

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD**

**(A CHARTER SCHOOL UNDER THE SCHOOL OF ARTS
AND SCIENCES FOUNDATION, INC. AND
COMPONENT UNIT OF LEON COUNTY SCHOOL
DISTRICT)**

FINANCIAL STATEMENTS

JUNE 30, 2022

**THE SCHOOL OF ARTS AND SCIENCES
ON THOMASVILLE ROAD
TABLE OF CONTENTS
JUNE 30, 2022**

	<u>Page Number(s)</u>
Independent Auditors’ Report	1 – 3
Management’s Discussion and Analysis	4 – 9
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund balances – Governmental Funds	13
Reconciliation of Statement of Balance Sheet of Governmental Funds to the Statement of Net Position	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 – 30
Required Supplementary Information	31
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Cares Act Fund	33
Notes to Required Supplementary Information	34
Schedule of Proportionate Share of Net Pension Liability	35
Schedule of Contributions	36
Independent Auditors’ 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>	37 – 38
Independent Auditors’ Management Letter Required by Chapter 10.850, Rules of the State of Florida, Office of the Auditor General	39 – 41
Corrective Action Plan	42

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The School of Arts and Sciences Foundation, Inc.:

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of The School of Arts and Sciences on Thomasville Road (a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the School Board of Leon 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of The School of Arts and Sciences on Thomasville Road as of June 30, 2022, and the respective changes in financial position 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 (GAAS) and the standards applicable to the 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

The School's 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 opinion. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 the 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 judgement, there are conditions or events, considered in the aggregate, that raise a 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 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

Financial Presentation

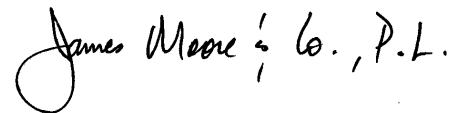
As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School of Arts and Sciences on Thomasville Road at June 30, 2022 , and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of The School of Arts and Sciences Foundation, Inc. These financial statements do not purport to and do not present fairly the financial position of The School of Arts and Sciences Foundation, Inc. as of June 30, 2022 and its changes in financial position of the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of New Accounting Standard

As discussed in Note 1(q) to the financial statements, The School of Arts and Sciences on Thomasville Road has adopted the provisions of GASB Statement No. 87, Leases. This adoption did not lead to a restatement of net position as of June 30, 2021. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2022 on our consideration of The School of Arts and Sciences on Thomasville Road's internal control over financial reporting and 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 of Arts and Sciences on Thomasville Road's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
October 12, 2022

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of The School of Arts and Sciences on Thomasville Road (The "School"), we offer readers of The School of Arts and Sciences on Thomasville Road's financial statements this narrative overview and analysis of the financial activities of The School of Arts and Sciences on Thomasville Road for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to The School of Arts and Sciences on Thomasville Road's basic financial statements. The School of Arts and Sciences on Thomasville Road's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of The School of Arts and Sciences on Thomasville Road's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of The School of Arts and Sciences on Thomasville Road's assets, liabilities, deferred inflows and deferred outflows with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of The School of Arts and Sciences on Thomasville Road is improving or deteriorating.

The *statement of activities* presents information showing how The School of Arts and Sciences on Thomasville Road's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish various functions of The School of Arts and Sciences on Thomasville Road. The governmental activities of The School of Arts and Sciences on Thomasville Road include instruction and instruction related services, school administration, fiscal services, food services, pupil transportation services, board, central services, facility acquisition, community service, debt service, operation of plant, and maintenance of plant.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School of Arts and Sciences on Thomasville Road, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of The School of Arts and Sciences on Thomasville Road are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a school's near-term financing requirements.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the school's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School of Arts and Sciences on Thomasville Road maintains four governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, capital project fund, and special revenue funds, of which three are considered to be major funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning The School of Arts and Sciences on Thomasville Road's budgetary information and pension information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the case of The School of Arts and Sciences on Thomasville Road, assets exceeded liabilities by \$1,826,542 at the close of the most recent fiscal year. This balance in the most recent fiscal year reflects its investment in capital assets (e.g., buildings, furniture, fixtures, equipment and software), less any related debt used to acquire those assets. The School of Arts and Sciences on Thomasville Road uses these capital assets to provide services to students. Accordingly, these assets are not available for future spending. Although The School of Arts and Sciences on Thomasville Road's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Continued)**

