

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2022



CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1 – 7
Independent Auditor's Report on Basic Financial Statements and Supplementary Information	8 – 10
Basic Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements	19 – 29
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	30
Budgetary Comparison Schedule – Special Revenue Fund	31
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>	32 – 33
Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers</i>:	
Management Letter	34 – 36

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Altoona School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2022, the School's expenses exceeded revenues by \$74,478, which is a decrease from the prior year when revenues exceeded expenses by \$425,042.
- Overall, revenues increased by approximately \$136,000, which was a 5% increase from the prior year.
- Overall, expenses increased by approximately \$265,000, which was a 10% increase from the prior year.
- Total assets were \$1,342,730 and total liabilities were \$332,924, resulting in net position of \$1,009,806 as of June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
 - The *fiduciary fund* financial statements provide information about the financial activities in which the School serves only as the custodian for assets that belong to others, such as student activities funds.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Fund
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS **(continued)**

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has two types of funds:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fiduciary Funds – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2022 and 2021 is summarized as follows – see table below.

	Governmental Activities		Increase (Decrease)
	2022	2021	
Current and other assets	\$ 505,803	\$ 628,753	-20%
Capital assets, net	836,927	633,693	32%
Total assets	1,342,730	1,262,446	6%
Current and other liabilities	157,379	126,537	24%
Long-term liabilities	175,545	51,625	240%
Total liabilities	332,924	178,162	87%
Net position:			
Net investment in capital assets	661,382	582,068	14%
Restricted	127,065	154,068	-18%
Unrestricted	221,359	348,148	-36%
Total net position	\$ 1,009,806	\$ 1,084,284	-7%

Net capital assets, long-term liabilities, and net investment in capital assets changed due to the increase in capital asset additions and the recognition of related debt, net of current year payments, as a result of implementing new lease accounting under GASB 87. Current and other liabilities increased due to the timing of payments near year-end. Current and other assets and total net position changed due to the current year operating deficit and the activity noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Change in Net Position

The School's total revenues increased by 5% to \$2,904,360, and the total cost of all programs and services increased by 10% to \$2,978,838 – see table below.

	Governmental Activities		Increase (Decrease)
	2022	2021	
Revenues:			
Federal sources passed through local school district	\$ 411,722	\$ 366,324	12%
State and local sources	2,400,141	2,376,036	1%
Contributions and other revenue	92,497	26,378	251%
Total revenues	2,904,360	2,768,738	5%
Expenses:			
Instruction	1,521,417	1,420,863	7%
Student support services	157,721	109,989	43%
Instructional media	33,641	31,032	8%
Instruction and curriculum developmen	-	525	-100%
Instructional staff training	49,660	45,522	9%
Instruction-related technology	2,481	2,458	1%
Board	15,645	21,090	-26%
General administration	92,423	92,892	-1%
School administration	285,447	253,136	13%
Facilities acquisition and construction	132,601	37,753	251%
Fiscal services	97,632	86,521	13%
Food services	33,773	59,274	-43%
Central services	15,191	11,892	28%
Student transportation services	98,332	106,332	-8%
Operation of plant	348,925	362,432	-4%
Maintenance of plant	36,181	19,783	83%
Administrative technology services	6,131	2,280	169%
Community services	41,397	42,868	-3%
Interest	10,240	7,241	41%
Total expenses	2,978,838	2,713,883	10%
Special item:			
PPP loan forgiveness	-	370,187	-100%
Change in net position	\$ (74,478)	\$ 425,042	-118%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Federal sources passed through local district changed due to School receiving additional Education Stabilization Funds in the current year to help pay the continuing costs associated with the coronavirus pandemic. Contributions and other revenue increased as a result of increased participation in the after-school program, as well as surplus funds received from the School's new food service provider.

Instruction and instruction-related services increased due to an increase in personnel costs and in professional and technical services. The increase in school administration is the result of salary adjustments for administrative personnel. Facilities acquisition and construction increased due to a higher allocation of depreciation expense related to the School's leased facilities. Food services decreased due to the outsourcing of the School's food service and resulting decrease in personnel. The special item is the result of the School receiving PPP loan forgiveness in the prior year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the fiscal year, its governmental funds reported a fund balance of \$348,424. Both revenues and expenditures changed for the same reasons described above.

