

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT  
UNIT OF THE SCHOOL BOARD OF  
SARASOTA COUNTY, FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
FINANCIAL STATEMENTS

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STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Student Leadership Academy of Venice, Inc.  
Venice, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Student Leadership Academy of Venice, Inc. (the "Charter School") (a Charter School and component unit of the School Board of Sarasota County, Florida), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter 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, the general fund and the aggregate remaining fund information of the Charter School as of June 30, 2020, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 3 - 7, the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Non-GAAP Budget Basis on pages 28 - 29 and the Schedule of the Charter School's Proportionate Share of the Net Pension Liability and Schedule of the Charter School's Contributions on pages 30 - 34 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The other supplemental information on page 35, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020 on our consideration of the Charter 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 Charter 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 Charter School's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

September 23, 2020  
Sarasota, Florida

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

As management of Student Leadership Academy of Venice, Inc. (the "Charter School"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2020.

Readers should review this Management's Discussion and Analysis (MD&A) in addition to the financial statements and the accompanying notes to the financial statements to gain an understanding of the Charter School as an operating entity.

**Operating Entity**

This Charter School was incorporated as a not-for-profit corporation in 2004. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida, serving grades 6-9 for the 2019-20 school year.

The Charter School occupies a leased facility situated in an excellent location on the Island of Venice, with County-operated athletic fields located across a residential street. These fields are available for physical fitness classes and team sports.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Charter School's financial statements. The Charter School's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide Financial Statements**

The financial statements are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the assets, deferred outflows, liabilities and deferred inflows as of June 30, 2020, showing total assets of \$1,329,139 and total liabilities of \$1,842,559. Net position is in a deficit position of \$292,580, and is the difference between total assets plus deferred outflows less total liabilities and deferred inflows. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating.

### Condensed Statement of Net Position

	<b>Governmental Activities</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
Current and other assets	\$ 606,413	\$ 227,292	\$ 379,121
Capital assets	722,726	796,004	(73,278)
Total assets	1,329,139	1,023,296	305,843
Deferred outflows	500,690	625,045	(124,355)
Current liabilities	206,552	178,365	28,187
Noncurrent liabilities	1,636,007	1,367,246	268,761
Total liabilities	1,842,559	1,545,611	296,948
Deferred inflows	279,850	202,227	77,623
<b>Net Position:</b>			
Net investment in capital assets	722,726	796,004	(73,278)
Restricted	-0-	-0-	-0-
Unrestricted	(1,015,306)	(895,501)	(119,805)
Total net position	\$ (292,580)	\$ (99,497)	\$ (193,083)

The Statement of Activities presents information showing how the Charter School's net position decreased by \$193,083 during the current year. As noted in the following schedule, revenues increased during the year from contributions and fundraising. Expenses largely increased due to the implementation of ninth grade during the year, more specifically the cost of additional instructors. Overall, the change in net position remained constant for the 2019-20 fiscal year compared to 2018-19.

### Condensed Statements of Activities

	<b>Governmental Activities</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
<b>Revenues</b>			
General revenues:			
Grants and contributions not restricted to specific programs	\$ 2,691,884	\$ 2,512,413	\$ 179,471
Miscellaneous revenue	35,016	22,337	12,679
Investment earnings	226	393	(167)
Total general revenues	2,727,126	2,535,143	191,983
<b>Total revenues</b>	2,727,126	2,535,143	191,983
<b>Expenses</b>			
Instruction	1,597,162	1,486,152	111,010
Pupil personnel services	177,689	154,257	23,432
Instruction media services	38,276	36,450	1,826
Board	13,085	15,400	(2,315)
General administration	40,162	41,309	(1,147)

## Condensed Statement of Activities – Continued

	<b>2020</b>	<b>2019</b>	<b>Change</b>
School administration	457,329	414,768	42,561
Fiscal services	20,575	20,450	125
Food services	4,361	6,864	(2,503)
Pupil transportation services	81,405	75,233	6,172
Operation of plant	448,662	441,519	7,143
Maintenance of plant	41,503	39,032	2,471
<b>Total expenses</b>	<b>2,920,209</b>	<b>2,731,434</b>	<b>188,775</b>
Decrease in Net Position	(193,083)	(196,291)	3,208
Net Position – Beginning	(99,497)	96,794	(196,291)
Net Position – Ending	<u>\$ (292,580)</u>	<u>\$ (99,497)</u>	<u>\$ (193,083)</u>

The government-wide financial statements can be found on pages 8 and 9 of the financial statements.

