

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

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

JUNE 30, 2020



CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1 – 7
Independent Auditor's Report on Basic Financial Statements and Supplementary Information	8 – 9
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Assets and Liabilities	16
Notes to the Financial Statements	17 – 26
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	27
Budgetary Comparison Schedule – Special Revenue Fund	28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29 – 30
Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers:</i>	
Management Letter	31 – 33

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Altoona School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the School's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- For the fiscal year ended June 30, 2020, the School's expenses exceeded revenues by \$40,360 which is a decrease from the prior year when revenues exceeded expenses by \$119,730.
- Overall, revenues increased by approximately \$13,000, which was a 1% increase from the prior year.
- Overall, expenses increased by approximately \$173,000, which was a 7% increase from the prior year.
- Total assets were \$1,142,408 and total liabilities were \$492,977, resulting in net position of \$649,431 as of June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
 - The *fiduciary fund* financial statement provides information about the financial relationships in which the School acts solely as an agent for the benefit of others.

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

This document also includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The School has two types of funds:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2020 and 2019 is summarized as follows – see table below.

	Governmental Activities		Increase (Decrease)
	2020	2019	
Current and other assets	\$ 472,810	\$ 281,743	68%
Capital assets, net	669,598	711,280	-6%
Total assets	<u>1,142,408</u>	<u>993,023</u>	<u>15%</u>
Current and other liabilities	26,604	112,705	-76%
Long-term liabilities	<u>466,373</u>	<u>190,527</u>	<u>145%</u>
Total liabilities	<u>492,977</u>	<u>303,232</u>	<u>63%</u>
Net position:			
Net investment in capital assets	573,412	572,644	0%
Restricted	129,519	63,572	104%
Unrestricted	<u>(53,500)</u>	<u>53,575</u>	<u>-200%</u>
Total net position	<u>\$ 649,431</u>	<u>\$ 689,791</u>	<u>-6%</u>

Current and other assets increased primarily due to the timing of cash receipts and disbursements at year-end, as well as current year long-term debt borrowings. Capital assets, net decreased due to current year depreciation expense in excess of capital asset additions. Current and other liabilities decreased primarily due to a decrease in the amounts accrued at year-end for salaries and related expenses due to timing of payments. The increase in long-term liabilities is due to current year borrowings in excess of principal payments. The fluctuation in total net position from the prior fiscal year was due to the current year operating deficit and the activity noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Change in Net Position

The School's total revenues increased by 1% to \$2,493,715, and the total cost of all programs and services increased by 7% to \$2,534,075 – see table below.

	Governmental Activities		Increase (Decrease)
	2020	2019	
Revenues:			
Federal sources passed through local school district	\$ 112,955	\$ 124,622	-9%
State and local sources	2,328,534	2,306,045	1%
Contributions and other revenue	52,226	50,526	3%
Total revenues	2,493,715	2,481,193	1%
Expenses:			
Instruction	1,451,694	1,534,772	-5%
Student support services	136,575	28,842	374%
Instructional media	30,674	27,180	13%
Instructional staff training	3,347	-	100%
Instruction-related technology	5,355	847	532%
Board	14,498	9,770	48%
General administration	90,759	88,475	3%
School administration	232,713	238,581	-2%
Facilities acquisition and construction	3,233	-	100%
Fiscal services	69,374	20,703	235%
Food services	11,192	11,295	-1%
Central services	12,147	-	100%
Student transportation services	101,950	112,492	-9%
Operation and maintenance of plant	300,522	229,463	31%
Administrative technology services	7,722	-	100%
Community services	54,715	48,519	13%
Interest	7,605	10,524	-28%
Total expenses	2,534,075	2,361,463	7%
Change in net position	\$ (40,360)	\$ 119,730	-134%

Revenues from federal sources decreased due to a decrease in the Title I allocation in the current year.

Instruction expenses decreased due to a decrease in salaries and related costs, primarily as a result of a slight decline in student enrollment. Student support services increased due to the School hiring two nurses in the current year, as mental health services were a new service provided. Fiscal services increased due to higher fees charged by the external accountant.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Student transportation services decreased due to decreases in salaries, maintenance and operating costs. Operation and maintenance of plant increased due to a new security contract for the school and an increase in salaries.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the fiscal year, its governmental funds reported a fund balance of \$446,206. Both revenues and expenditures changed for the same reasons described above.

