

**PUTNAM EDGE HIGH SCHOOL**

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

**Financial Statements  
with Independent Auditor's Reports Thereon**

**June 30, 2021**



**McCRADY & ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS

## CONTENTS

	<u>Page</u>
<b>Management’s Discussion and Analysis</b>	1 – 6
<b>Independent Auditor’s Report</b>	7 – 8
<b>Basic Financial Statements:</b>	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Fund Balance (deficit) Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance (deficit) of Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance (deficit) of Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15 – 33
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule	34 - 35
Required Supplementary Information – Pension Liability	36 - 37
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	38 – 39
<b>Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities:</i></b>	
Management Letter	40 – 42

**PUTNAM EDGE HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Management of Putnam Edge High School (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

**FINANCIAL HIGHLIGHTS**

- ❖ During year fiscal year June 30, 2021, the School applied and received proceeds from a loan originated from Community State Bank and the Small Business Administration (SBA) in the amount of approximately \$109,000 in May 2021 that can be partial or totally forgiven if the proceeds are spent on eligibility expenses. This loan was created through the CARES Act. The School also received extinguishment of debt from the prior year of approximately \$88,000.
- ❖ The School's net position increased from prior year by approximately \$61,000.
- ❖ For the fiscal year ended June 30, 2021, the School's revenues exceeded expenses by approximately \$61,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the readers in understanding of the financial condition of School. This document also includes the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

**Government-Wide Financial Statements**

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

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

Government-wide statements are divided into three categories: 1) governmental activities 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain

services. For the year ended June 30, 2021, the School had no business-type activities or component units.

## **Fund Financial Statements**

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

## **Governmental Funds**

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

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

## **Notes to Financial Statements**

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

This report also includes the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

## GOVERNMENT - WIDE ANALYSIS OF THE SCHOOL

### Net Position

The School's combined net position as of June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 104,904	\$ 28,727	\$ 76,177
Capital assets, net	925,384	876,558	48,826
Total assets	<u>1,030,288</u>	<u>905,285</u>	<u>125,003</u>
Deferred outflow of resources	<u>218,290</u>	<u>180,399</u>	<u>37,891</u>
<b>Liabilities:</b>			
Current liabilities	67,368	129,161	61,793
Long-term liabilities	1,430,352	1,244,938	(185,414)
Total liabilities	<u>1,497,720</u>	<u>1,374,099</u>	<u>(123,621)</u>
Deferred inflow of resources	<u>48,510</u>	<u>70,653</u>	<u>22,143</u>
<b>Net Position:</b>			
Investment in capital assets	38,493	49,681	(11,188)
Unrestricted	<u>(336,145)</u>	<u>(408,749)</u>	<u>72,604</u>
Total net position	<u>\$ (297,652)</u>	<u>\$ (359,068)</u>	<u>\$ 61,416</u>

The change in current assets is a result of an increase in cash, which is due to the current year grants. Capital assets increased due to the current year capital additions. Current liabilities decreased during the year due to the timing of payments. Long-term liabilities increased due to current year loan proceeds related to the construction of the building and the Payroll Protection Program.

## Change in Net Position

The School's total revenues exceeded expenses by approximately \$61,000 in fiscal 2021—see table below.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Revenues:</b>			
Federal sources	\$ 229,455	\$ 82,191	\$ 147,264
State and local sources	484,827	469,160	15,667
Contributions and other revenues	15,973	62,039	(46,066)
Gain on the extinguishment of debt	88,476	-	88,476
Total revenues	<u>818,731</u>	<u>613,390</u>	<u>205,341</u>
<b>Expenses:</b>			
Instruction	316,786	357,613	40,827
Student support services	2,642	-	(2,642)
Instructional staff training	1,500	-	(1,500)
Instructional technology services	6,563	-	(6,563)
Board	29,080	22,115	(6,965)
General administration	25,385	22,554	(2,831)
School administration	198,934	210,414	11,480
Facilities acquisition and construction	34,020	27,206	(6,814)
Fiscal services	28,237	24,662	(3,575)
Food services	370	-	(370)
Central services	281	1,471	1,190
Transportation services	3,500	11,626	8,126
Operation of plant	88,414	124,311	35,897
Maintenance of plant	2,922	-	(2,922)
Administrative technology	33	-	(33)
Interest	18,648	30,471	11,823
Total expenses	<u>757,315</u>	<u>832,443</u>	<u>75,128</u>
Change in net position	<u>\$ 61,416</u>	<u>\$ (219,053)</u>	<u>\$ 280,469</u>

The increase in federal sources is due to an increase in CARES grants. The decrease in contributions and other revenue is due to a refund that the school had in previous year. The decrease in instructional and operation of plant expense is due to the decrease in personnel. Overall expenses decreased due to a current year operations.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance, compliance and related legal requirements.