### 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 Charter School, like other state and local government component units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual generic fund type in the Charter School’s financial statements is a governmental fund. 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, the governmental fund financial statements focus on 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 the Charter School’s near term financing requirements.

The only governmental fund utilized by the Charter School is the General Fund. The Charter School had a fund balance of \$399,861 in the General Fund as of June 30, 2020. Fund balance in the General Fund increased by \$350,934 largely due to proceeds from the Paycheck Protection Program (PPP) provided by the Small Business Administration (SBA) of \$366,500.

The General Fund financial statements, along with reconciliations to the government-wide financial statements can be found on pages 10 through 13 of this report.

The Charter School also reports an Agency Fund which is a fiduciary fund type. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of the results of operations. This fund is used to account for resources of the Charter School’s internal account funds, used in connection with school, student, class, and club activities.

### Notes to 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. The notes to the basic financial statements can be found beginning on page 15 of this report.



## General Fund Budget

The Board closely monitors the Charter School's financial performance relative to the tentative budget on a monthly basis. The Board made formal budget amendments to approve changes as they monitored the bottom line for the overall financial effect on the Charter School.

Original budgeted revenues were \$2,650,038 compared to final budgeted revenues of \$2,684,112. Original budgeted expenditures were \$2,636,587 compared to final budgeted expenditures of \$2,727,671. Additionally, the Charter School amended the budget for PPP proceeds in the amount of \$366,500. At year-end, actual revenues exceeded budget by \$13,014 and actual expenditures were less than budget by \$14,979.

A schedule of revenues, expenditures and changes in fund balance comparing the budget to actual results for the General Fund is on page 28 of the financial statements.

## Capital Assets

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2020 and 2019.

### Capital Assets

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2020</u>	<u>2019</u>	
Leasehold improvements	\$ 627,783	\$ 662,225	\$ (34,442)
Furniture, fixtures and equipment	94,943	133,779	(38,836)
Total (net of depreciation)	<u>\$ 722,726</u>	<u>\$ 796,004</u>	<u>\$ (73,278)</u>

See Note 2 to the financial statements for additional detail of the capital asset activity for the year.

## Debt Administration

The Charter School has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2020 and 2019, the net pension liability recognized by the Charter School was \$1,240,486 and 1,341,555, respectively.

The Charter School has an annual leave policy providing all full-time employees six days of annual leave each fiscal year. Upon separation of employment from the Charter School, employees will receive 50% of the value of any remaining accrued annual leave up to a maximum of thirty (30) days. The Charter School reported a liability in the amount of \$29,021 and \$25,691 at June 30, 2020 and 2019, respectively, for accrued compensated absences.

During the year, the Charter School received \$366,500 in PPP proceeds provided by the SBA. The amount has been reported as a note payable as of June 30, 2020, however, the amount may be forgiven during the 2020-21 fiscal year.

See Note 3 to the financial statements for more details on long-term liabilities.

## **Economic Factors and Student Achievement**

The Board has approved an operating budget for the 2020-2021 academic year based on a student enrollment of 265 students. The budget demonstrates that the Charter School will have a budgeted increase from operations of approximately \$25,000. For the 2020-2021 school year, the Charter School has concluded to discontinue providing 9<sup>th</sup> grade.

Knowing that enrollment growth and eventual stability is critical to the future viability of the Charter School, the Board continues to use postcards to announce open houses throughout the spring. These open houses provided a cost-efficient manner in which the Charter School can target potential new students and their parents, giving them the opportunity to tour the Charter School and interview the teachers. In addition, the Charter School has increased its presence in the community through volunteerism and social media to allow parents, students, and the community recognize its academic achievement and leadership.

The Charter School received a grade of “A” under the A+ accountability plan for Florida schools for the 2019-2020 school year, with an average class size of 16.2 students. The Charter School was also awarded the designation of “High Performing Charter School” by the Florida Department of Education in July 2011, allowing the Charter School to only pay a 2% administrative fee on the first 250 students instead of a 5% administrative fee on the first 250 students. The Charter School maintained the standards during the 2019-2020 fiscal year to continue the “High Performing Charter School” designation.