Net Position

The School of Arts and Sciences on Thomasville Road's Net Position

	2022	2021
ASSETS		
Current and other assets	\$ 1,419,664	\$ 1,309,428
Capital and right-to-use assets	5,478,311	5,539,093
Total assets	\$ 6,897,975	\$ 6,848,521
 Deferred outflows of resources	 \$ 882,584	 \$ 999,045
LIABILITIES		
Current and other liabilities	\$ 237,889	\$ 183,809
Long-term liabilities	4,654,841	6,078,137
Total liabilities	\$ 4,892,730	\$ 6,261,946
 Deferred inflows of resources	 \$ 1,061,287	 \$ 43,642
NET POSITION		
Net investment in capital assets	\$ 1,715,669	\$ 1,642,338
Restricted for:		
Capital outlay	41,830	-
Activities	-	75,297
Unrestricted	69,043	(175,657)
Total net position	\$ 1,826,542	\$ 1,541,978

Governmental activities. During the current fiscal year, net position for governmental activities increased \$284,564 from the prior fiscal year for an ending net position of \$1,826,542.

- The key element of the increase was additional revenues related to increase in Charges for Services revenue.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Continued)**

The School of Arts and Sciences on Thomasville Road's Changes in Net Position

	<u>2022</u>	<u>2021</u>
REVENUES		
Program revenues:		
Charges for services	\$ 208,109	\$ 75,771
Operating grants and contributions	508,744	630,824
Capital grants and contributions	238,860	232,898
General revenues:		
Leon County School District	3,142,945	3,139,107
Contributions and miscellaneous	109,490	97,575
Total revenues	<u>4,208,148</u>	<u>4,176,175</u>
EXPENSES		
Instruction	2,728,768	2,918,518
Instruction and curriculum development	31,004	35,748
Instructional staff training	2,634	794
Board	24,704	28,011
School administration	449,114	445,306
Facility acquisition and construction	100	1,282
Fiscal services	25,391	20,314
Food services	8,410	2,952
Pupil transportation services	111,916	112,244
Operation of plant	195,614	205,058
Central services	37,043	35,545
Maintenance of plant	35,664	50,940
Community service	129,071	70,491
Debt service	144,151	159,568
Total expenses	<u>3,923,584</u>	<u>4,086,771</u>
Change in net position	284,564	89,404
Net position, beginning of year	1,541,978	1,452,574
Net position, end of year	<u>\$ 1,826,542</u>	<u>\$ 1,541,978</u>

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Continued)**

Financial Analysis of the Government's Funds

As noted earlier, The School of Arts and Sciences on Thomasville Road uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of The School of Arts and Sciences on Thomasville Road's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing The School of Arts and Sciences on Thomasville Road's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a school's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, The School of Arts and Sciences on Thomasville Road itself, or a group or individual that has been delegated authority to assign resources for use for a particular purposes by The School of Arts and Sciences on Thomasville Road's board.

At June 30, 2022, The School of Arts and Sciences on Thomasville Road's governmental funds reported combined fund balances of \$1,327,608, increase of \$61,515.

The general fund is the chief operating fund of The School of Arts and Sciences on Thomasville Road. As of the end of the current fiscal year, unassigned fund balance of the general fund was \$1,280,778, while total fund balance was \$1,285,778.

The fund balance of The School of Arts and Sciences on Thomasville Road's general fund increased by \$94,982 during the current fiscal year.

- The key element of the increase was an increase in Local Revenue sources from the prior year related to increased activity with the EDP program after a reduction of restrictions from the COVID-19 pandemic.

The capital projects fund is used to account for financial resources to be used for education's capital outlay needs, including new construction and renovation. As of the end of the current fiscal year, the ending fund balance was \$41,830.

Expenditures in the capital projects fund consisted primarily of debt service payments on the School building.

The cares act fund is used to account for the activities related to cares act grant activity which the grants are typically cost reimbursement in nature. There was no ending fund balance or change in fund balance at year end.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Continued)**

General Fund Budgetary Highlights

Original budget compared to final budget. The major differences between the original budget and the final amended budget were due to the following:

- Additional revenues and expenses were included in the amended budget.

Actual amounts compared to final budget. The major differences between actual amounts and the final amended budget were due to the following:

- Actual amounts for revenues and expenses were less than budgeted.

Capital Asset Administration

Capital and Right-to-use assets. The School of Arts and Sciences on Thomasville Road's investment in capital and right-to-use assets for its governmental activities as of June 30, 2022, amounts to \$5,478,311 (net of accumulated depreciation and amortization). This investment in capital assets includes building, land, technology equipment, furniture, fixtures, equipment and vehicles.