General and Special Revenue Fund Budgetary Highlights

Over the course of the fiscal year, the School revised its budget to account for changes in student enrollment and increases in certain appropriations.

For 2022, actual general fund revenues were not significantly different from the final budget. Actual general fund expenditures were approximately \$91,000 above the final budget, which represents a budget variance of 3%. This variance is primarily to higher than budgeted capital outlay expenditures as a result of implementing new lease accounting under GASB 87.

For 2022, actual special revenue fund revenues and expenditures were in line with the final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2022 amounts to \$836,927 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Buildings and building improvements	\$ 1,220,061	\$ 892,982	37%
Furniture, fixtures and equipment	112,178	73,890	52%
Computer software	12,017	12,017	0%
Motor vehicles	234,603	234,603	0%
Less accumulated depreciation	(741,932)	(579,799)	-28%
Total capital assets	<u>\$ 836,927</u>	<u>\$ 633,693</u>	<u>32%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

- Leased building due to implementation of GASB 87 – \$248,045
- Roof replacement – \$34,540
- Kitchen equipment – \$32,920
- Air conditioner unit for kitchen – \$9,200
- Portable air conditioner unit – \$7,280
- Copiers – \$5,370

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

Long-term Debt

As of June 30, 2022, the School had \$175,545 in long-term debt outstanding, consisting of the lease liability and notes payable. The lease liability is the result of the implementation of new lease accounting under GASB 87. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2023:

- Increase in student population
- Decrease in state and local revenues

Amounts available for appropriation in the general fund are approximately \$2,337,829, a decrease of less than 1% from the final 2022 amount of \$2,340,550. Budgeted general fund expenditures are expected to decrease 17% to approximately \$2,258,188 from the final 2022 amount of \$2,730,580, primarily due to decreased capital outlay expenditures. The School has added no major new programs to the fiscal 2023 budget.

If these estimates are realized, the School's general fund balance is expected to increase by the close of fiscal 2023.

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 42630 State Road 19, Altoona, Florida 32702.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on pages 30 – 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022 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 solely 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 the effectiveness of the School's 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.



Orlando, Florida
October 6, 2022

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 239,826
Accounts receivable	245,381
Other current assets	20,596
Capital assets, net	<hr/> 836,927
Total assets	<hr/> \$ 1,342,730 <hr/>
LIABILITIES	
Accounts payable and accrued expenses	\$ 157,379
Long-term liabilities:	
Due within one year	77,630
Due in more than one year	<hr/> 97,915
Total liabilities	<hr/> 332,924 <hr/>
NET POSITION	
Net investment in capital assets	661,382
Restricted for:	
Capital projects	127,065
Unrestricted	<hr/> 221,359
Total net position	<hr/> 1,009,806 <hr/>
Total liabilities and net position	<hr/> \$ 1,342,730 <hr/>

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

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 1,521,417	\$ -	\$ 347,658	\$ -	\$ (1,173,759)	\$ (1,173,759)
Student support services	157,721	-	3,353	-	(154,368)	(154,368)
Instructional media	33,641	-	-	-	(33,641)	(33,641)
Instructional staff training	49,660	-	42,909	-	(6,751)	(6,751)
Instruction-related technology	2,481	-	-	-	(2,481)	(2,481)
Board	15,645	-	-	-	(15,645)	(15,645)
General administration	92,423	-	-	-	(92,423)	(92,423)
School administration	285,447	-	9,140	-	(276,307)	(276,307)
Facilities acquisition and construction	132,601	-	-	-	(132,601)	(132,601)
Fiscal services	97,632	-	-	-	(97,632)	(97,632)
Food services	33,773	-	-	-	(33,773)	(33,773)
Central services	15,191	-	-	-	(15,191)	(15,191)
Student transportation services	98,332	-	-	-	(98,332)	(98,332)
Operation of plant	348,925	-	5,670	-	(343,255)	(343,255)
Maintenance of plant	36,181	-	-	-	(36,181)	(36,181)
Administrative technology services	6,131	-	-	-	(6,131)	(6,131)
Community services	41,397	28,373	-	-	(13,024)	(13,024)
Interest	10,240	-	-	-	(10,240)	(10,240)
Total primary government	<u>\$ 2,978,838</u>	<u>\$ 28,373</u>	<u>\$ 408,730</u>	<u>\$ -</u>	<u>(2,541,735)</u>	<u>(2,541,735)</u>
General revenues:						
Federal sources passed through local school district					2,992	2,992
State and local sources					2,400,141	2,400,141
Contributions and other revenue					64,124	64,124
Total general revenues					<u>2,467,257</u>	<u>2,467,257</u>
Change in net position					(74,478)	(74,478)
Net position at beginning of year					<u>1,084,284</u>	<u>1,084,284</u>
Net position at end of year					<u>\$ 1,009,806</u>	<u>\$ 1,009,806</u>