### Governmental Funds

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

As the School completed the year, its governmental funds reported a combined fund balance of \$41,187.

### General Fund Budgetary Highlights

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

In the general fund, actual revenues were slightly greater than budgeted amounts by approximately \$800. Actual expenditures were approximately \$21,000 less than budgeted amounts, exclusive of other financing sources.

### CAPITAL ASSETS

At the end of fiscal 2021, the School had invested \$1,020,149 in capital assets.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Capital assets</b>			
Land	\$ 95,732	\$ 95,732	\$ -
Buildings	825,142	819,762	5,380
Furniture, fixtures and equipment	99,275	54,597	44,678
Total capital assets	<u>\$ 1,020,149</u>	<u>\$ 970,091</u>	<u>\$ 50,058</u>

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

### Long-Term Liabilities

Long-term liabilities increased by approximately \$48,000 due to the current year loan addition. More detailed information about the School's long-term liabilities are presented in Note 6 to the financial statements

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Budget Highlights for the Fiscal Year Ended June 30, 2022**

The School expects the general fund revenue to increase by approximately \$114,000 due to an expected increase in student population. The general fund expenditures for fiscal year 2022 to be increase by approximately \$94,000. Therefore, if the budget amounts are realized the School's general fund balance should increase in fiscal year ending 2022.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 200 South 7<sup>th</sup> Street, Palatka, FL 32177.





## Independent Auditor's Report

To the Board of Directors of Putnam Edge High School,  
A Charter School and Component Unit of the District  
School Board of Putnam County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Putnam Edge High School, a Charter School and Component Unit of the District School Board of Putnam, Florida, (the "School") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension liability on pages 1 - 6 and 34 – 37 are 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 August 24, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*McCrady & Associates, PLLC*

Altamonte Springs, Florida  
August 24, 2021

107 Water Oak Lane | Altamonte Springs, FL 32714  
Office 407-960-4429 ■ [admin@mccradyandassociates.com](mailto:admin@mccradyandassociates.com)  
[www.mccradyandassociates.com](http://www.mccradyandassociates.com)

**PUTNAM EDGE HIGH SCHOOL**

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

**Statement of Net Position**

**June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 59,551
Due from Other Agencies	40,561
Deposits	4,538
Prepaid Expenses	254
Capital assets:	
Land	95,732
Buildings	825,142
Furniture, fixtures and equipment	99,275
Less accumulated depreciation	(94,765)
Total capital assets, net	<u>925,384</u>
Total assets	<u><u>\$ 1,030,288</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Amount deferred on pension liability	218,290
<b>LIABILITIES</b>	
Accounts payable	\$ 38,643
Payroll deductions and withholdings	6,082
Accrued interest payable	15,318
Due to other agencies	7,325
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	33,747
Portion due or payable after one year:	
Notes payable	930,025
Pension liabilities	466,580
Total liabilities	<u>1,497,720</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Amount deferred on pension liability	48,510
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	38,493
Unrestricted	<u>(336,145)</u>
Total net position	<u><u>\$ (297,652)</u></u>

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

**PUTNAM EDGE HIGH SCHOOL**

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

**Statement of Activities**

**For the Year Ended June 30, 2021**

	Program Specific Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 316,786	\$ -	\$ 163,998	\$ -	\$ (152,788)	\$ (152,788)
Student support services	2,642	-	-	-	(2,642)	(2,642)
Instructional staff training	1,500	-	-	-	(1,500)	(1,500)
Instructional technology services	6,563	-	-	-	(6,563)	(6,563)
Board	29,080	-	-	-	(29,080)	(29,080)
General administration	25,385	-	2,151	-	(23,234)	(23,234)
School administration	198,934	-	60,448	-	(138,486)	(138,486)
Facilities acquisition and construction	34,020	-	-	-	(34,020)	(34,020)
Fiscal services	28,237	-	-	-	(28,237)	(28,237)
Food service	370	-	-	-	(370)	(370)
Central services	281	-	-	-	(281)	(281)
Transportation services	3,500	-	-	-	(3,500)	(3,500)
Operation of plant	88,414	-	2,858	-	(85,556)	(85,556)
Maintenance of plant	2,922	-	-	-	(2,922)	(2,922)
Administrative technology	33	-	-	-	(33)	(33)
Interest	18,648	-	-	-	(18,648)	(18,648)
<b>Total primary government</b>	<b>\$ 757,315</b>	<b>\$ -</b>	<b>\$ 229,455</b>	<b>\$ -</b>	<b>(527,860)</b>	<b>(527,860)</b>
General revenues:						
State and local sources					484,827	484,827
Contributions and other revenues					15,973	15,973
Gain on the extinguishment of debt					88,476	88,476
Total general revenues					589,276	589,276
Changes in net position					61,416	61,416
Net position at beginning of year					(359,068)	(359,068)
Net position at end of year					\$ (297,652)	\$ (297,652)