Additional information on The School of Arts and Sciences on Thomasville Road's capital assets can be found in the Notes to Financial Statements as listed in the table of contents.

Long-term Debt. At the end of the current fiscal year, The School of Arts and Sciences on Thomasville Road had total debt outstanding of \$3,762,642 related to capital improvement debt and leases; and \$1,007,664 related to the net pension liability.

Additional information on The School of Arts and Sciences on Thomasville Road's long-term debt can be found in the Notes to Financial Statements as listed in the table of contents.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect The School of Arts and Sciences on Thomasville Road and were considered in developing the 2022-2023 fiscal year budgets.

- Enrollment for fiscal year 2022-2023 is projected to be 462 students compared to 446 students for fiscal year 2021-2022.

Requests for Information

This financial report is designed to provide a general overview of The School of Arts and Sciences on Thomasville Road's finances for all those with an interest in the school's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The School of Arts and Sciences on Thomasville Road, 3208 Thomasville Road, Tallahassee, FL 32308.

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,079,592
Accounts receivable, net	124,906
Due from other agencies	210,166
Prepaid expenses	5,000
Land	590,436
Capital assets, being depreciated, net	4,881,691
Right-to-use lease assets, being amortized, net	6,184
Total assets	\$ 6,897,975
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 882,584
LIABILITIES	
Accounts payable and accrued expenses	\$ 92,056
Noncurrent liabilities:	
Due within one year	145,833
Due in more than one year	3,610,449
Due within one year - lease	3,455
Due in more than one year - lease	2,905
Compensated absences	30,368
Net pension liability	1,007,664
Total liabilities	\$ 4,892,730
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 1,061,287
NET POSITION	
Net investment in capital and right-to-use assets	\$ 1,715,669
Restricted for:	
Capital outlay	41,830
Activities	-
Unrestricted	69,043
Total net position	\$ 1,826,542