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

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 112,761	\$ -	\$ 127,065	\$ 239,826
Accounts receivable	28,908	216,473	-	245,381
Due from special revenue fund	216,473	-	-	216,473
Other current assets	14,003	-	6,593	20,596
Total assets	<u>\$ 372,145</u>	<u>\$ 216,473</u>	<u>\$ 133,658</u>	<u>\$ 722,276</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 157,379	\$ -	\$ -	\$ 157,379
Due to general fund	<u>-</u>	<u>216,473</u>	<u>-</u>	<u>216,473</u>
Total liabilities	<u>157,379</u>	<u>216,473</u>	<u>-</u>	<u>373,852</u>
FUND BALANCES				
Nonspendable:				
Other current assets	14,003	-	6,593	20,596
Restricted for:				
Capital projects	-	-	127,065	127,065
Unassigned	<u>200,763</u>	<u>-</u>	<u>-</u>	<u>200,763</u>
Total fund balances	<u>214,766</u>	<u>-</u>	<u>133,658</u>	<u>348,424</u>
Total liabilities and fund balances	<u>\$ 372,145</u>	<u>\$ 216,473</u>	<u>\$ 133,658</u>	<u>\$ 722,276</u>

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

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

Total fund balances - total governmental funds	\$	348,424
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,578,859, and the accumulated depreciation is \$741,932.		836,927
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Long-term liabilities 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 include:

Lease liability		(152,874)
Notes payable		(22,671)
		(175,545)
Total net position - governmental activities	\$	1,009,806

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

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ 411,722	\$ -	\$ 411,722
State and local sources	2,248,053	-	152,088	2,400,141
Contributions and other revenue	92,497	-	-	92,497
Total revenues	<u>2,340,550</u>	<u>411,722</u>	<u>152,088</u>	<u>2,904,360</u>
EXPENDITURES				
Current:				
Instruction	1,170,701	347,658	-	1,518,359
Student support services	154,368	3,353	-	157,721
Instructional media	33,641	-	-	33,641
Instructional staff training	6,751	42,909	-	49,660
Instruction-related technology	2,481	-	-	2,481
Board	15,645	-	-	15,645
General administration	92,423	-	-	92,423
School administration	273,246	9,140	-	282,386
Facilities acquisition and construction	13,214	-	600	13,814
Fiscal services	97,632	-	-	97,632
Food services	22,389	-	-	22,389
Central services	15,191	-	-	15,191
Student transportation services	75,670	-	-	75,670
Operation of plant	340,910	5,670	-	346,580
Maintenance of plant	35,345	-	-	35,345
Administrative technology services	6,131	-	-	6,131
Community services	41,397	-	-	41,397
Debt service:				
Principal	-	-	124,125	124,125
Interest	-	-	10,240	10,240
Capital outlay	333,445	-	31,922	365,367
Total expenditures	<u>2,730,580</u>	<u>408,730</u>	<u>166,887</u>	<u>3,306,197</u>
Excess (deficiency) of revenues over expenditures	<u>(390,030)</u>	<u>2,992</u>	<u>(14,799)</u>	<u>(401,837)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from lease liability	248,045	-	-	248,045
Operating transfer in	25,873	-	-	25,873
Operating transfer out	-	(2,992)	(22,881)	(25,873)
Total other financing sources (uses)	<u>273,918</u>	<u>(2,992)</u>	<u>(22,881)</u>	<u>248,045</u>
Net changes in fund balances	(116,112)	-	(37,680)	(153,792)
Fund balances at beginning of year	330,878	-	171,338	502,216
Fund balances at end of year	<u>\$ 214,766</u>	<u>\$ -</u>	<u>\$ 133,658</u>	<u>\$ 348,424</u>

