change in Net Position</b>	<b><u>(69,014)</u></b>
<b>Net Position – Beginning of Year</b>	<b><u>323,173</u></b>
<b>Net Position – End of Year</b>	<b><u>\$ 254,159</u></b>

See accompanying notes.



**Balance Sheet – Governmental Funds**  
**June 30, 2018**  
**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	\$ 294,372	\$ --	\$ --	\$ 294,372
Accounts Receivable	395	--	--	395
Prepaid Expenses	6,401	--	--	6,401
Deposits	<u>1,025</u>	<u>--</u>	<u>--</u>	<u>1,025</u>
<b>Total Assets</b>	<b><u>\$ 302,193</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 302,193</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 986	\$ --	\$ --	\$ 986
Settlement Payable	<u>50,000</u>	<u>--</u>	<u>--</u>	<u>50,000</u>
<b>Fund Balances:</b>				
Non-Spendable – Prepaids	6,401	--	--	6,401
Non-Spendable – Deposits	1,025	--	--	1,025
Unassigned	<u>243,781</u>	<u>--</u>	<u>--</u>	<u>243,781</u>
Total Fund Balances	<u>251,207</u>	<u>--</u>	<u>--</u>	<u>251,207</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 302,193</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 302,193</u></b>

See accompanying notes.

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

**June 30, 2018**

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

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

**Fund Balances – Total Governmental Funds** \$ 251,207

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 447,790

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 (173,915)

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 209,018

Deferred Inflows (63,405)

Net Pension Liability (416,536)

**Net Position of Governmental Activities** \$ 254,159

See accompanying notes.

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

**For the Year Ended June 30, 2018**

**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	\$ --	\$ 26,840	\$ --	\$ 26,840
IDEA Grant	--	9,989	--	9,989
National School Lunch Program	103,355	--	--	103,355
State Revenue:				
Florida Education Finance Program	764,955	--	--	764,955
Public Education Capital Outlay	--	--	29,394	29,394
Voluntary Prekindergarten	23,588	--	--	23,588
Local Revenue:				
Interest Income	23	--	--	23
Local Capital Improvement	--	--	11,711	11,711
Other Local Revenues	11,306	--	--	11,306
<b>Total Revenues</b>	<b><u>903,227</u></b>	<b><u>36,829</u></b>	<b><u>41,105</u></b>	<b><u>981,161</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	507,070	36,829	--	543,899
Instructional Support Services	2,594	--	--	2,594
General Support Services	343,741	--	10,560	354,301
Operation of Plant	88,193	--	--	88,193
Community Services	2,056	--	--	2,056
Debt Service:				
Principal	--	--	21,140	21,140
Interest	--	--	9,405	9,405
<b>Total Expenditures</b>	<b><u>943,654</u></b>	<b><u>36,829</u></b>	<b><u>41,105</u></b>	<b><u>1,021,588</u></b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(40,427)</b>	<b>--</b>	<b>--</b>	<b>(40,427)</b>
<b>Fund Balances, July 1, 2017</b>	<b><u>291,634</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>291,634</u></b>
<b>Fund Balances, June 30, 2018</b>	<b><u>\$ 251,207</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 251,207</u></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, 2018**

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

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

**Excess of Revenues over Expenditures – Total Governmental Funds** **\$ (40,427)**

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	7,348
Current Year Depreciation Expense	(51,230)

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	21,140
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Accounting for the School's participation in the Florida Retirement System:  
Adjustment of required contribution to net pension expense.

<u>(5,845)</u>
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**Change in Net Position of Governmental Activities** **\$ (69,014)**

See accompanying notes.

**Notes to the Financial Statements**  
**June 30, 2018**  
**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 (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 inter-fund 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, 2018**  
**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 non-major funds.

Measurement Focus and Basis of Accounting

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

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

Cash consists of deposits in financial institutions. Such deposits qualify as public deposits and are insured by Florida’s Public Deposits Program as defined in Section 280.02, Florida Statutes. 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	3-5
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, 2018**  
**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 (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

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, 2018**  
**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 FRS's 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, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets not Being Depreciated:				
Land	\$ 69,505	\$ --	\$ --	\$ 69,505
Capital Assets Being Depreciated:				
Buildings	688,919	--	--	688,919
Improvements	133,646	--	--	133,646
Furniture, Fixtures & Equipment	169,085	7,348	13,326	163,107
Motor Vehicles	29,172	--	--	29,172
Total Capital Assets	<u>1,090,327</u>	<u>7,348</u>	<u>13,326</u>	<u>1,084,349</u>
Accumulated Depreciation:				
Buildings	346,477	34,563	--	381,040
Improvements	75,061	6,682	--	81,743
Furniture, Fixtures & Equipment	147,945	9,985	13,326	144,604
Motor Vehicles	29,172	--	--	29,172
Total Accumulated Depreciation	<u>598,655</u>	<u>51,230</u>	<u>13,326</u>	<u>636,559</u>
Net Capital Assets	<u>\$ 491,672</u>	<u>\$ (43,882)</u>	<u>\$ --</u>	<u>\$ 447,790</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 8,232
General Support	<u>42,998</u>
Total Depreciation Expense	<u>\$ 51,230</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, 2018**  
**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, 2018, was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Loan Payable	\$ 195,055	\$ --	\$ 21,140	\$ 173,915	\$ 22,394