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 2,728,768	\$ -	\$ 389,686	\$ -	\$ (2,339,082)
Instruction and curriculum development	31,004	-	13,420	-	(17,584)
Instructional staff training	2,634	-	-	-	(2,634)
Board	24,704	-	-	-	(24,704)
School administration	449,114	-	-	-	(449,114)
Facility acquisition and construction	100	-	-	238,860	238,760
Fiscal services	25,391	-	-	-	(25,391)
Food services	8,410	-	-	-	(8,410)
Pupil transportation services	111,916	-	105,638	-	(6,278)
Operation of plant	195,614	-	-	-	(195,614)
Central services	37,043	-	-	-	(37,043)
Maintenance of plant	35,664	-	-	-	(35,664)
Community service	129,071	208,109	-	-	79,038
Debt service	144,151	-	-	-	(144,151)
Total governmental activities	<u>\$ 3,923,584</u>	<u>\$ 208,109</u>	<u>\$ 508,744</u>	<u>\$ 238,860</u>	<u>(2,967,871)</u>
General revenues:					
					3,142,945
Leon County School District					86,345
Contributions not restricted					20,391
Miscellaneous					2,754
Investment earnings					<u>284,564</u>
Change in net position					1,541,978
Net position, beginning of year					<u>1,541,978</u>
Net position, end of year					<u>\$ 1,826,542</u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Cares Act Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,007,329	\$ -	\$ -	\$ 72,263	\$ 1,079,592
Accounts receivable, net	124,706	200	-	-	124,906
Due from other agencies	-	41,630	168,536	-	210,166
Due from other funds	240,799	-	-	-	240,799
Prepaid items	5,000	-	-	-	5,000
Total Assets	<u>\$ 1,377,834</u>	<u>\$ 41,830</u>	<u>\$ 168,536</u>	<u>\$ 72,263</u>	<u>\$ 1,660,463</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued expenses	\$ 92,056	\$ -	\$ -	\$ -	\$ 92,056
Due to other funds	-	-	168,536	72,263	240,799
Total liabilities	<u>92,056</u>	<u>-</u>	<u>168,536</u>	<u>72,263</u>	<u>332,855</u>
Fund Balances:					
Nonspendable - prepaid items	5,000	-	-	-	5,000
Restricted:					
Capital outlay	-	41,830	-	-	41,830
Activities	-	-	-	-	-
Unassigned	1,280,778	-	-	-	1,280,778
Total fund balance	<u>1,285,778</u>	<u>41,830</u>	<u>-</u>	<u>-</u>	<u>1,327,608</u>
Total Liabilities and Fund Balances	<u>\$ 1,377,834</u>	<u>\$ 41,830</u>	<u>\$ 168,536</u>	<u>\$ 72,263</u>	<u>\$ 1,660,463</u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Capital Projects Fund	Cares Act Fund	Other Governmental Fund	Total Governmental Funds
Revenues					
Intergovernmental					
Florida education finance program	\$ 3,343,580	\$ -	\$ -	\$ -	\$ 3,343,580
Capital outlay funds	-	238,860	-	-	238,860
Federal through local	75,428	-	219,261	-	294,689
State	18,273	-	-	-	18,273
Local	312,746	-	-	-	312,746
Total revenues	<u>3,750,027</u>	<u>238,860</u>	<u>219,261</u>	<u>-</u>	<u>4,208,148</u>
Expenditures					
Instruction	2,478,754	-	219,261	-	2,698,015
Instruction and curriculum development	31,004	-	-	-	31,004
Instructional staff training	2,634	-	-	-	2,634
Board	25,154	-	-	-	25,154
School administration	465,992	-	-	-	465,992
Fiscal services	25,391	-	-	-	25,391
Food services	8,410	-	-	-	8,410
Pupil transportation services	113,472	-	-	-	113,472
Operation of plant	207,509	-	-	-	207,509
Central services	37,043	-	-	-	37,043
Maintenance of plant	35,664	-	-	-	35,664
Community service	132,827	-	-	-	132,827
Capital outlay	-	85,254	-	-	85,254
Redemption of principal	3,278	-	-	-	3,278
Debt service:					
Principal	-	138,396	-	-	138,396
Interest	451	145,777	-	-	146,228
Total expenditures	<u>3,567,583</u>	<u>369,427</u>	<u>219,261</u>	<u>-</u>	<u>4,156,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,444</u>	<u>(130,567)</u>	<u>-</u>	<u>-</u>	<u>51,877</u>
Other financing sources (uses)					
Lease financing	9,638	-	-	-	9,638
Transfers in	-	97,100	-	-	97,100
Transfers out	(97,100)	-	-	-	(97,100)
Total other financing sources (uses)	<u>(87,462)</u>	<u>97,100</u>	<u>-</u>	<u>-</u>	<u>9,638</u>
Net change in fund balances	<u>94,982</u>	<u>(33,467)</u>	<u>-</u>	<u>-</u>	<u>61,515</u>
Fund balances, beginning of year	1,190,796	75,297	-	-	1,266,093
Fund balances, end of year	<u>\$ 1,285,778</u>	<u>\$ 41,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,327,608</u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

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

Fund balances - total governmental funds		\$ 1,327,608
<p>Long-term liabilities, including notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences	\$ (30,368)	
Note payable	<u>(3,756,282)</u>	(3,786,650)
<p>Lease assets and liabilities used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Lease asset	6,184	
Lease liability	<u>(6,360)</u>	(176)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		5,472,127
<p>Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Deferred outflows related to pensions	882,584	
Net pension liability	(1,007,664)	
Deferred inflows related to pensions	<u>(1,061,287)</u>	(1,186,367)
Net position of governmental activities		<u><u>\$ 1,826,542</u></u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

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

Net change in fund balances-total governmental funds \$ 61,515

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 depreciation expense and amortization expense exceeded capital outlays in the current period.

Capital outlays	\$ 85,154	
Amortization	(3,454)	
Depreciation	<u>(152,120)</u>	(70,420)

The repayment of the principal of long-term debt consumes current financial resources of the governmental funds. The issuance of debt provides financial resources for current and long term use. This is the amount by which debt payments exceeded debt proceeds in the current period. 140,473

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.
Long-term lease liability - redemption of principle 3,278

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:

Compensated absences	\$ (1,507)	
Net pension liability	1,285,331	
Deferred outflows related to net pension liability	(116,461)	
Deferred inflows related to net pension liability	<u>(1,017,645)</u>	149,718

Change in net position of governmental activities \$ 284,564

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

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of The School of Arts and Sciences on Thomasville Road (the “School”), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—The School entered into a contract with the School Board of Leon County, Florida (“Sponsor”) to provide an educational program for elementary and middle school students in grades kindergarten through eighth. The School receives a majority of its funding through the Sponsor based on a formula of student attendance which is identical to that of other Leon County, Florida public elementary and middle schools. The current charter is effective through June 30, 2026, and may be renewed based on academic performance, by mutual agreement between the School and the Sponsor. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor 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 Sponsor may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Leon County, Florida.