## **Requests for Information**

The financial report is designed to provide a general overview of the Student Leadership Academy of Venice, Inc.’s finances for those with an interest in the entity’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Student Leadership Academy of Venice, Inc., 200 Field Avenue, Venice, Florida 34285.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Current assets	
Cash	\$ 584,501
Accounts receivable	14,544
Prepaid items	5,852
Other current asset	1,516
Total current assets	606,413
Noncurrent assets	
Capital assets, net of accumulated depreciation	722,726
<b>TOTAL ASSETS</b>	<b>1,329,139</b>
<b>DEFERRED OUTFLOWS OF RESOURCES – Pension</b>	<b>500,690</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	15,472
Accrued expenses	191,080
Total current liabilities	206,552
Noncurrent liabilities	
Due within one year	152,999
Due in more than one year	1,483,008
Total noncurrent liabilities	1,636,007
<b>TOTAL LIABILITIES</b>	<b>1,842,559</b>
<b>DEFERRED INFLOWS OF RESOURCES – Pension</b>	<b>279,850</b>
Net position	
Net investment in capital assets	722,726
Unrestricted	(1,015,306)
<b>TOTAL NET POSITION</b>	<b>\$ (292,580)</b>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,597,162	\$ -	\$ -	\$ -	\$ (1,597,162)
Pupil personnel services	177,689	-	-	-	(177,689)
Instructional media services	38,276	-	-	-	(38,276)
Board	13,085	-	-	-	(13,085)
General administration	40,162	-	-	-	(40,162)
School administration	457,329	-	-	-	(457,329)
Fiscal services	20,575	-	-	-	(20,575)
Food services	4,361	-	-	-	(4,361)
Pupil transportation services	81,405	-	-	-	(81,405)
Operation of plant	448,662	-	-	-	(448,662)
Maintenance of plant	41,503	-	-	-	(41,503)
Total Governmental Activities	<u>2,920,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,920,209)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					2,691,884
Miscellaneous					35,016
Investment earnings					226
Total General Revenue					<u>2,727,126</u>
Change in net position					(193,083)
Net Position – Beginning of year					<u>(99,497)</u>
Net Position – End of year					<u><u>\$ (292,580)</u></u>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
BALANCE SHEET – GENERAL FUND  
JUNE 30, 2020

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**ASSETS**

Cash	\$ 584,501
Accounts receivable	14,544
Prepaid items	5,852
Other current asset	<u>1,516</u>

**TOTAL ASSETS** \$ 606,413

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 15,472
Accrued expenses	<u>191,080</u>

TOTAL LIABILITIES 206,552

Fund Balance:

Nonspendable, prepaid items	5,852
Unassigned	<u>394,009</u>

TOTAL FUND BALANCES 399,861

**TOTAL LIABILITIES AND FUND BALANCE** \$ 606,413

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

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Fund Balance – General Fund	\$	399,861
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 in the General Fund		722,726
Deferred outflows of resources related to pension are not recognized in the General Fund; however, they are reported in the statement of net position		500,690
Deferred inflows of resources related to pension are not recognized in the General Fund; however, they are reported in the statement of net position		(279,850)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund		
Net pension liability	(1,240,486)	
Note payable	(366,500)	
Compensated absences	<u>(29,021)</u>	
		<u>(1,636,007)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u><u>(292,580)</u></u></b>

The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Federal through local	\$ 13,052
State through local	1,865,222
Local	848,852
Total Revenues	2,727,126
 <b>EXPENDITURES</b>	
Current	
Instruction	1,501,736
Pupil personnel services	169,876
Instructional media services	36,634
Board	13,085
General administration	40,162
School administration	422,315
Fiscal services	20,575
Food services	4,186
Pupil transportation services	81,405
Operation of plant	412,718
Maintenance of plant	40,000
Total Expenditures	2,742,692
 <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(15,566)
 <b>OTHER FINANCING SOURCES</b>	
Proceeds from note payable	366,500
Total Other Financing Sources	366,500
 <b>NET CHANGE IN FUND BALANCE</b>	350,934
 <b>FUND BALANCE – Beginning of year</b>	48,927
 <b>FUND BALANCE – End of year</b>	\$ 399,861

The accompanying notes are an integral part of these financial statements.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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Net change in fund balance – statement of revenues, expenditures and changes in fund balance – General Fund		\$ 350,934
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
		\$ (73,278)
<p>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 the General Fund.</p>		
Decrease in deferred outflows	(124,355)	
Increase in deferred inflows	(77,623)	
Proceeds from note payable	(366,500)	
Decrease in net pension liability	101,069	
Increase in compensated absences	(3,330)	
		(470,739)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (193,083)</u></b>

The accompanying notes are an integral part of these financial statements.



STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND  
JUNE 30, 2020

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**ASSETS**

Cash	\$ 5,360
TOTAL ASSETS	<u>\$ 5,360</u>

**LIABILITIES**

Due to clubs	\$ 5,360
TOTAL LIABILITIES	<u>\$ 5,360</u>

The accompanying notes are an integral part of these financial statements.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Student Leadership Academy of Venice, Inc. (the “Charter School”) is a not-for-profit corporation that operates a middle school in Venice, Florida. The corporation was organized pursuant to the Florida Not-for-Profit Corporation Act, Chapter 617, Florida Statutes. The governing body of the Charter School is a not-for-profit corporation Board of Directors composed of five members.

The general operating authority of the Charter School is contained in Chapter 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida, which is effective through June 30, 2024. The Charter School is considered a component unit of the School Board of Sarasota County, Florida. Upon dissolution or termination of the charter, all of the property, furnishings and equipment purchased with public funds, in part or in whole, automatically revert to the School Board of Sarasota County, Florida.

Basis of Presentation

The financial statements of the Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments, including the Charter School.

Government-wide and Fund Financial Statements

The Charter School’s financial statements include both government-wide (reporting on the Charter School as a whole) and fund 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 non-fiduciary activities of the Charter School. The government-wide financial statements present governmental activities only. The Charter School has no business-type activities. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

In the government-wide Statement of Net Position, the Charter School recognizes all long-term assets and receivables as well as long-term liabilities, including debt and other obligations. The Charter School’s net position is reported in three parts (as applicable): (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The individual generic fund type in the Charter School's financial statements is a governmental fund. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The only governmental fund utilized by the Charter School is the General Fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures. The General Fund is the general operating fund of the Charter School and is used to account for all of its non-fiduciary financial resources.

Additionally, the Charter School reports an agency fund which is a fiduciary fund type. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of the results of operations. This fund is used to account for resources of the Charter School's internal account funds which are used in connection with school, student, class, and club activities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Agency funds are also reported using the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available, if they are collected within 60 days of the end of the current period. When grant terms provide that the expenditure of resources is the determining factor for eligibility for Federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Revenues for current operations received from the School Board of Sarasota County, Florida, pursuant to funding provisions included in the Charter School's charter are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

Cash

The Charter School's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC). At June 30, 2020, the carrying amount of the Charter School's deposits was \$584,501 and the bank balances were \$597,603. Additionally, the agency fund's carrying amount and bank balances were \$5,360. At June 30, 2020, the Charter School's cash balances including the agency fund exceeded FDIC limits by \$352,963. The Charter School has not experienced losses and as a result, management considers the risk of loss, if any, to be minimal.

Capital Assets

Capital assets, which include leasehold improvements and furniture, fixtures and equipment, are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by the Charter School as any individual asset with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 7 to 39 years for leasehold improvements and 3 to 7 years for furniture, fixtures and equipment.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category which is a deferred outflow of pension resources which will be recognized as either pension expense or a reduction of net pension liability in future reporting years.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. One item qualifies for reporting in this category which is a deferred inflow of pension earnings which will be recognized as a reduction to pension expense in future reporting years.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

*Fund Balance:* Generally, fund balance represents the difference between the assets plus deferred outflows and liabilities plus deferred inflows under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by the Charter School’s intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors is authorized to make assignments.
- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. The Charter School reports positive unassigned fund balance as of June 30, 2020.

*Net Position:* Net position represents the difference between assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as net investment in capital assets and restricted net position is reported as unrestricted net position.

*Flow Assumptions:* When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the Charter School’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School’s policy to first use committed, then assigned and unassigned.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Budgetary Information

An annual budget was adopted for the General Fund on the modified accrual basis of accounting and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year end. The Charter School's budget for the year ended June 30, 2020 was prepared on a non-GAAP basis as it excluded in-kind contributions totaling \$30,000.