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
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	21,150	395	21,545
Total	\$ 173,915	\$ 30,900	\$ 204,815

**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. The system's CAFR and the actuarial reports, which provide detailed information about the plans, are 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, 2018

## 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, 2016, 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. The School may designate positions to the Local Agency Senior Management Service Class (SMSC), provided certain conditions are met. In the years ended June 30, 2018 and 2017, the School designated the position of principal to this category. Amounts contributed were equal to the required contribution for the years ended June 30, 2018 and 2017. Amounts contributed in the year ended June 30, 2016, were equal to the required contribution for the year plus amounts to make up for the change in category for the principal.

	2016		2017		2018	
	Regular	SMSC	Regular	SMSC	Regular	SMSC
Contribution Rates – %						
Retirement– Employer	5.56	19.73	5.80	20.05	6.20	20.99
HIS – Employer	1.66	1.66	1.66	1.66	1.66	1.66
Administrative – Employer	.04	.04	.06	.06	.06	.06
Employee	3.00	3.00	3.00	3.00	3.00	3.00
Total	<u>10.26</u>	<u>24.43</u>	<u>10.52</u>	<u>24.77</u>	<u>10.92</u>	<u>25.71</u>
Contribution Amounts						
Employer	\$ 29,731	\$ 36,919	\$ 27,007	\$ 9,716	\$ 36,300	\$ 10,787
Employee	12,275	477	10,960	1,407	13,455	1,425
Totals	<u>\$ 42,006</u>	<u>\$ 37,396</u>	<u>\$ 37,967</u>	<u>\$ 11,123</u>	<u>\$ 49,755</u>	<u>\$ 12,212</u>

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

At June 30, 2018, the School reported a liability of \$416,536 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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:

**Notes to the Financial Statements**  
**June 30, 2018**  
**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)*

	Share at June 30, 2016	Share at June 30, 2017	Change
Florida Retirement System	0.000883702%	0.000944949%	0.000061247%
Health Insurance Subsidy	0.001376608%	0.001281519%	(0.000095089%)

For the year ended June 30, 2018, the School recognized pension expense of \$53,786. At June 30, 2018, 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.	\$ 25,652	\$ 1,833
Changes of assumptions.	113,196	11,849
Net difference between projected and actual earnings on pension plan investments.	76	6,927
Changes in proportion and differences between School contributions and proportionate share of contributions.	27,274	42,796
School contributions subsequent to the measurement date.	42,820	--
Total	<u>\$ 209,018</u>	<u>\$ 63,405</u>

The School reported \$42,820 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, 2019. 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 June 30,	
2019	\$ 8,394
2020	8,394
2021	30,528
2022	27,342
2023	8,794
2024	15,574
2025	4,156
2026	(389)
Total	<u>\$ 102,793</u>

**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, 2017, 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 7.10%. 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 3.58% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index.) 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 2017:

- FRS: The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 2.85% to 3.58%.

**Notes to the Financial Statements**  
**June 30, 2018**  
**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)**

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.* The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact of the School's proportionate share of the collective net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2017.

Florida Retirement System			Health Insurance Subsidy		
1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
\$ 505,895	\$ 279,510	\$ 91,558	\$ 156,365	\$ 137,026	\$ 120,918

*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 2017 the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by capital market assumptions teams from both Milliman and Aon Hewitt Investment Consulting, investment consultants 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. The 2017 FRS Actuarial Assumption Conference selected a return assumption of 7.10 percent, which is a prescribed assumption as defined by ASOP 27.

<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%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%

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

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

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the investment plan during the year ended June 30, 2017, totaled \$10,711.

**NOTE 6 – CONTINGENCY**

The Auditor General of the State of Florida (the State) identified deficiencies in the School's attendance policies and procedures based on an audit conducted for the 2014-2015 school year. Based on review of applicable data and ongoing discussions with the State, the School has estimated the deficiency could be as high as \$72,000. However, the School has recorded a liability (Settlement Payable) of \$50,000 based on its best estimate of amount to be settled.