General and Special Revenue Fund Budgetary Highlights

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

For the year ended June 30, 2020, actual general fund revenues were not significantly different from the final budget. Actual general fund expenditures were approximately \$14,000 below the budgeted amounts, which represents an approximate 1% budget variance.

For the year ended June 30, 2020, actual special revenue fund revenues and expenditures were not significantly different from the final budget. Revenues under the federal grants are only recognized to the extent that eligible expenditures have been incurred.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2020 amounts to \$669,598 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2020	2019	
Buildings and leasehold improvements	\$ 754,392	\$ 726,292	4%
Furniture, fixtures and equipment	228,227	201,312	13%
Motor vehicles	247,739	247,739	0%
Less accumulated depreciation	(560,760)	(464,063)	-21%
Total capital assets, net	<u>\$ 669,598</u>	<u>\$ 711,280</u>	<u>-6%</u>

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

- Air conditioner units - \$22,500
- Security system equipment - \$16,742
- Copiers - \$6,525
- Portable roof replacement - \$5,600
- Fencing - \$3,648

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-term Debt

As of June 30, 2020, the School had \$466,373 in long-term debt outstanding, which is an increase from the prior year. This year's major long-term debt addition included the following:

- Payroll Protection Program ("PPP") note payable - \$370,187

After the above addition, scheduled payments reduced the amount of long-term debt outstanding in the current year. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2021:

- Stable student population
- Increase in local revenues

Amounts available for appropriation in the general fund are \$2,357,009, an increase of approximately 7% from the 2020 actual of \$2,203,620. Budgeted general fund expenditures are expected to decrease 2% to \$2,313,041 from the 2020 actual of \$2,362,586. The School has added no major new programs to the fiscal 2021 budget.

If these estimates are realized, the School's general fund balance is expected to increase by the close of fiscal 2021.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 42630 State Road 19, Altoona, Florida 32702.

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

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on pages 27 – 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Winter Park, Florida
September 30, 2020

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

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 459,133
Accounts receivable	3,208
Other current assets	10,469
Capital assets, net	669,598
Total assets	<u>\$ 1,142,408</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 26,604
Long-term liabilities:	
Due within one year	207,368
Due in more than one year	259,005
Total liabilities	<u>492,977</u>
NET POSITION	
Net investment in capital assets	573,412
Restricted for:	
Capital projects	129,519
Unrestricted	<u>(53,500)</u>
Total net position	<u>649,431</u>
Total liabilities and net position	<u>\$ 1,142,408</u>

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

ALTOONA SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Expenses						
Governmental activities:						
Instruction	\$ 1,451,694	\$ -	\$ 102,829	\$ -	\$ (1,348,865)	\$ (1,348,865)
Student support services	136,575	-	7,126	-	(129,449)	(129,449)
Instructional media	30,674	-	-	-	(30,674)	(30,674)
Instructional staff training	3,347	-	3,000	-	(347)	(347)
Instruction-related technology	5,355	-	-	-	(5,355)	(5,355)
Board	14,498	-	-	-	(14,498)	(14,498)
General administration	90,759	-	-	-	(90,759)	(90,759)
School administration	232,713	-	-	-	(232,713)	(232,713)
Facilities acquisition and construction	3,233	-	-	-	(3,233)	(3,233)
Fiscal services	69,374	-	-	-	(69,374)	(69,374)
Food services	11,192	-	-	-	(11,192)	(11,192)
Central services	12,147	-	-	-	(12,147)	(12,147)
Student transportation services	101,950	-	-	-	(101,950)	(101,950)
Operation and maintenance of plant	300,522	-	-	-	(300,522)	(300,522)
Administrative technology services	7,722	-	-	-	(7,722)	(7,722)
Community services	54,715	8,591	-	-	(46,124)	(46,124)
Interest	7,605	-	-	-	(7,605)	(7,605)
Total primary government	<u>\$ 2,534,075</u>	<u>\$ 8,591</u>	<u>\$ 112,955</u>	<u>\$ -</u>	<u>(2,412,529)</u>	<u>(2,412,529)</u>
General revenues:						
State and local sources					2,328,534	2,328,534
Contributions and other revenue					43,635	43,635
Total general revenues					<u>2,372,169</u>	<u>2,372,169</u>
Change in net position					(40,360)	(40,360)
Net position at beginning of year					689,791	689,791
Net position at end of year					<u>\$ 649,431</u>	<u>\$ 649,431</u>