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

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balances - total governmental funds	\$ (153,792)
--	--------------

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 by which capital outlays (\$365,367) exceed depreciation expense (\$162,133) in the current period.

203,234

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

124,125

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

(248,045)

Change in net position of governmental activities

\$ (74,478)

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

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 5,165
Total assets	<u>\$ 5,165</u>
NET POSITION	
Restricted for:	
Student activities	\$ 5,165
Total net position	<u>\$ 5,165</u>

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

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Collections for student activities	\$ 25,289
Total additions	<u>25,289</u>
DEDUCTIONS	
Payments for student activities	<u>25,435</u>
Total deductions	<u>25,435</u>
Change in net position	(146)
Net position at beginning of year	<u>5,311</u>
Net position at end of year	<u><u>\$ 5,165</u></u>

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

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Altoona School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2025 and may be renewed in increments of five or fifteen years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose 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's expiration. During the term of the charter, the School Board may also terminate the charter 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, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

For purposes of these statements, the general, special revenue, and capital projects funds are considered major funds. There are no other governmental funds.

Fiduciary Fund:

Custodial Fund – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

Basis of Accounting

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

The government-wide and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes.

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

Receivables

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. Allowances are reported when management estimates that accounts may be uncollectible.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and building improvements	7 - 39
Furniture, fixtures and equipment	5 - 10
Computer software	3 - 7
Motor vehicles	5

Information relative to changes in capital assets is described in Note 4.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 6.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to the restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the Principal up to the amount of \$50,000.

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the 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 periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Subsequent Events

The School has evaluated subsequent events through October 6, 2022, the date these financial statements were available to be issued.

Recently Adopted Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, 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 School adopted the standard on July 1, 2021 on a prospective basis. Upon adoption of the standard, \$248,045 was recorded in leased building asset and \$248,045 was recorded as a lease liability in the statement of net position. In addition, \$248,045 was recorded as other financing sources and capital outlay expenditures in the general fund in the statement of revenues, expenditures and changes in fund balances – governmental funds. There was no effect on the School's beginning net position or fund balance.

2 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2022:

	Interfund Receivables	Interfund Payables
General fund	\$ 216,473	\$ -
Special revenue fund	-	216,473
Total interfund	<u>\$ 216,473</u>	<u>\$ 216,473</u>

The amount payable by the special revenue fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

A summary of transfers between funds for the year ended June 30, 2022 is shown below:

	Transfers In	Transfers Out
General fund	\$ 25,873	\$ -
Special revenue fund	-	2,992
Capital projects fund	-	22,881
Total interfund	<u>\$ 25,873</u>	<u>\$ 25,873</u>

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The primary purpose of interfund transfers is to move funds for the payment of insurance and other costs related to leases.

3 OTHER CURRENT ASSETS

Other current assets consist of the following as of June 30, 2022:

Prepaid expenses	\$ 13,125
Deposits	<u>7,471</u>
Total other assets	<u><u>\$ 20,596</u></u>

4 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Buildings and building improvements	\$ 892,982	\$ 327,079	\$ -	\$1,220,061
Furniture, fixtures and equipment	73,890	38,288	-	112,178
Computer software	12,017	-	-	12,017
Motor vehicles	<u>234,603</u>	<u>-</u>	<u>-</u>	<u>234,603</u>
Total capital assets at historical cost	<u>1,213,492</u>	<u>365,367</u>	<u>-</u>	<u>1,578,859</u>
Less accumulated depreciation for:				
Buildings and building improvements	(340,153)	(117,968)	-	(458,121)
Furniture, fixtures and equipment	(47,187)	(14,587)	-	(61,774)
Computer software	(5,293)	(1,717)	-	(7,010)
Motor vehicles	<u>(187,166)</u>	<u>(27,861)</u>	<u>-</u>	<u>(215,027)</u>
Total accumulated depreciation	<u>(579,799)</u>	<u>(162,133)</u>	<u>-</u>	<u>(741,932)</u>
Governmental activities capital assets, net	<u><u>\$ 633,693</u></u>	<u><u>\$ 203,234</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 836,927</u></u>