The accompanying financial statements referred to above are intended to present the basic financial statements and related notes of only that portion of The School of Arts and Sciences Foundation, Inc. that is attributable to the transactions of The School of Arts and Sciences on Thomasville Road and is not intended to, be a complete presentation of the basic financial statements and related notes of The School of Arts and Sciences Foundation, Inc., as of June 30, 2022, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(b) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, are normally supported by intergovernmental revenues, and other nonexchange transactions.

(c) **Basis of presentation – government wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(d) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government’s funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and major maintenance projects.

Cares Act Fund—The cares act fund is used to account for the activities related to grant activities related to the cares act which are typically cost reimbursement.

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

(f) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 8.

(g) **Deposits and investments**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Leon County School Board, are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

(i) **Budgetary information**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect anticipated revenue and expense amounts at the time the budget was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

(j) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of at least \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset’s life is not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land improvements	8–35
Buildings and improvements	10–50
Leasehold improvements	7–20
Furniture, fixtures, and equipment	3–10
Computer software	3–5

(l) **Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

(m) **Net position flow assumption**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

(o) **Fund balance flow assumptions**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(p) **Fund balance policies**—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The School Board is the highest level of decision making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(q) **New accounting pronouncements**—GASB Statement No. 87, Leases 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 Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset (RTU), and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School has implemented this Statement and its various provisions in 2022.

(r) **Leases**—The School leases copier equipment. The School determines if an arrangement is a lease at inception. The School recognize intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the School, or the School is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the School's estimated borrowing rate at the time of lease inception.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(2) **Deposits:**

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned. At year end, the carrying amount of the School's deposits was \$1,079,592 and the bank balance was \$1,112,200. Of the bank balance, \$250,000 was covered by Federal depository insurance or by collateral held by the School's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The carrying amount of deposits consisted of the following as of June 30, 2022:

Cash and cash equivalents	<u>\$ 1,079,592</u>
---------------------------	---------------------

(3) **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>
Capital assets, not being depreciated:				
Land	<u>\$ 590,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,436</u>
Capital assets, being depreciated:				
Land Improvements	176,097	6,940	-	183,037
Building and Improvements	5,952,235	-	-	5,952,235
Furniture, fixture and equipment	241,339	78,214	-	319,553
Audio-visual materials	<u>10,898</u>	<u>-</u>	<u>-</u>	<u>10,898</u>
Total capital assets, being depreciated	<u>6,380,569</u>	<u>85,154</u>	<u>-</u>	<u>6,465,723</u>
Less accumulated depreciation for:				
Land improvements	(79,475)	(10,699)	-	(90,174)
Building and improvements	(1,130,476)	(124,340)	-	(1,254,816)
Furniture, fixture and equipment	(213,210)	(15,281)	-	(228,491)
Audio-visual materials	<u>(8,751)</u>	<u>(1,800)</u>	<u>-</u>	<u>(10,551)</u>
Total accumulation depreciation	<u>(1,431,912)</u>	<u>(152,120)</u>	<u>-</u>	<u>(1,584,032)</u>
Capital assets, net	<u>\$ 5,539,093</u>	<u>\$ (66,966)</u>	<u>\$ -</u>	<u>\$ 5,472,127</u>

Depreciation expense of \$152,120 was charged to instruction.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(4) **Long-term debt:**

Governmental Activities

3.75% note payable to be repaid over the ten-year term through November 18, 2030 based on equal monthly payments of \$23,681, following a twenty-year amortization, with the remaining unpaid principal and interest being due at maturity date. Secured by mortgage on property.	\$ 3,756,282
Less: Current portion	145,833
Notes payable, less current portion	\$ 3,610,449

Maturities of notes payable are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 145,833	\$ 138,339
2024	151,396	132,776
2025	157,172	127,000
2026	163,169	121,003
2027	169,394	114,778
2028-2031	2,969,318	341,878
Total	\$ 3,756,282	\$ 975,774

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Note payable	\$ 3,896,755	\$ -	\$ 140,473	\$ 3,756,282	\$ 145,833
Compensated absences	28,861	3,140	1,633	30,368	-
	\$ 3,925,616	\$ 3,140	\$ 142,106	\$ 3,786,650	\$ 145,833

(5) **Significant Funding Source:**

The School receives a substantial amount of its funding from the Leon County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(6) Risk Management:

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Loss mitigation is provided through purchased commercial insurance. Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

(7) Leases:

The School has leases for copy equipment, which have remaining lease terms expiring in years 2023 through 2024.