Revenue Sources

Revenues for current operations are received primarily from the School Board of Sarasota County, Florida (School Board), pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and Chapter 1002.33(17), Florida Statutes, the Charter School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Chapter 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Charter 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 Charter School during the designated full-time equivalent student survey periods.

The Charter School also receives Federal, State and local awards for the enhancement of various educational programs. Awards are generally received based on applications submitted to and approved by the respective granting agencies.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS), (which includes FRS and HIS and is a cost-sharing multi-employer plan) and additions to/deletions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the plan are reported at fair value (Note 7).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Implementation of GASB No. 84

The Charter School adopted GASB No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which allowed the Charter School a one year deferral of the implementation of GASB No. 84, *Fiduciary Activities*.

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**NOTE 2 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated				
Leasehold improvements	\$1,025,914	\$ -0-	\$ -0-	\$ 1,025,914
Furniture, fixtures and equipment	<u>704,297</u>	<u>-0-</u>	<u>-0-</u>	<u>704,297</u>
Total capital assets being depreciated	<u>1,730,211</u>	<u>-0-</u>	<u>-0-</u>	<u>1,730,211</u>
Less accumulated depreciation for:				
Leasehold improvements	363,689	34,442	-0-	398,131
Furniture, fixtures and equipment	<u>570,518</u>	<u>38,836</u>	<u>-0-</u>	<u>609,354</u>
Total accumulated depreciation	<u>934,207</u>	<u>73,278</u>	<u>-0-</u>	<u>1,007,485</u>
Total capital assets being depreciated, net	<u>796,004</u>	<u>(73,278)</u>	<u>-0-</u>	<u>722,726</u>
Governmental activities capital assets, net	<u>\$ 796,004</u>	<u>\$ (73,278)</u>	<u>\$ -0-</u>	<u>\$ 722,726</u>

Depreciation expense in the amount of \$73,278 for the year ended June 30, 2020, was allocated to the following governmental functions:

Instruction	\$ 23,570
School administration	15,266
Operation of plant	<u>34,442</u>
	<u>\$ 73,278</u>

**NOTE 3 – LONG-TERM LIABILITIES**

The Charter School has an annual leave policy providing all full-time employees six days of annual leave each fiscal year. Upon separation of employment from the Charter School, employees receive payment for 50% of the value of any remaining unused accrued annual leave up to a maximum of thirty (30) days.

During the year, the Charter School received loan proceeds of \$366,500 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The loan is unsecured and bears an interest rate at 1 percent. The loan requires payment of principal and interest monthly effective December 5, 2020 in the amount of \$20,625 and matures on May 4, 2022. The Charter School intends to apply for forgiveness of all of the PPP loan amount pursuant to the SBA guidelines. As a result, all or some of the loan proceeds may be forgiven under the program if certain criteria are met.

The loan will be considered in default if payments are not made when due. The lender's remedies upon default include, but are not limited to, acceleration of payment on amounts owed and any other remedies allowed by state or federal laws.

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**NOTE 3 – LONG-TERM LIABILITIES – CONTINUED**

Future maturities of the note payable include principal payments of \$140,738 and \$225,762 for 2021 and 2022 respectively, as well as interest of \$3,639 and \$1,130 for 2021 and 2022 respectively.

The net pension liability is described in Note 7.

Changes in long-term liabilities for fiscal year ended June 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 25,691	\$ 57,363	\$ (54,033)	\$ 29,021	\$ 2,000
Direct borrowing note	-	366,500	-	366,500	140,738
Net pension liability	1,341,555	453,503	(554,572)	1,240,486	10,261
	<u>\$ 1,367,246</u>	<u>\$ 877,366</u>	<u>\$ (608,605)</u>	<u>\$ 1,636,007</u>	<u>\$ 152,999</u>

**NOTE 4 – SCHEDULE OF REVENUE SOURCES**

The following is a schedule of revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
Federal through local	
Individuals with Disabilities Education Act grant funds	\$ 13,052
Subtotal	<u>13,052</u>
State through local	
Base funding/declining enrollment	1,296,589
Supplemental academic instruction	57,591
Reading instruction	11,645
Classroom for Kids	253,066
Safe Schools	17,673
Instruction materials	27,283
Lottery funds	263
Charter school capital outlay	142,428
Florida school recognition funds	25,583
Excellent Teaching Program	25,465
Other	7,636
Subtotal	<u>1,865,222</u>
Local	
Discretionary local effort/millage equalization	275,832
Voted referendum millage	368,762
Local capital outlay millage	70,595
Contributions	68,421
In-kind contributions	30,000
Miscellaneous revenue	35,016
Interest earnings	226
Subtotal	<u>848,852</u>
Total revenues	<u>\$ 2,727,126</u>