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 329,614	\$ -	\$ 129,519	\$ 459,133
Accounts receivable	-	3,208	-	3,208
Due from special revenue fund	3,208	-	-	3,208
Other current assets	10,469	-	-	10,469
Total assets	<u>\$ 343,291</u>	<u>\$ 3,208</u>	<u>\$ 129,519</u>	<u>\$ 476,018</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 26,604	\$ -	\$ -	\$ 26,604
Due to general fund	-	3,208	-	3,208
Total liabilities	<u>26,604</u>	<u>3,208</u>	<u>-</u>	<u>29,812</u>
FUND BALANCES				
Nonspendable:				
Other current assets	10,469	-	-	10,469
Restricted for:				
Capital projects	-	-	129,519	129,519
Assigned to:				
Memorials	12,917	-	-	12,917
Unassigned	293,301	-	-	293,301
Total fund balances	<u>316,687</u>	<u>-</u>	<u>129,519</u>	<u>446,206</u>
Total liabilities and fund balances	<u>\$ 343,291</u>	<u>\$ 3,208</u>	<u>\$ 129,519</u>	<u>\$ 476,018</u>

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

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

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

JUNE 30, 2020

Total fund balances - total governmental funds	\$	446,206
---	-----------	----------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,230,358, and the accumulated depreciation is \$560,760.

669,598

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

Notes payable

(466,373)

Total net position - governmental activities

\$ 649,431

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

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

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ 112,955	\$ -	\$ 112,955
State and local sources	2,151,394	-	177,140	2,328,534
Contributions and other revenue	52,226	-	-	52,226
Total revenues	<u>2,203,620</u>	<u>112,955</u>	<u>177,140</u>	<u>2,493,715</u>
EXPENDITURES				
Current:				
Instruction	1,307,736	102,829	-	1,410,565
Student support services	129,449	7,126	-	136,575
Instructional media	30,674	-	-	30,674
Instructional staff training	347	3,000	-	3,347
Instruction-related technology	5,355	-	-	5,355
Board	14,498	-	-	14,498
General administration	90,759	-	-	90,759
School administration	223,463	-	2,850	226,313
Facilities acquisition and construction	-	-	31,333	31,333
Fiscal services	69,374	-	-	69,374
Food services	11,192	-	-	11,192
Central services	12,147	-	-	12,147
Student transportation services	55,029	-	-	55,029
Operation and maintenance of plant	270,811	-	27,464	298,275
Administrative technology services	7,722	-	-	7,722
Community services	54,715	-	-	54,715
Debt service:				
Principal	51,891	-	42,450	94,341
Interest	509	-	7,096	7,605
Capital outlay	26,915	-	-	26,915
Total expenditures	<u>2,362,586</u>	<u>112,955</u>	<u>111,193</u>	<u>2,586,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,966)</u>	<u>-</u>	<u>65,947</u>	<u>(93,019)</u>
OTHER FINANCING SOURCES				
Proceeds from notes payable	370,187	-	-	370,187
Total other financing sources	<u>370,187</u>	<u>-</u>	<u>-</u>	<u>370,187</u>
Net changes in fund balances	211,221	-	65,947	277,168
Fund balances at beginning of year	105,466	-	63,572	169,038
Fund balances at end of year	<u>\$ 316,687</u>	<u>\$ -</u>	<u>\$ 129,519</u>	<u>\$ 446,206</u>

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

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

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

FOR THE YEAR ENDED JUNE 30, 2020

Net changes in fund balances - total governmental funds	\$ 277,168
--	-------------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$96,697) exceeds capital outlays (\$55,015) in the current period.	(41,682)
---	----------

Repayments of long-term liabilities are reported as expenditures in the governmental funds because they require the use of current financial resources. They are reported as a reduction in long-term liabilities in the statement of net position. This amount represents the current year repayment of principal on long-term debt.	94,341
---	--------

Proceeds from long-term debt are reported as other financing sources in the governmental funds because they represent an increase in current financial resources. They are reported as an increase in long-term liabilities in the statement of net assets. These amounts represent the current year borrowings under long-term liabilities:

Proceeds from notes payable	<u>(370,187)</u>
Change in net position of governmental activities	<u><u>\$ (40,360)</u></u>

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

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2020

	Agency Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 16,410
Total assets	<hr/> <hr/>
LIABILITIES	
Due to others	\$ 16,410
Total liabilities	<hr/> <hr/>

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2025 and may be renewed in increments of five or fifteen years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

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

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

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

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

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

Governmental Funds:

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

Special Revenue Fund – To account for the proceeds of specific revenue sources and federal grants that are restricted by law or administrative action to expenditure for specific purposes.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Fiduciary Fund:

Agency Fund – To account for school internal funds, which are established to record the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

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

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

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

Budgetary Basis Accounting

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

Cash and Cash Equivalents

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

Receivables

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Capital Assets and Depreciation

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

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

Information relative to changes in capital assets is described in Note 3.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 5.