As of June 30, 2022, total lease related assets by major class, and the related accumulated amortization, disclosed separately from other capital assets as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Right-to use leased assests, being amortized				
Copiers	\$ 9,638	\$ -	\$ -	\$ 9,638
Total leased assets, being amortized	<u>9,638</u>	<u>-</u>	<u>-</u>	<u>9,638</u>
Less accumulated amortization for:				
Copiers	-	(3,454)	-	(3,454)
Total accumulated amortization	<u>-</u>	<u>(3,454)</u>	<u>-</u>	<u>(3,454)</u>
Right-to-use leased assets, net	<u>\$ 9,638</u>	<u>\$ (3,454)</u>	<u>\$ -</u>	<u>\$ 6,184</u>

The amortization expense for right-to-use leased assets was for the \$3,454 year ended June 30, 2022.

The principal and interest requirements to maturity for the lease liability as of June 30, 2022 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,455	\$ 274	\$ 3,729
2024	2,905	83	2,988
Total future minimum lease payments	<u>\$ 6,360</u>	<u>\$ 357</u>	<u>\$ 6,717</u>

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(8) Florida Retirement System:

Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

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

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(8) **Florida Retirement System:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The School participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended June 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2021</u>	<u>After June 30, 2021</u>
Regular Class	10.00%	10.82%
DROP	16.98%	18.34%
Senior Management	27.29%	29.01%

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(8) **Florida Retirement System:** (Continued)

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2022, were as follows:

School Contributions – FRS	\$ 149,132
School Contributions – HIS	34,116
Employee Contributions – FRS	61,656

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the School reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 295,709
HIS	711,955
Total	\$ 1,007,664

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 that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2022	2021
FRS	.00391467%	.00361220%
HIS	.00580406%	.00595762%

For the plan year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 75,171
HIS	101,314
Total	\$ 176,485

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(8) **Florida Retirement System:** (Continued)

Deferred outflows/inflows related to pensions:

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,685	\$ -	\$ 23,824	\$ (298)
Changes of assumptions	202,339	-	55,944	(29,334)
Net difference between projected and actual investment earnings	-	(1,031,654)	742	-
Change in proportionate share	210,360	-	116,867	-
Contributions subsequent to measurement date	183,020	-	38,803	-
	<u>\$ 646,404</u>	<u>\$(1,031,654)</u>	<u>\$ 236,180</u>	<u>\$(29,632)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2023	\$ (72,331)	\$ 60,224	\$ (12,107)
2024	(108,717)	37,345	(71,372)
2025	(171,256)	27,882	(143,374)
2026	(238,199)	22,994	(215,205)
2027	22,233	15,552	37,785
Thereafter	1	3,747	3,748
Total	<u>\$ (568,269)</u>	<u>\$ 167,744</u>	<u>\$ (400,525)</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(8) **Florida Retirement System:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal 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 investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. 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 HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(8) **Florida Retirement System:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.80%	\$ 1,332,430	\$ 295,709	\$ (562,515)
HIS	2.16%	823,089	711,955	620,906

(9) **Contingent Liabilities:**

The School is currently involved in various litigation claims arising from operations of the School. It is the opinion of management that such litigation will not have a material financial impact on the financial statements to the School.

(10) **Interfund Balances and Transfers:**

The following is a summary of amounts reported in the governmental fund financial statements. Interfund loans were used rather than maintaining separate cash accounts for each fund or a pooled cash system:

Receivable Fund	Payable Fund	Amount
General Fund	Activities Fund	\$ 72,263
General Fund	Cares Act Fund	168,536

Transfers from/to other funds for the year ended June 30, 2022, were as follows:

Recipient Fund	Amount	Reason for Transfer
Capital Projects Fund	\$ 97,100	Transfer from General Fund to aid in operation cost for the Capital Projects Fund.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

(11) **Related Party Transactions:**

The School of Arts and Sciences Foundation, Inc. consists of two schools, The School of Arts and Sciences on Thomasville Road and The School of Arts and Sciences at the Centre. The two related parties have frequent transactions related to payroll expenses, utility services, and other miscellaneous expenses. At June 30, 2022, \$58,058 related to payroll and other miscellaneous expenses were receivable from The School of Arts and Sciences at the Centre.