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

**PUTNAM EDGE HIGH SCHOOL**

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

**Balance Sheet - Governmental Funds**

**June 30, 2021**

	<b>General Fund</b>	<b>Capital Projects Funds</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 59,551	\$ -	\$ -	\$ 59,551
Due from Other Agencies	27,065	-	13,496	40,561
Deposits	4,538	-	-	4,538
Due from other funds	260,408	-	6,858	267,266
Prepays Expenditures	255	-	-	255
Total assets	<u>\$ 351,817</u>	<u>\$ -</u>	<u>\$ 20,354</u>	<u>\$ 372,171</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,163	\$ 31,480	\$ -	\$ 38,643
Payroll deductions and withholdings	6,083	-	-	6,083
Accrued interest payable	-	15,318	-	15,318
Due to other agencies	-	-	7,325	7,325
Due to other funds	-	254,237	13,029	267,266
Total liabilities	<u>13,246</u>	<u>301,035</u>	<u>20,354</u>	<u>334,635</u>
<b>FUND BALANCES (Deficit)</b>				
Nonspendable:				
Prepaid expenses	255	-	-	255
Deposits	4,538	-	-	4,538
Spendable:				
Unassigned	333,778	(301,035)	-	32,743
Total fund balance (deficit)	<u>338,571</u>	<u>(301,035)</u>	<u>-</u>	<u>37,536</u>
Total liabilities and fund balances	<u>\$ 351,817</u>	<u>\$ -</u>	<u>\$ 20,354</u>	<u>\$ 372,171</u>

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

**PUTNAM EDGE HIGH SCHOOL**

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

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

**June 30, 2021**

**Total Fund Balance (Deficit)- Governmental Funds** **\$ 37,536**

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported as assets in the  
governmental funds. The assets at year end consisted of:

Capital assets	1,020,149	
Accumulated depreciation	<u>(94,765)</u>	925,384

Long-term liabilities, including notes payables, are not due and  
payable in the current period and, therefore, are not reported as  
liabilities in the governmental funds. Long-term liabilities at year  
end consist of:

Notes payable	(963,772)	
Pension liability	<u>(466,580)</u>	(1,430,352)

Deferred amounts are reported in the Statement of Net Position as  
deferred outflow or deferred inflow of resources, but are not reported  
in the funds.

Deferred Outflows	218,290	
Deferred Inflows	<u>(48,510)</u>	169,780

**Total net position - governmental activities** **\$ (297,652)**

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

**PUTNAM EDGE HIGH SCHOOL**

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

**Statement of Revenues, Expenditures and  
Change in Fund Deficit of Governmental Funds**

**For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Federal sources passes through local school district	\$ -	\$ -	\$ 229,455	\$ 229,455
State and local sources	484,827	-	-	484,827
Contributions and other revenue	15,973	-	-	15,973
Total revenues	<u>500,800</u>	<u>-</u>	<u>229,455</u>	<u>730,255</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	184,432	-	83,598	268,030
Student support services	2,641	-	-	2,641
Instructional staff training	1,500	-	-	1,500
Instructional technology services	5,964	-	-	5,964
Board	29,080	-	-	29,080
General administration	23,235	-	2,151	25,386
School administration	114,756	-	60,448	175,204
Facilities acquisition and construction	5,380	-	-	5,380
Fiscal services	28,237	-	-	28,237
Food services	110	-	-	110
Central services	281	-	-	281
Transportation services	3,500	-	-	3,500
Operation of plant	79,005	-	2,858	81,863
Maintenance of plant	2,922	-	-	2,922
Administrative technology	33	-	-	33
Debt service:				
Principal	32,140	-	-	32,140
Interest	3,316	15,318	-	18,634
Capital outlay	-	-	80,400	80,400
Total expenditures	<u>516,532</u>	<u>15,318</u>	<u>229,455</u>	<u>761,305</u>
Excess of revenues over expenditures	<u>(15,732)</u>	<u>(15,318)</u>	<u>-</u>	<u>(31,050)</u>
<b>Other Financing Sources (uses)</b>				
Proceeds from notes payable	169,020	-	-	169,020
Total other financing sources	<u>169,020</u>	<u>-</u>	<u>-</u>	<u>169,020</u>
Net change in fund balance	153,288	(15,318)	-	137,970
Fund Balance at beginning of year	185,283	(285,717)	-	(100,434)
Fund Balance at end of year	<u>\$ 338,571</u>	<u>\$ (301,035)</u>	<u>\$ -</u>	<u>\$ 37,536</u>