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 3,058
School administration	3,061
Facilities acquisition & construction	118,787
Food services	11,384
Student transportation services	22,662
Operation of plant	2,345
Maintenance of plant	<u>836</u>
Total governmental activities depreciation expense	<u><u>\$ 162,133</u></u>

5 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2022 may be impaired. In the opinion of the School, 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.

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages 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.

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Salary Saving Plan

The School has adopted a SIMPLE IRA retirement program (the "Plan"), which covers all full time employees upon employment. Eligible employees may elect to contribute a portion of their earnings to the Plan. The School makes contributions to the Plan by matching 100% of employee contributions up to 3% of compensation. Employer contributions during fiscal 2022 totaled approximately \$13,000, of which \$10,000 is included in instruction and \$3,000 is included in school administration in the accompanying financial statements.

6 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Lease liability	\$ -	\$ 248,045	\$ (95,171)	\$ 152,874	\$ 57,961
Notes payable	51,625	-	(28,954)	22,671	19,669
Governmental activities, long-term liabilities	<u>\$ 51,625</u>	<u>\$ 248,045</u>	<u>\$(124,125)</u>	<u>\$ 175,545</u>	<u>\$ 77,630</u>

Lease Liability

The School leases its facility in an agreement that ends in June 2025. The lease requires monthly rent of approximately \$3,000. The School also leases three portable classroom buildings under lease agreements that require monthly principal and interest payments of approximately \$2,300 through May 2024. The discount rate used for these leases is 5%.

Leased assets as of June 30, 2022 consist of the following:

	Governmental Activities
Leased facility and portables	\$ 248,045
Less accumulated depreciation	(72,773)
	<u>\$ 175,272</u>

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Future debt service requirements related to the leases are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 57,961	\$ 6,327	\$ 64,288
2024	58,957	3,354	62,311
2025	35,956	981	36,937
	<u>\$ 152,874</u>	<u>\$ 10,662</u>	<u>\$ 163,536</u>

Notes Payable

Notes payable consisted of the following balances as of June 30, 2022:

Note payable to a finance company with principal and interest of \$1,775 due monthly at 4.75%; maturity date is February 2023; secured by a school bus. \$ 13,953

Note payable to a finance company with principal and interest of \$510 due monthly at 6.60%; maturity date is December 2023; secured by a school van. 8,718

Total notes payable	22,671
Less amount due or payable within one year	(19,669)
Amount due or payable after one year	<u>\$ 3,002</u>

Future debt service requirements related to the notes payable are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 19,669	\$ 656	\$ 20,325
2024	3,002	58	3,060
	<u>\$ 22,671</u>	<u>\$ 714</u>	<u>\$ 23,385</u>

Revolving Line of Credit

The School has a revolving line of credit with a financial institution that is secured by property owned by the School. There were no outstanding borrowings under this line of credit as of June 30, 2022. The line of credit has a total capacity of \$100,000 and a maturity date of December 2022. Interest is carried at the Wall Street Journal prime rate plus one percentage point (5.75% as of June 30, 2022). There is a minimum effective rate of interest of 5.5%. Unused borrowing capacity as of June 30, 2022 was \$100,000.