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**NOTE 5 – OPERATING LEASE**

The Charter School entered into an operating lease for the school building effective July 1, 2006 which was extended on June 8, 2017. The lease extension also includes a first right of refusal if the property is sold which expires June 30, 2024. The rent expense was \$234,000 for the year ended June 30, 2020. Future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 234,000
2022	\$ 234,000
2023	\$ 234,000
2024	\$ 234,000

**NOTE 6 – RISK MANAGEMENT PROGRAMS**

The Charter School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees for which the Charter School has purchased commercial insurance. The Charter School has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the last three years.

The Vice President of the Charter School has committed in writing to the Charter School to lend the Charter School up to \$200,000 in the case of a catastrophic emergency with interest no higher than the prevailing interest rate at the time proceeds are requested.

**NOTE 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM**

Plan Description

All part-time and full-time permanent employees of the Charter School are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes.

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**NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED**

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under the FRS 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.

Plan Provisions

**If first employed prior to July 1, 2011:** Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

**If first employed on or after July 1, 2011:** Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. 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.

Under the HIS Plan, the benefit is a monthly payment to assist retirees 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 must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into, which require employees to contribute 3% and employers to contribute based on class. The Charter School’s contractually required contribution rate for the year ended June 30, 2020 was 8.47% for regular employees and 14.60% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Charter School were \$104,741 for the year ended June 30, 2020, which equaled required contributions and approximated 7.68% of covered payroll.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

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**NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED**

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

At June 30, 2020, the Charter School reported a liability of \$1,240,486 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School’s proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2019, the Charter School’s proportion was 0.002316910% for FRS and 0.003955439% for HIS which was consistent with its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$183,074. At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions 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>
Difference between expected and actual experience	\$ 47,326	\$ 494	\$ 5,376	\$ 542
Changes in assumptions	204,938	–0–	51,246	36,172
Net difference between projected and actual earnings on pension plan investments	–0–	44,145	286	–0–
Changes in proportion and differences between contributions and proportionate share of contributions	52,453	125,240	36,320	73,257
Charter School contributions subsequent to the June 30, 2019 measurement date	79,850	–0–	22,895	–0–
	<u>\$ 384,567</u>	<u>\$ 169,879</u>	<u>\$ 116,123</u>	<u>\$ 109,971</u>

Total deferred outflows were \$500,690 and total deferred inflows were \$279,850. \$79,850 (FRS) and \$22,895 (HIS) were reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>FRS</u>	<u>HIS</u>
2021	\$ 19,138	\$ (2,307)
2022	19,138	(2,308)
2023	19,138	(2,308)
2024	19,138	(2,308)
2025	19,138	(2,308)
Thereafter	<u>39,148</u>	<u>(5,204)</u>
	<u>\$ 134,838</u>	<u>\$ (16,743)</u>

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**NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED**

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation (June 30, 2019 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.90 percent, including inflation at 2.60%

Mortality assumptions for the FRS pension plan were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study performed in 2019 for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) a real (in excess of inflation) return of 4.30%, consistent with one capital market outlook model developed in 2019 by the outside investment consultants to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.60% as adopted in October 2019 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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 Return</u>
Cash	1%	3.3%
Fixed income	18%	4.1%
Global equity	54%	8.0%
Real estate	11%	6.7%
Private equity	10%	11.2%
Strategic investments	6%	5.9%

*Discount Rate*

The discount rate used to measure the total FRS pension liability was 6.90%, and the HIS pension liability was 3.50%. The HIS rate decreased from 3.87% to 3.50% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

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**NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED**

Actuarial Assumptions – Continued

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in the 2019 valuation:

- FRS: The discount rate and the long-term expected rate of return was decreased from 7.00% to 6.90%. Additionally, the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.90%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower (5.90 percent) or 1–percentage–point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Charter School’s proportionate share of the FRS net pension liability	\$ 1,379,323	\$ 797,912	\$ 312,334

The following presents the Charter School’s proportionate share of the HIS net pension liability calculated using the discount rate of 3.50%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower (2.50%) or 1–percentage–point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Charter School’s proportionate share of the HIS net pension liability	\$ 505,221	\$ 442,574	\$ 390,396