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

**PUTNAM EDGE HIGH SCHOOL**

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

**Reconciliation of the Statement of Revenues, Expenditures and  
Change in Fund Balance (deficit) of Governmental Funds  
To the Statement of Activities**

**For the Year Ended June 30, 2021**

**Net Changes in Fund Balance (Deficit) - Governmental Funds** **\$ 137,970**

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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount incurred in the current period:

Capital outlays	85,780	
Disposal of capital assets	(35,722)	
Accumulated depreciation on disposed assets	35,722	
Depreciation expense	<u>(36,954)</u>	48,826

Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amounts of funds borrowed is reported as an increase in long-term liabilities.

Principal payments	120,616	
Increase in Notes Payable	<u>(169,035)</u>	(48,419)

In the Statement of Activities, some revenues and expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflow and outflow of resources.

Net Pension Liability	(136,995)	
Deferred outflows related to net pension liability	37,891	
Deferred inflows related to net pension liability	<u>22,143</u>	(76,961)

**Change in net position of governmental activities** **\$ 61,416**

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



**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2021**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Putnam Edge High School (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Putnam County Florida (the "School Board"). The governing body of the School is the Board of Directors of Putnam Edge High School, which is composed of at least three members.

**Charter Contract**

The current charter expires June 30, 2031 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide Financial Statements**

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

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

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

# PUTNAM EDGE HIGH SCHOOL

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

### Notes to Financial Statements (continued)

#### Fund Financial Statements

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

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

For the purpose of these statements, the general, capital projects and special revenue funds are considered major funds.

#### Basis of Accounting

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

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing of the related cash flows take place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Budgetary Basis Accounting**

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

**Cash and Cash Equivalents**

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

The School maintains its cash with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant risks.

**Interfund receivables and payables**

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund has recorded total receivables of approximately \$275,000 which is from the state and other governmental funds for amounts paid by the general funds on behalf of the other funds.

**Capital Assets and Depreciation**

The School's capital assets with useful lives of more than one year are stated at historical costs and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date of donated. The School capitalizes assets with a cost of \$1,000 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful live are not capitalized. Depreciation is computed using the straight-line method.

Estimated useful lives of the assets are as follows:

	<u>Years</u>
Furniture, fixtures and equipment	5
Buildings	30

## PUTNAM EDGE HIGH SCHOOL

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

#### Notes to Financial Statements (continued)

##### Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension liability. 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) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The School's retirement plans and related amounts are described in Note 5.

##### Net position and Fund Balance Classifications

###### *Government-wide financial statements*

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consist of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There were no restricted balances as of June 30, 2021.
- Unrestricted – all other amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

###### *Fund financial statements*

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

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All non-spendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. There were no restricted balances as of June 30, 2021.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.

## PUTNAM EDGE HIGH SCHOOL

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

#### Notes to Financial Statements (continued)

- Assigned – fund balance classification includes amounts that are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There were no assigned balances as of June 30, 2021.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

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

#### **Order of Fund Balance Spending Policy**

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

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school has one item that qualifies for reporting in this category which is the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category, which is the deferred amount on pension reported in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provide with pensions through the pension plan except earnings which are amortized over 5 years.

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Revenue Sources**

Revenues for operations are received primarily from the District School Board of Putnam County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

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

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2021, the School reported 69 unweighted FTE.

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

**Use of Estimates**

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

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Recently Issued Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which provides additional clarity and improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activities include the cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School did not identify fiduciary activities that would materially affect financial statements for this reporting period. The effective implementation date is June 30, 2021.

In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement requires recognition and reporting of certain lease assets and liabilities for leases that previously classified as operating leases. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The effective implementation date is June 30, 2021.

In June 2018, the GASB issued Statement No. 89, Capitalized Interest. GASB would now require interest costs incurred during the construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2021.

However, the GASB issued in May 2020, Statement No 95, Postponement of the Effective Dates of Certain Authoritative Guidance, due to the ramifications of the Pandemic this pronouncement was effective immediately upon issuance. The School will continue to evaluate these pronouncements with their current situation.