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Lake County, Florida:	
Florida Education Finance Program	\$ 1,345,886
Class size reduction	294,268
Capital outlay	152,088
Discretionary local effort	130,743
Additional millage	117,994
Supplemental academic instruction	65,911
Teacher salary increase allocation	52,237
Discretionary millage compression	46,126
Student transportation	45,934
ESE guaranteed allocation	40,141
Additional allocation	35,022
Instructional materials	26,885
Safe schools	16,855
Reading allocation	12,319
Mental health allocation	11,683
Teacher lead	5,365
Digital classrooms allocation	684
	<hr/>
Total	<u><u>\$ 2,400,141</u></u>

The administration fee paid to the School Board during the year ended June 30, 2022 totaled approximately \$92,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
REVENUES				
State and local sources	\$ 2,170,955	\$ 2,330,955	\$ 2,248,053	\$ (82,902)
Contributions and other revenue	-	-	92,497	92,497
Total revenues	2,170,955	2,330,955	2,340,550	9,595
EXPENDITURES				
Current:				
Instruction	1,159,431	1,184,431	1,170,701	13,730
Student support services	117,228	157,228	154,368	2,860
Instructional media	31,331	34,331	33,641	690
Instructional staff training	5,000	7,500	6,751	749
Instruction-related technology	2,800	2,800	2,481	319
Board	22,000	22,000	15,645	6,355
General administration	91,460	94,460	92,423	2,037
School administration	305,668	305,668	273,246	32,422
Facilities acquisition and construction	62	103,062	13,214	89,848
Fiscal services	86,469	99,469	97,632	1,837
Food services	650	56,650	22,389	34,261
Central services	10,100	20,100	15,191	4,909
Student transportation services	46,951	81,951	75,670	6,281
Operation of plant	255,734	365,734	340,910	24,824
Maintenance of plant	15,285	38,285	35,345	2,940
Administrative technology services	4,340	6,840	6,131	709
Community services	26,343	46,343	41,397	4,946
Debt service:				
Interest	3,000	13,000	-	13,000
Capital outlay	-	-	333,445	(333,445)
Total expenditures	2,183,852	2,639,852	2,730,580	(90,728)
Excess (deficiency) of revenues over expenditures	(12,897)	(308,897)	(390,030)	(81,133)
OTHER FINANCING SOURCES				
Proceeds from lease liability	-	-	248,045	248,045
Operating transfer in	-	100,000	25,873	(74,127)
Operating transfers out	(10,975)	-	-	-
Total other financing sources	(10,975)	100,000	273,918	173,918
Net change in fund balance	(23,872)	(208,897)	(116,112)	92,785
Fund balance at beginning of year	330,878	330,878	330,878	-
Fund balance at end of year	\$ 307,006	\$ 121,981	\$ 214,766	\$ 92,785

See independent auditor's report.

**ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
REVENUES				
Federal sources passed through local school district	\$ 287,352	\$ 411,722	\$ 411,722	\$ -
Total revenues	287,352	411,722	411,722	-
EXPENDITURES				
Current:				
Instruction	92,691	347,658	347,658	-
Student support services	9,117	3,353	3,353	-
Instruction and curriculum developm	525	-	-	-
Instructional staff training	18,320	42,909	42,909	-
School administration	-	9,140	9,140	-
Operation of plant	52,974	5,670	5,670	-
Total expenditures	173,627	408,730	408,730	-
Excess of revenues over expenditures	113,725	2,992	2,992	-
OTHER FINANCING USES				
Operating transfer out	-	-	(2,992)	(2,992)
Total other financing uses	-	-	(2,992)	(2,992)
Net change in fund balance	113,725	2,992	-	(2,992)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 113,725	\$ 2,992	\$ -	\$ (2,992)

See independent auditor's report.

**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 Altoona School, Inc., a Charter School
and Component Unit of the District School Board of Lake County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 6, 2022.

REPORT ON 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 or significant deficiencies may exist that were not identified.

REPORT ON 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

BKHM, P.A.

Orlando, Florida
October 6, 2022

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2022, and have issued our report thereon dated October 6, 2022.

AUDITOR'S RESPONSIBILITY

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

OTHER REPORTING REQUIREMENTS

We have issued our 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*. Disclosures in that report, which is dated October 6, 2022, 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 and recommendations in the preceding annual financial audit report.

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Altoona School, Inc., and the school code assigned by the Florida Department of Education is 9028.

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. The financial condition assessment was done as of the fiscal year-end.

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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

ADDITIONAL MATTERS

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 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 the District School Board of Lake County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.



Orlando, Florida
October 6, 2022