Pension Plan Fiduciary Net Position

The Charter School’s proportion of net position has been determined on the same basis as each Plan. Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

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**NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED**

Aggregate Information for Retirement Plans

	<u>Deferred Outflows</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>
FRS	\$ 384,567	\$ 797,912	\$ 169,879
HIS	<u>116,123</u>	<u>442,574</u>	<u>109,971</u>
	<u>\$ 500,690</u>	<u>\$ 1,240,486</u>	<u>\$ 279,850</u>

**NOTE 8 – SUBSEQUENT EVENTS**

The Charter School has evaluated all subsequent events through September 23, 2020, the date the financial statements were available to be issued.

As of September 23, 2020, the date through which the Charter School has evaluated events occurring subsequent to the balance sheet date, the Charter School is evaluating the risks associated with COVID-19. The Charter School is in the process of implementing risk mitigation tactics for the Charter School as to the risk of the impact, if any, of COVID-19 related to all aspects of the Charter School’s operations. However, the Charter School cannot at this time, make a determination on the ultimate impacts of COVID-19 pandemic.

## REQUIRED SUPPLEMENTRY INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
NON-GAAP BUDGET BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Federal through local	\$ -	\$ 13,052	\$ 13,052	\$ -
State through local	1,870,636	1,855,977	1,865,222	9,245
Local	779,402	815,083	818,852	3,769
Total Revenues	<u>2,650,038</u>	<u>2,684,112</u>	<u>2,697,126</u>	<u>13,014</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,416,942	1,503,486	1,501,736	1,750
Pupil personnel services	174,791	188,855	169,876	18,979
Instructional media services	38,795	40,313	36,634	3,679
Instructional staff training	3,000	2,000	-	2,000
Board	16,500	14,000	13,085	915
General administration	41,296	40,162	40,162	-
School administration	404,508	426,673	422,315	4,358
Fiscal services	20,450	20,575	20,575	-
Food services	5,241	4,485	4,186	299
Pupil transportation services	75,300	81,470	81,405	65
Operation of plant	411,632	375,826	382,718	(6,892)
Maintenance of plant	28,132	29,826	40,000	(10,174)
Total Expenditures	<u>2,636,587</u>	<u>2,727,671</u>	<u>2,712,692</u>	<u>14,979</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	13,451	(43,559)	(15,566)	27,993
<b>OTHER FINANCING SOURCES</b>				
Proceeds from note payable	-	366,500	366,500	-
Total Other Financing Sources	<u>-</u>	<u>366,500</u>	<u>366,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	13,451	322,941	350,934	27,993
<b>FUND BALANCE – Beginning of year</b>	<u>48,927</u>	<u>48,927</u>	<u>48,927</u>	<u>-</u>
<b>FUND BALANCE – End of year</b>	<u><b>\$ 62,378</b></u>	<u><b>\$ 371,868</b></u>	<u><b>\$ 399,861</b></u>	<u><b>\$ 27,993</b></u>

**RECONCILIATION OF DIFFERENCES BETWEEN NON-GAAP BUDGETARY BASIS AND GAAP  
(MODIFIED ACCRUAL) BASIS**

The Charter School did not budget for an in-kind contribution reducing annual rent expense by \$30,000. The following schedule reconciles the actual amount on the budget basis to the actual amount on the GAAP basis as presented on page 12.

	Actual On GAAP Basis	To Budgetary Basis	Actual On Budget Basis
Total revenues	\$ 2,727,126	\$ 30,000	\$ 2,697,126
Total expenditures	<u>2,742,692</u>	<u>30,000</u>	<u>2,712,692</u>
Excess of revenues over (under) expenditures	<u><b>\$ (15,566)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (15,566)</b></u>



STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

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**NOTE 1 – BUDGETARY INFORMATION**

An annual budget was adopted for the General Fund on the modified accrual basis of accounting in accordance with generally accepted accounting principles, except for an in-kind contribution reducing annual rent expense by \$30,000, and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year-end.