**2 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2:* Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

*Level 3:* Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

The estimated fair value of the School's pension liability and related deferred outflows and inflows determined using Level 3 inputs is based on information provided by the Auditor General. The estimated fair value of the School's pensions and related deferred outflows and inflows using Level 3 inputs is determined by calculating the present value of the future distributions expected to be paid, using published life expectancy tables and discount rates ranging from approximately 2% to 4.3%. There were no changes in valuation techniques during the year.

The carrying values of cash and cash equivalents, cash restricted for long-term purposes, and the note payable do not differ materially from reasonable estimates of fair value, as short-term receivables and payables, the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value.

Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2021, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Deferred outflows related				
to pension liability	\$ -	\$ -	\$ 218,290	\$ 218,290
Pension liability	-	-	(466,580)	(466,580)
Deferred inflows related				
to pension liability	-	-	(48,510)	(48,510)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (296,800)</u>	<u>\$ (296,800)</u>

**3 DUE FROM OTHER AGENCIES**

Due from other agencies included in the accompanying financial statements includes approximately \$40,000 in reimbursement from the School Board due to the School. Based on the source of these funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.



**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets:</b>				
Assets not being depreciated:				
Land	\$ 95,732	\$ -	\$ -	\$ 95,732
Total capital assets	95,732	-	-	95,732
Assets being depreciated:				
Buildings	819,762	5,380	-	825,142
Furniture, fixtures & equipment	54,597	80,400	(35,722)	99,275
Total capital assets	874,359	85,780	(35,722)	924,417
<b>Accumulated depreciation:</b>				
Buildings	(45,186)	(28,640)	-	(73,826)
Furniture, fixtures & equipment	(48,347)	(8,314)	35,722	(20,939)
Total accumulated depreciation	(93,533)	(36,954)	35,722	(94,765)
Capital assets, net	\$ 876,558	\$ 48,826	\$ -	\$ 925,384

**5 LONG-TERM DEBT**

The School had several sources of long term debt as described below.

**Related Party Note:**

The School entered into a secured note payable with a member of its board. Proceeds from the note were used to support the construction project of the School. The loan matures in December 2022, bore no interest, and is extendable at the officer's discretion with board approval.

**Building Loan:**

The School also entered into a loan agreement with Lift Putnam for the building purchases for \$385,000 in fiscal year 2019. The loan matures in 10 years with an interest rate of 5% and one annual payment of \$49,849. The balance as of June 30, 2021 is \$322,251. A board member has secured the loan with a promissory note dated March 20, 2020 between Putnam Edge and the board member.

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Paycheck Protection Program Loan:**

This Loan was established under the CARES ACT by the Payroll Protection Plan (PPP) and funded under Small Business Administration. In January 2021, the School was granted a full extinguishment of the loan and which is recognized in the Statement of Activity as a gain on the extinguishment of debt.

In May 2021, the School entered into a note payable with Community State Bank, as lender, in the amount of \$109,020. The terms of the note provide for no principal or interest payments for the first six months. Commencing on the seventh month, and thereafter, require monthly principal and interest payments of approximately \$1,887 through August 2027, with a fixed interest rate of 1% per annum. The School anticipates using all the proceeds for eligible expenses and, therefore, expects substantially all of the loan will be forgiven.

The School participated in the Paycheck Protection Program under the “Cares Act”. The method used to record this transaction was the debt method.

The following schedule provides a summary of changes in the loans for the year ended June 30, 2021:

	<b>Balance 6/30/20</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6/30/20</b>
Related party loan	\$ 472,500	\$ 102,000	\$ (42,000)	\$ 532,500
Lift Putnam	354,377	-	(32,126)	322,251
Payroll Protection Program	88,476	109,020	(88,476)	109,020
	<u>\$ 915,353</u>	<u>\$ 211,020</u>	<u>\$ (162,602)</u>	<u>\$ 963,771</u>

Future debt service requirements related to the long-term liabilities are as follows:

Year ended June 30:	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 33,747	\$ 16,113	\$ 49,859
2023	58,141	36,142	94,283
2024	60,057	34,733	94,790
2025	61,995	33,173	95,168
2026	63,949	31,444	95,393
Thereafter	<u>685,882</u>	<u>34,039</u>	<u>719,921</u>
Total	<u>963,771</u>	<u>185,643</u>	<u>1,149,414</u>

Interest expense for fiscal year ending June 30, 2021 totaled approximately \$19,000.

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**6 RETIREMENT PLANS**

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 issued 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 online, or by contacting the Division.