(12) **Subsequent Events:**

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 12, 2022, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(13) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the School’s financial statements:

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The School is currently evaluating the effect that Statement No. 96 will have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Florida education finance program	\$ 3,660,841	\$ 3,555,505	\$ 3,343,580	\$ (211,925)
Federal through local	372,500	15,000	75,428	60,428
State	-	-	18,273	18,273
Local	292,725	370,174	312,746	(57,428)
Total revenues	<u>4,326,066</u>	<u>3,940,679</u>	<u>3,750,027</u>	<u>(190,652)</u>
Expenditures				
Instruction	2,874,226	2,679,081	2,478,754	200,327
Instruction and curriculum development	75,515	67,515	31,004	36,511
Instructional staff training	-	2,500	2,634	(134)
Board	30,568	22,830	25,154	(2,324)
School administration	369,379	429,897	465,992	(36,095)
Facility acquisition and construction	25,000	10,000	-	10,000
Fiscal services	22,250	28,100	25,391	2,709
Food services	15,000	9,000	8,410	590
Pupil transportation services	218,300	223,598	113,472	110,126
Operation of plant	172,538	183,733	207,509	(23,776)
Central services	36,175	36,175	37,043	(868)
Maintenance of plant	60,800	35,000	35,664	(664)
Community service	104,821	124,806	132,827	(8,021)
Redemption of principal	-	-	3,278	(3,278)
Debt service:				
Principal	301,000	284,173	-	284,173
Interest	-	-	451	(451)
Total expenditures	<u>4,305,572</u>	<u>4,136,408</u>	<u>3,567,583</u>	<u>568,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,494</u>	<u>(195,729)</u>	<u>182,444</u>	<u>378,173</u>
Other financing sources (uses)				
Lease financing	-	-	9,638	9,638
Transfers in	-	196,136	-	(196,136)
Transfers out	-	-	(97,100)	(97,100)
Total other financing sources (uses)	<u>-</u>	<u>196,136</u>	<u>(87,462)</u>	<u>(283,598)</u>
Net change in fund balance	<u>20,494</u>	<u>407</u>	<u>94,982</u>	<u>94,575</u>
Fund balance, beginning of year	1,190,796	1,190,796	1,190,796	-
Fund balance, end of year	<u>\$ 1,211,290</u>	<u>\$ 1,191,203</u>	<u>\$ 1,285,778</u>	<u>\$ 94,575</u>

The accompanying notes to required supplementary information is an integral part of this schedule.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - CARES ACT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Federal through local	\$ -	\$ -	\$ 219,261	\$ 219,261
Expenditures				
Instruction	-	-	219,261	(219,261)
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to required supplementary information is an integral part of this schedule.

**THE SCHOOL OF ARTS AND SCIENCES ON
THOMASVILLE ROAD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:**

The Statements of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented using the School’s budget format for the General and Cares Act Funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. The budget presented for fiscal year ended June 30, 2022, has been amended according to Board procedures.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Florida Retirement System (FRS)								
Proportion of the net pension liability (asset)	0.003914670%	0.003612200%	0.003655060%	0.005421934%	0.003279302%	0.002679009%	0.002998757%	0.002340112%
Proportionate share of the net pension liability (asset) covered payroll	\$ 295,709 2,055,181	\$ 1,565,579 2,068,133	\$ 1,258,751 1,996,506	\$ 1,037,310 1,860,847	\$ 969,995 1,957,518	\$ 676,452 1,579,473	\$ 330,525 1,393,956	\$ 142,778 1,070,095
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	14.39%	75.70%	63.05%	55.74%	49.55%	42.83%	23.71%	13.34%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability (asset)	0.005804060%	0.005957620%	0.005968450%	0.009590007%	0.005470507%	0.004405829%	0.004594817%	0.003646993%
Proportionate share of the net pension liability (asset) Covered payroll	\$ 711,955 2,055,181	\$ 727,416 2,068,133	\$ 667,810 1,996,506	\$ 602,881 1,860,847	\$ 584,932 1,957,518	\$ 584,932 1,579,473	\$ 438,959 1,393,956	\$ 341,000 512,760
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.64%	35.17%	33.45%	32.40%	29.88%	37.03%	31.49%	66.50%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.15%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the school will present information for only those years for which information is available.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Florida Retirement System (FRS)</u>								
Contractually required contribution	\$ 149,132	\$ 120,017	\$ 113,333	\$ 98,147	\$ 123,053	\$ 105,866	\$ 102,103	\$ 85,175
Contributions in relation to the contractually required contribution	(149,132)	(120,017)	(113,333)	(98,147)	(123,053)	(105,866)	(102,103)	(85,175)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,055,181	\$ 2,068,133	\$ 1,996,506	\$ 1,860,847	\$ 1,957,518	\$ 1,791,344	\$ 1,579,473	\$ 1,393,956
Contributions as a percentage of covered-employee payroll	7.26%	5.80%	5.68%	5.27%	6.29%	5.91%	6.46%	6.11%
<u>Health Insurance Subsidy Program (HIS)</u>								
Contractually required contribution	\$ 34,116	\$ 34,331	\$ 33,142	\$ 30,890	\$ 32,495	\$ 29,736	\$ 26,219	\$ 17,563
Contributions in relation to the contractually required contribution	(34,116)	(34,331)	(33,142)	(30,890)	(32,495)	(29,736)	(26,219)	(17,563)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,055,181	\$ 2,068,133	\$ 1,996,506	\$ 1,860,847	\$ 1,957,518	\$ 1,791,344	\$ 1,579,473	\$ 1,393,956
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the school will present information for only those years for which information is available.