**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2018**  
**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	\$ --	\$ 103,355	\$ 103,355	\$ --
State Revenue:				
Florida Education Finance Program	713,000	764,955	764,965	--
Voluntary Prekindergarten	--	23,588	23,588	--
Local Revenue:				
Interest Income	--	23	23	--
Other Local Revenue	--	11,306	11,306	--
<b>Total Revenues</b>	<b><u>713,000</u></b>	<b><u>903,227</u></b>	<b><u>903,227</u></b>	<b><u>--</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	408,230	507,070	507,070	--
Instructional Support Services	--	2,594	2,594	--
General Support	241,326	343,741	343,741	--
Operation of Plant	71,473	88,193	88,193	--
Community Services	--	2,056	2,056	--
<b>Total Expenditures</b>	<b><u>721,029</u></b>	<b><u>943,654</u></b>	<b><u>943,654</u></b>	<b><u>--</u></b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b><u>(8,029)</u></b>	<b><u>(40,427)</u></b>	<b><u>(40,427)</u></b>	<b><u>--</u></b>
<b>Fund Balances, July 1, 2017</b>	<b><u>--</u></b>	<b><u>291,634</u></b>	<b><u>291,634</u></b>	<b><u>--</u></b>
<b>Fund Balances, June 30, 2018</b>	<b><u>\$ (8,029)</u></b>	<b><u>\$ 251,207</u></b>	<b><u>\$ 251,207</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, 2018**  
**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	\$ 35,114	\$ 26,840	\$ 26,840	\$ --
IDEA Grant	10,000	9,989	9,989	--
<b>Total Revenues</b>	<b>45,114</b>	<b>36,829</b>	<b>36,829</b>	<b>--</b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	45,114	36,829	36,829	--
<b>Total Expenditures</b>	<b>45,114</b>	<b>36,829</b>	<b>36,829</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	--	--	--	--
<b>Fund Balances, July 1, 2017</b>	--	--	--	--
<b>Fund Balances, June 30, 2018</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, 2018

### Whispering Winds Charter School Project, Inc.

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

#### Florida Retirement System

	<u>2017</u>	<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>
Proportion of the net pension liability (asset)	0.000944949 %	0.000883702 %	0.000866155 %	0.000784685 %						
Proportionate share of the net pension liability (asset)	\$279,510	\$ 223,135	\$ 111,876	\$ 47,877						
Covered-employee payroll	\$411,921	\$ 426,032	\$ 434,414	\$ 357,161						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.60%	52.38%	12.75%	13.40%						
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%						

#### Health Insurance Subsidy Program

	<u>2017</u>	<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>
Proportion of the net pension liability (asset)	0.001281519 %	0.001376608 %	0.001324562 %	0.001184207 %						
Proportionate share of the net pension liability (asset)	\$ 137,026	\$ 160,438	\$ 135,084	\$110,726						
Covered-employee payroll	\$ 411,921	\$ 426,032	\$ 434,414	\$357,161						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.77%	37.66%	31.10%	31.00%						
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	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, 2018

### Whispering Winds Charter School Project, Inc.

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

#### Florida Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Required contribution	\$ 34,320	\$ 24,599	\$ 21,550	\$ 21,118	\$17,188					
Contributions in relation to the required contribution	<u>(34,320)</u>	<u>(24,599)</u>	<u>(21,550)</u>	<u>(21,118)</u>	<u>(17,188)</u>					
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --					
Covered-employee payroll	\$ 511,921	\$ 411,921	\$ 426,032	\$ 434,414	\$357,161					
Contributions as a percentage of covered-employee payroll	6.70%	5.97%	5.06%	4.86%	4.81%					

#### Health Insurance Subsidy Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Required contribution	\$ 8,500	\$ 6,782	\$ 7,056	\$ 5,063	\$4,057					
Contributions in relation to the required contribution	<u>(8,500)</u>	<u>(6,782)</u>	<u>(7,056)</u>	<u>(5,063)</u>	<u>(4,057)</u>					
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --					
Covered-employee payroll	\$ 511,921	\$ 411,921	\$ 426,032	\$ 434,414	\$357,161					
Contributions as a percentage of covered-employee payroll	1.66%	1.65%	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

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

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 12, 2018

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

We have audited the financial statements of Whispering Winds Charter School (the School) for the year ended June 30, 2018 and have issued our report thereon dated November 12, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Qualitative Aspects of Accounting Practices

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

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

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

*Corrected and Uncorrected Misstatements.* Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements.

### 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.

\*\*\*\*\*

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.

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## MANAGEMENT LETTER

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

November 12, 2018

**Report on the Financial Statements.** We have audited the financial statements of Whispering Winds Charter School (the School), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated November 12, 2018.

**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 Required by *Government Auditing Standards*, and Schedule of Findings. Disclosures in that report and schedule, which are dated November 12, 2018, should be considered in conjunction with this management letter.

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

**Official Title.** Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Whispering Winds Charter School.

### **Financial Condition.**

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

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

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

### **Other Matters.**

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

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

**Purpose of this Letter.** Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

November 12, 2018

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 (the School), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 12, 2018.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

\* \* \* \* \*

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated November 12, 2018.

*Kattell and Company, P.L.*