**Cost-Sharing Defined Benefit Plans**

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system’s cost-sharing, multiple employer defined benefit plans:

- 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 and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. 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 nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. 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, 2021, 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 may include Medicare.

Over 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to

## **PUTNAM EDGE HIGH SCHOOL**

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

#### **Notes to Financial Statements (continued)**

the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

#### **Basis of Accounting**

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the Division. There have been no significant changes since the publication of the financial statements.

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2021. The system's CAFR and the actuarial valuation reports referenced herein are available online at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

#### **Employer Contributions**

Contributions are recognized as revenue in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

#### **Contributions**

Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. Effective July 1, 2011, FRS members are required to make employee contributions in addition to employer contributions to establish service credit for work performed in a regularly established position. The total uniform contribution rates by membership class for Fiscal Year 2020-21- are as follows:

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

<b>Class or Plan</b>	<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer (A)</b>
<b>Regular class</b>	<b>3%</b>	<b>10.00%</b>
<b>Senior management</b>	<b>3%</b>	<b>27.29%</b>
<b>Drop</b>	<b>N/A</b>	<b>16.98%</b>

(A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy, assessment of 0.06% for administration for the FRS Investment Plan and the administration of the MyFRS Financial Guidance Program for both plans, and an unfunded actuarial liability contribution determined by membership class.

**Net Pension Liability**

The components of the collective net position liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2021 are shown below (in thousands):

	<b>FRS</b>	<b>HIS</b>
<b>Total pension liability</b>	<b>\$ 204,909,739</b>	<b>\$ 12,588,098</b>
<b>Plan fiduciary net position</b>	<b>(161,568,265)</b>	<b>(378,261)</b>
<b>Net pension liability</b>	<b>\$ 43,341,474</b>	<b>\$ 12,209,837</b>
<b>Plan fiduciary net position as a percentage Of the total pension liability</b>	<b>78.85%</b>	<b>3.00%</b>

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used. The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

**Actuarial Methods and Assumptions**

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, 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 6.80%. 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 2.210% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2021:

- FRS: The long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 3.50% to 2.21%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2021.

<b>School's Proportionate Share of FRS Net Pension Liability</b>			<b>School's Proportionate Share of HIS Net Pension Liability</b>		
	Current Discount Rate			Current Discount Rate	
1% Decrease		1% Increase	1% Decrease		1% Increase
5.80%	6.80%	7.80%	1.21%	2.21%	3.21%

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

\$474,665      \$297,254      \$149,080                      \$195,734      \$169,326      \$147,712

**Basis of Allocation**

At June 30, 2021, the School reported a liability of \$466,580 for its proportionate share of the Plan's net pension liability. The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2013, through June 30, 2021, for employers that were members of the FRS and HIS during those fiscal years.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The School's proportionate share of the net pension liability was based on the School's 2019-20 fiscal year contributions of all participating members.

The School's proportions are as follows:

	<u>FRS</u>	<u>HIS</u>
June 30, 2020	0.00068%	0.00138%
June 30, 2019	<u>0.00061%</u>	<u>0.00104%</u>
Change	<u>0.00006%</u>	<u>-0.00034%</u>

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

- Differences between expected and actual earnings on pension plan investments – amortized over five years.

Employer contributions to the pension plans from the School's employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2020, was 5.9 years for FRS and 7.2 years for HIS.

At June 30, 2021, the School reported deferred outflows of resources and deferred inflow of resources related to the pensions from the following sources:

<u>Description</u>	<b>FRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,377	\$ -
Changes of assumptions	53,813	-
Net difference between projected and actual investment earnings	17,699	-
Employer-specific amounts due to changes in employer proportion	24,297	21,308
School FRS contributions subsequent to the measurement date	<u>23,562</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 130,748</u></b>	<b><u>\$ 21,308</u></b>



**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

<b>Description</b>	<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,926	\$ 131
Changes of assumptions	18,207	9,846
Net difference between projected and actual investment earnings	135	-
Employer-specific amounts due to changes in employer proportion	56,922	17,225
School FRS contributions subsequent to the measurement date	5,352	-
<b>Total</b>	<b>\$ 87,542</b>	<b>\$ 27,202</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<b>Measurement period ending June 30,</b>	<b>FRS Expense</b>	<b>HIS Expense</b>
<b>2021</b>	\$ 17,697	\$ 15,218
<b>2022</b>	27,563	11,289
<b>2023</b>	23,428	3,085
<b>2024</b>	14,005	7,163
<b>2025</b>	3,185	9,753
<b>Thereafter</b>	-	8,480
<b>Total</b>	<b>\$ 85,878</b>	<b>\$ 54,988</b>