Fund Balance Spending Policy

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

Revenue Sources

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

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

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

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events through September 30, 2020, the date these financial statements were available to be issued.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The new standard is effective for the

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

fiscal year ending June 30, 2021. The cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

2 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 3,208	\$ -
Special revenue fund	-	3,208
Total interfund	<u>\$ 3,208</u>	<u>\$ 3,208</u>

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

3 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Buildings and building improvements	\$ 726,292	\$ 28,100	\$ -	\$ 754,392
Furniture, fixtures and equipment	201,312	26,915	-	228,227
Motor vehicles	247,739	-	-	247,739
Total capital assets at historical cost	<u>1,175,343</u>	<u>55,015</u>	<u>-</u>	<u>1,230,358</u>
Less accumulated depreciation for:				
Buildings and building improvements	(237,262)	(29,050)	-	(266,312)
Furniture, fixtures and equipment	(122,507)	(20,726)	-	(143,233)
Motor vehicles	(104,294)	(46,921)	-	(151,215)
Total accumulated depreciation	<u>(464,063)</u>	<u>(96,697)</u>	<u>-</u>	<u>(560,760)</u>
Governmental activities capital assets, net	<u>\$ 711,280</u>	<u>\$ (41,682)</u>	<u>\$ -</u>	<u>\$ 669,598</u>

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 41,129
School administration	6,400
Student transportation services	46,921
Operation and maintenance of plant	<u>2,247</u>
Total governmental activities depreciation expense	<u><u>\$ 96,697</u></u>

4 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2020 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

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

Risk Management Program

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

Salary Saving Plan

The School has adopted a SIMPLE IRA retirement program (the "Plan"), which covers all full time employees upon employment. Eligible employees may elect to contribute a portion of their earnings to the Plan. The School makes contributions to the Plan by matching 100% of employee contributions up to 3% of compensation. Employer contributions during fiscal 2020 totaled approximately \$16,000.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Uncertainty

The extent of the impact and effects of the recent outbreak of the coronavirus on the School's operations will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, changes in enrollment and the impact on governmental funding, all of which are highly uncertain and cannot be predicted. While the School's operations have not been significantly impacted due to the virus to date, if the virus causes significant negative impacts to economic conditions, the School's operations may be adversely affected.

5 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Obligation payable under revolving line of credit	\$ 51,891	\$ -	\$ (51,891)	\$ -	\$ -
Notes payable	<u>138,636</u>	<u>370,187</u>	<u>(42,450)</u>	<u>466,373</u>	<u>207,368</u>
Governmental activities, long-term liabilities	<u>\$ 190,527</u>	<u>\$ 370,187</u>	<u>\$ (94,341)</u>	<u>\$ 466,373</u>	<u>\$ 207,368</u>

Obligation Payable Under Revolving Line Of Credit

Long-term liabilities as of June 30, 2020 include a revolving line of credit payable to a financial institution that is secured by property owned by the School. There were no outstanding borrowings under this line of credit as of June 30, 2020. The line of credit has a total capacity of \$100,000 and a maturity date of December 2020. Interest is carried at the Wall Street Journal prime rate plus one percentage point (4.25% as of June 30, 2020). There is a minimum effective rate of interest of 5.5%. Unused borrowing capacity as of June 30, 2020 was \$100,000.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Notes Payable

Notes payable consisted of the following balances as of June 30, 2020:

Payroll Protection Program ("PPP") promissory note payable to a financial institution; beginning in November 2020, principal and interest payments of \$20,833 due monthly at 1%; maturity date is March 2022; subject to certain non-financial covenants.	\$ 370,187
Note payable to a finance company with principal and interest of \$1,751 due monthly at 4.49%; maturity date is August 2021; secured by a school bus.	23,840
Note payable to a finance company with principal and interest of \$1,775 due monthly at 4.75%; maturity date is February 2023; secured by a school bus.	53,267
Note payable to a finance company with principal and interest of \$510 due monthly at 6.60%; maturity date is December 2023; secured by a school van.	19,079
Total notes payable	466,373
Less amount due or payable within one year	(207,368)
Amount due or payable after one year	<u>\$ 259,005</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 207,368	\$ 7,734	\$ 215,102
2022	236,331	2,913	239,244
2023	19,670	656	20,326
2024	3,004	58	3,062
	<u>\$ 466,373</u>	<u>\$ 11,361</u>	<u>\$ 477,734</u>

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

District School Board of Lake County, Florida:	
Florida Education Finance Program	\$ 1,275,258
Class size reduction	357,563
Capital outlay	177,140
Discretionary local effort	113,308
Additional millage	96,880
Supplemental academic instruction	65,010
Student transportation	46,400
Discretionary millage	41,232
ESE guaranteed allocation	38,841
Best and brightest	26,798
Instructional materials	22,439
Safe schools	16,995
Compression allocation	14,443
Reading allocation	12,282
District security allocation	9,733
Mental health allocation	7,369
Teacher lead	4,800
Digital classrooms allocation	1,766
Discretionary lottery funds	<u>277</u>
Total	<u><u>\$ 2,328,534</u></u>

The administration fee paid to the School Board during the year ended June 30, 2020 totaled approximately \$91,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
REVENUES				
State and local sources	\$ 2,287,133	\$ 2,207,133	\$ 2,151,394	\$ (55,739)
Contributions and other revenue	-	-	52,226	52,226
Total revenues	<u>2,287,133</u>	<u>2,207,133</u>	<u>2,203,620</u>	<u>(3,513)</u>
EXPENDITURES				
Current:				
Instruction	1,344,398	1,309,398	1,307,736	1,662
Student support services	105,624	130,624	129,449	1,175
Instructional media	28,693	30,693	30,674	19
Instructional staff training	-	600	347	253
Instruction-related technology	2,000	6,000	5,355	645
Board	13,300	15,300	14,498	802
General administration	90,418	91,418	90,759	659
School administration	211,246	228,246	223,463	4,783
Fiscal services	54,251	70,251	69,374	877
Food services	10,229	12,229	11,192	1,037
Central services	7,500	15,000	12,147	2,853
Student transportation services	64,868	55,868	55,029	839
Operation and maintenance of plant	239,322	294,322	270,811	23,511
Administrative technology services	6,279	7,779	7,722	57
Community services	64,465	55,465	54,715	750
Debt service:				
Principal	15,000	53,000	51,891	1,109
Interest	-	-	509	(509)
Capital outlay	-	-	26,915	(26,915)
Total expenditures	<u>2,257,593</u>	<u>2,376,193</u>	<u>2,362,586</u>	<u>13,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,540</u>	<u>(169,060)</u>	<u>(158,966)</u>	<u>10,094</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from notes payable	-	371,000	370,187	(813)
Operating transfers out	(14,467)	-	-	-
Total other financing sources (uses)	<u>(14,467)</u>	<u>371,000</u>	<u>370,187</u>	<u>(813)</u>
Net change in fund balance	<u>15,073</u>	<u>201,940</u>	<u>211,221</u>	<u>9,281</u>
Fund balance at beginning of year	<u>105,466</u>	<u>105,466</u>	<u>105,466</u>	<u>-</u>
Fund balance at end of year	<u>\$ 120,539</u>	<u>\$ 307,406</u>	<u>\$ 316,687</u>	<u>\$ 9,281</u>

See independent auditor's report.

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
REVENUES				
Federal sources passed through local school district	\$ 88,125	\$ 113,125	\$ 112,955	\$ (170)
Total revenues	88,125	113,125	112,955	(170)
EXPENDITURES				
Current:				
Instruction	83,125	105,125	102,829	2,296
Student support services	5,000	8,000	7,126	874
Instructional staff training	-	-	3,000	(3,000)
Total expenditures	88,125	113,125	112,955	170
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 30, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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



Winter Park, Florida
September 30, 2020

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

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Altoona School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2020, and have issued our report thereon dated September 30, 2020.

AUDITOR'S RESPONSIBILITY

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

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 30, 2020, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

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

FINANCIAL CONDITION AND MANAGEMENT

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

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

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

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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



Winter Park, Florida
September 30, 2020