**INDEPENDENT AUDITORS' 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,
The School of Arts and Sciences Foundation, Inc.:

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 The School of Arts and Sciences on Thomasville Road, a charter school under The School of Arts and Sciences Foundation, Inc., and a component unit of the District School Board of Leon 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 12, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The School of Arts and Sciences on Thomasville Road'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 of Arts and Sciences on Thomasville Road's internal control. Accordingly, we do not express an opinion on the effectiveness The School of Arts and Sciences on Thomasville Road'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be a material weakness. We consider the deficiency described below as item 2022-001 to be a material weakness.

Finding 2022-001: Significant Adjustments

Condition and Criteria: The internal controls of The School of Arts and Sciences on Thomasville Road have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: For the year ended June 30, 2022, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Effect: Financial statements would be materially misstated if significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Compliance and Other Matters

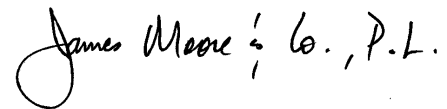
As part of obtaining reasonable assurance about whether The School of Arts and Sciences on Thomasville Road's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination 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*.

The School of Arts and Sciences on Thomasville Road's Response to Finding

The School of Arts and Sciences on Thomasville Road's response to the finding identified in our audit is described in the accompanying corrective action plan. The School of Arts and Sciences on Thomasville Road's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

 James Moore & Co., P.L.

Tallahassee, Florida
October 12, 2022



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850,
RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,
The School of Arts and Sciences Foundation, Inc.:

Report on the Financial Statements

We have audited the financial statements of The School of Arts and Sciences on Thomasville Road, a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the District School Board of Leon County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 12, 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 Auditors' 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, which is dated October 12, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
Budgets	2022-002	2021-001	-

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 and the school code assigned by the Florida Department of Education of the entity are The School of Arts and Sciences on Thomasville Road, 371402.

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 to communicate whether or not The School of Arts and Sciences on Thomasville Road 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 of Arts and Sciences on Thomasville Road 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 of Arts and Sciences on Thomasville Road. It is management's responsibility to monitor The School of Arts and Sciences on Thomasville Road'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.

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 noted the following:

2022-002 Budgets – We noted the School only budgeted for General and Capital Project revenue and expense. There were no CARES related funds included in final budget. We recommend the School include all grant funds in its annual budget.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether The School of Arts and Sciences on Thomasville Road 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 of Arts and Sciences on Thomasville Road 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 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Management's Response to Finding

Management's response to the findings identified in our audit are described in the accompanying corrective action plan. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this 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, Leon County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
October 12, 2022



Eirin Lombardo
Principal

Ashley Arrington
Assistant Principal
Amanda Reyes
Dean of Students

School of Arts and Sciences on Thomasville Road
Corrective Action Plan
October 17, 2022

Finding 2022-001: Significant Adjustments

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

2022-002 Budgets – We noted the School only budgeted for General and Capital Project revenue and expense. There were no CARES related funds included in final budget. We recommend the School include all grant funds in its annual budget.

Corrective Action 2022-001 Significant Adjustments: The School of Arts and Sciences on Thomasville Road will engage our contract professional CPA to review all grants received going forward to confirm that we are applying all appropriate accounting principles.

Corrective Action 2022-002 Budgets: The School of Arts and Sciences on Thomasville Road will add all grant funds to the budget, using appropriate separation of funds and engage our contract professional CPA to review all budgets going forward.

Eirin Lombardo
Principal

Karen Burns
Finance Manager