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**7 SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of state revenue sources

**District School Board of Putnam County, Florida:**

Florida Education Finance Program	\$	303,138
Class size reduction		59,614
Discretionary local		21,709
Sparcity Supplement		20,580
Supplemental academic instruction		19,649
Discretionary millage funds		17,131
ESE guaranteed allocation		16,909
Safe Schools		5,249
Instructional materials		5,214
Total funds compression		3,899
Reading allocation		3,259
Other State Revenue		3,227
Mental Health Assistance		2,899
Florida Lead Program		1,678
Digital classroom allocation		672
Total	\$	<u>484,827</u>

The administrative fee paid to the School Board during the year ended June 30, 2021 totaled approximately \$23,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

**8 RISK MANAGEMENT PROGRAM**

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

**9 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School

**PUTNAM EDGE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

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

**Legal matters**

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

**10 RELATED PARTY TRANSACTIONS**

The School had a note payable from a member of its board. See Note 5 for more details.

**11 INCOME TAXES**

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

**12 SUBSEQUENT EVENTS**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 24, 2021 which is the date the financial statements were available to be issued.

Management continues to evaluate the ongoing impact of the COVID-19 pandemic on the industry. The School has concluded this it is reasonably possible that the ongoing pandemic could have a negative impact on its financial position and results of operations; however, any possible impact is not readily determinable as of the date of these financial statements. The School has not recognized any provisions for possible ongoing impact in these financial statements.

**PUTNAM EDGE HIGH SCHOOL**

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

**Required Supplementary Information**

**Budgetary Comparison Schedule - General Fund**

**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 727,023	\$ 486,002	\$ 484,827	\$ (1,175)
Contributions and other revenue	5,250	14,000	15,973	1,973
<b>Total revenues</b>	<b>732,273</b>	<b>500,002</b>	<b>500,800</b>	<b>798</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	210,935	186,431	184,432	1,999
Student support services	-	-	2,641	(2,641)
Instructional staff training	-	-	1,500	(1,500)
Instructional technology services	8,000	6,300	5,964	336
Board	16,610	30,332	29,080	1,252
General administration	35,030	24,300	23,235	1,065
School administration	242,588	125,404	114,756	10,648
Facilities acquisition and constructor	-	-	5,380	(5,380)
Fiscal services	27,794	26,475	28,237	(1,762)
Food services	-	-	110	(110)
Central services	7,100	600	281	319
Transportation services	16,848	4,000	3,500	500
Operation of plant	78,568	80,840	79,005	1,835
Maintenance of plant	4,000	3,200	2,922	278
Administrative technology	-	-	33	(33)
Community services	1,800	-	-	-
Debt service:				
Principal	46,541	46,541	32,140	14,401
Interest	3,319	3,319	3,316	3
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>699,133</b>	<b>537,742</b>	<b>516,532</b>	<b>21,210</b>
Excess (deficiency) of expenditures over expenditures	33,140	(37,740)	(15,732)	(20,412)
<b>Other Financing Sources (uses)</b>				
Proceeds from notes payable	-	170,000	169,020	980
<b>Total other financing sources</b>	<b>-</b>	<b>170,000</b>	<b>169,020</b>	<b>980</b>
Net changes in fund balances	33,140	132,260	153,288	(19,432)
Fund balance at beginning of year	185,283	185,283	185,283	-
<b>Fund balance at end of year</b>	<b>\$ 218,423</b>	<b>\$ 317,543</b>	<b>\$ 338,571</b>	<b>\$ (19,432)</b>

See report of independent auditors.

**PUTNAM EDGE HIGH SCHOOL**

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

**Required Supplementary Information**

**Budgetary Comparison Schedule - Special Revenue Fund**

**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Special Revenue Funding	\$ 48,165	\$ 229,455	\$ 229,455	\$ -
Total revenues	48,165	229,455	229,455	-
<b>EXPENDITURES</b>				
Current:				
Instruction	48,165	163,998	83,598	80,400
General administration		2,151	2,151	-
School administration	-	60,448	60,448	-
Operation of plant	-	2,858	2,858	-
Total expenditures	48,165	229,455	149,055	80,400
Net changes in fund balances	-	-	80,400	80,400
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ 80,400	\$ 80,400

See report of independent auditors.