Revenues were in excess of budget in the amount of \$13,014 and expenditures were less than appropriations in the amount of \$14,979.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY – FRS**

	FLORIDA RETIREMENT SYSTEM (FRS) Last Seven Fiscal Years *						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Charter School's proportion of the net pension liability	0.003043175%	0.003000817%	0.002765655%	0.002526826%	0.0024844860%	0.002912368%	0.002316910%
Charter School's proportionate share of the net pension liability	\$ 523,866	\$ 183,094	\$ 357,221	\$ 638,026	\$ 734,894	\$ 877,220	\$ 797,912
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	38%	14%	26%	51%	51%	66%	59%
Plan fiduciary net position as a percentage of total pension liability	88.54%	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%

\* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY – HIS**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)  
Last Seven Fiscal Years \*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Charter School's proportion of the net pension liability	0.004436435%	0.004686543%	0.004411320%	0.004413572%	0.003941559%	0.004387096%	0.003955439%
Charter School's proportionate share of the net pension liability	\$ 386,250	\$ 438,203	\$ 449,885	\$ 514,384	\$ 421,450	\$ 464,335	\$ 442,574
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	28%	33%	33%	41%	29%	35%	32%
Plan fiduciary net position as a percentage of total pension liability	1.78%	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%

\* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – FRS**

FLORIDA RETIREMENT SYSTEM (FRS)  
Last Seven Fiscal Years \*

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Contractually required contribution **	\$ 40,952	\$ 65,731	\$ 67,429	\$ 61,621	\$ 64,677	\$ 83,000	\$ 71,841
Contributions in relation to the contractually required contribution	40,952	65,731	67,429	61,621	64,677	83,000	71,841
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273
Contributions as a percentage of covered payroll	2.94%	4.91%	4.95%	4.91%	4.52%	6.26%	5.27%

\* - GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

\*\* - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – HIS**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)  
Last Seven Fiscal Years \*

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Contractually required contribution **	\$ 14,533	\$ 16,055	\$ 16,863	\$ 22,622	\$ 20,860	\$ 23,791	\$ 21,964
Contributions in relation to the contractually required contribution	14,533	16,055	16,863	22,622	20,860	23,791	21,964
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 1,392,448	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273
Contributions as a percentage of covered payroll	1.04%	1.20%	1.24%	1.80%	1.46%	1.80%	1.61%

\* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

\*\* – Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION**

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**ACTUARIAL METHODS AND ASSUMPTIONS**

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This 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 Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS plan was determined by an actuarial valuation as of July 1, 2019. The total pension liability for the HIS plan was determined by an actuarial valuation as of July 1, 2018 and update procedures were used to determine liabilities as of June 30, 2019. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2019:

- FRS: The discount rate and long-term expected rate of return was decreased from 7.00% to 6.90%. Additionally, the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

## OTHER SUPPLEMENTAL INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND – AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

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	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<b>ASSETS</b>				
Cash	\$ 11,581	\$ 3,512	\$ (9,733)	\$ 5,360
TOTAL ASSETS	<b>\$ 11,581</b>	<b>\$ 3,512</b>	<b>\$ (9,733)</b>	<b>\$ 5,360</b>
<b>LIABILITIES</b>				
Due to clubs	\$ 11,581	\$ 3,512	\$ (9,733)	\$ 5,360
TOTAL LIABILITIES	<b>\$ 11,581</b>	<b>\$ 3,512</b>	<b>\$ (9,733)</b>	<b>\$ 5,360</b>





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

Board of Directors  
Student Leadership Academy of Venice, Inc.  
Venice, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Student Leadership Academy of Venice, Inc. (the "Charter School") (a Charter School and component unit of the School Board of Sarasota County, Florida), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated September 23, 2020.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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 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.

*Christopher, Smith, Leonard  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

September 23, 2020  
Sarasota, Florida



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## MANAGEMENT LETTER

**Board of Directors**  
**Student Leadership Academy of Venice, Inc.**  
**Venice, Florida**

### **Report on the Financial Statements**

We have audited the financial statements of Student Leadership Academy of Venice, Inc. (the Charter School) (a Charter School and component unit of the School Board of Sarasota County, Florida) as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 23, 2020.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 23, 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 recommendations made in the preceding annual financial report.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 Student Leadership Academy of Venice, Inc. and 580102.

### **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 Charter 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 Charter 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 Charter School. It is management's responsibility to monitor the Charter 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 the 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 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 Charter 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 Charter School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Christopher, Smith, Leonard  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD  
BRISTOW & STANELL, P.A.

September 23, 2020  
Sarasota, Florida