**PUTNAM EDGE HIGH SCHOOL**

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

**Required Supplementary Information  
(continued)**

Schedule of the School's Proportionate Share of the Net Pension Liability-  
Florida Retirement System Pension Plan

	2020	2019	2018	2017	2016
School's proportion of the FRS net pension liability (asset)	0.00068%	0.00061%	0.00070%	0.00076%	0.00084%
School's proportionate share of the FRS net pension liability (asset)	\$ 297,254	\$ 212,507	\$ 209,620	\$ 224,006	\$ 211,075
School's covered-employee payroll	\$ 169,326	\$ 412,916	\$ 334,878	\$ 409,452	\$ 469,179
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	175.55%	51.46%	62.60%	54.71%	44.99%
FRS Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%

Schedule of School Contributions  
Florida Retirement System Pension Plan

	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 23,562	\$ 19,834	\$ 19,834	\$ 19,834	\$ 20,386
FRS contribution in relation to the contractually required FRS contribution	\$ (23,562)	\$ (19,834)	\$ (19,834)	\$ (19,834)	\$ (20,386)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 169,326	\$ 412,916	\$ 334,878	\$ 409,452	\$ 469,179
FRS contribution as a percentage of covered employee payroll	13.92%	4.80%	5.92%	4.84%	4.35%

**PUTNAM EDGE HIGH SCHOOL**

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

**Required Supplementary Information  
(continued)**

Schedule of the School's Proportionate Share of the Net Pension Liability-  
Health Insurance Subsidy Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School's proportion of the HIS net pension liability (asset)	0.00139%	0.00105%	0.00108%	0.00123%	0.00136%
School's proportionate share of the HIS net pension liability (asset)	\$ 169,326	\$ 117,078	\$ 114,741	\$ 131,011	\$ 158,926
School's covered-employee payroll	\$ 375,970	\$ 412,916	\$ 334,878	\$ 409,452	\$ 469,179
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	45.04%	28.35%	34.26%	32.00%	33.87%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.10%

Schedule of School Contributions  
Health Insurance Subsidy Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required HIS contribution	\$ 5,352	\$ 6,999	\$ 5,879	\$ 5,879	\$ 6,990
HIS contribution in relation to the contractually required HIS contribution	\$ (5,352)	\$ (6,999)	\$ (5,879)	\$ (5,879)	\$ (6,990)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 375,970	\$ 412,916	\$ 334,878	\$ 409,452	\$ 469,179
HIS contribution as a percentage of covered employee payroll	1.42%	1.70%	1.76%	1.44%	1.49%



McCRAZY & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based  
On an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors of Putnam Edge High School, Inc.,  
A Charter School and Component Unit of the District School Board of Putnam County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Putnam Edge High School, a Charter School and Component Unit of the District School Board of Putnam County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 24, 2021.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*McCrady & Associates, PLLC*

Altamonte Springs, Florida  
August 24, 2021

**107 Water Oak Lane | Altamonte Springs, FL 32714**  
**Office 407-960-4429 ■ [admin@mccradyandassociates.com](mailto:admin@mccradyandassociates.com)**  
**[www.mccradyandassociates.com](http://www.mccradyandassociates.com)**

---

Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

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



McCRAZY & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of Putnam Edge High School, Inc., a Charter School  
and Component Unit of the District School Board of Putnam County, Florida

**Report on the Financial Statements**

We have audited the financial statements of Putnam Edge High School (the “School”) as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 24, 2021.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, August 24, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Putnam Edge High School, Inc. The School code is 0071.

**Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. A financial condition assessment pursuant to Section 10.855(12) and 10.805(7), Rules of the Auditor General were applied to the School. As a result, it has been determined based on this financial guidance that the School does not meet the definition of a deteriorating financial condition as of June 30, 2021. However, results of the previous audit indicated the school did meet the definition of a deteriorating financial condition as of June 30, 2020.

During the year ended June 30, 2021 the School Board governance and management monitored expenses not to exceed revenues. As of the year-end, the School decreased its deficit in net position by \$65,000. Management operated the School in a surplus for fiscal year 2021, therefore the total fund balance was \$41,187, which is a increase of approximately \$141,000 from prior year. Additionally, a board member has contributed funds to the School in the past and continues to assist in meeting capital project and operating expenditures. The School continues to strive to increase enrollment.

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

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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 note any such findings.

### **Purpose of this Letter**

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

*McCrady & Associates, PLLC*

Altamonte Springs, Florida  
August 24, 2021

**107 Water Oak Lane | Altamonte Springs, FL 32714**  
**Office 407-960-4429 ■ [admin@mccradyandassociates.com](mailto:admin@mccradyandassociates.com)**  
**[www.mccradyandassociates.com](http://www.mccradyandassociates.com)**