

# McIntosh Area School, Inc.

A Component Unit of the Marion County District School Board

Financial Statements  
And  
Independent Auditors' Reports

**June 30, 2022**

**PRICE & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS, LLC**

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**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS**

**JUNE 30, 2022**

**MCINTOSH AREA SCHOOL**

*A Component Unit of the Marion County District School Board*

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# Price & Associates Certified Public Accountants, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
McIntosh Area School, Inc.

November 11, 2022

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities and each major fund of McIntosh Area School, Inc. (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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**Report on the Audit of the Financial Statements (concluded)**

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**Auditor's Responsibilities for the Audit of the Financial Statements (concluded)**

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

**Required Supplementary Information**

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

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**Other Reporting Required by Government Auditing Standards**

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

*Price & Associates Certified Public Accountants, LLC*

# **Management's Discussion and Analysis**

**June 30, 2022**

## **McIntosh Area School**

*A Component Unit of the Marion County District School Board*

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2022:

- The School's overall Net Position decreased by \$211,636, which is about 54%.
- Unrestricted Net Position at June 30, 2022 was (\$164,057).
- The School had total expenses for the year of about \$726,000, compared to revenues of approximately \$515,000.
- The School served 52 students in 2022 and 56 students in 2021, in grades K-5.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

#### **Government-wide Financial Statements**

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net Position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in Net Position during the fiscal year. Over time, the increases or decreases in Net Position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

#### **Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains two individual governmental funds, the General Fund and Capital Projects Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

# Management's Discussion and Analysis

June 30, 2022

## McIntosh Area School

*A Component Unit of the Marion County District School Board*

### CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about Net Position and changes in Net Position.

	2022 Governmental Activities	2021 Governmental Activities
<b>Net Position</b>		
Assets:		
Non-capital Assets	\$490,304	\$ 285,099
Capital Assets, Net	340,766	350,914
Total Assets	<u>831,070</u>	<u>636,013</u>
Liabilities:		
Current Liabilities	55,000	11,740
Non-current Liabilities	556,141	192,708
Total Liabilities	<u>611,141</u>	<u>204,448</u>
Net Position:		
Net Investment in Capital Assets	340,766	350,914
Restricted – Capital Outlay	43,220	33,686
Unrestricted	(164,057)	46,965
Total Net Position	<u>\$ 219,929</u>	<u>\$ 431,565</u>
<b>Changes in Net Position</b>		
Program Revenues:		
Charges for Services	\$ 33,784	\$ 9,128
Capital Grants & Contributions	33,317	36,966
General Revenues:		
Title 1 Grant	22,513	29,800
Florida Education Finance Program	404,861	394,848
Other State Revenue	1,625	41,963
PPP Loan Forgiveness	--	64,108
Unrestricted Grants & Contributions	18,512	2,547
Total Revenues	<u>514,612</u>	<u>579,360</u>
Program Expenses:		
Instruction	461,306	305,748
General Support	238,641	223,304
Community Service	7,723	--
Maintenance of Plant	18,578	11,238
Total Expenses	<u>726,248</u>	<u>540,290</u>
Change in Net Position	(211,636)	39,070
Beginning Net Position	431,565	392,495
Ending Net Position	<u>\$219,929</u>	<u>\$ 431,565</u>

# Management's Discussion and Analysis

June 30, 2022

## McIntosh Area School

*A Component Unit of the Marion County District School Board*

### OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

**Governmental Activities.** The governmental activities generated \$67,101 in program revenues and \$447,511 of general revenues and incurred \$726,248 of program expenses. This resulted in a \$211,636 decrease in Net Position.

### THE SCHOOL'S INDIVIDUAL FUNDS

**General Fund.** The fund balance of the General Fund has increased by \$143,323 from \$248,761 to \$392,084.

**Capital Projects Fund.** The fund balance of the Capital Projects Fund increased by \$9,534.

### BUDGETARY HIGHLIGHTS

**General Fund.** There were no significant changes to the original budget. There were no differences between the final budget and actual amounts.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The School had no significant capital asset activity for the year. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

**Debt Administration.** The School borrowed from the Small Business Administration. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

### ECONOMIC FACTORS

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

### CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Friedlander (Principal), McIntosh Area School, Post Office Box 769, McIntosh, Florida 32664.

# Statement of Net Position

June 30, 2022

## McIntosh Area School

*A Component Unit of the Marion County District School Board*

	Governmental Activities
<b>Assets</b>	
Cash	\$ 487,235
Prepays	485
Receivables	2,584
Capital Assets:	
Land	116,514
Depreciable Capital Assets, Net	<u>224,252</u>
Total Assets	<u>831,070</u>
<b>Liabilities</b>	
Accrued Expenses	5,622
Due to District	49,378
Long-term liabilities:	
Due Within One Year	16,341
Due in More Than One Year	<u>539,800</u>
Total Liabilities	<u>611,141</u>
<b>Net Position</b>	
Net Investment in Capital Assets	340,766
Restricted – Capital Outlay	43,220
Unrestricted	<u>(164,057)</u>
Total Net Position	<u>\$ 219,929</u>



**Statement of Activities**  
**For the Year Ended June 30, 2022**  
**McIntosh Area School**

*A Component Unit of the Marion County District School Board*

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (461,306)	\$ 33,784	\$ --	\$ --	\$ (427,522)
General Support	(238,641)	--	--	33,317	(205,324)
Community Service	(7,723)	--	--	--	(7,723)
Maintenance of Plant	(18,578)	--	--	--	(18,578)
Total	<u>\$ (726,248)</u>	<u>\$ 33,784</u>	<u>\$ --</u>	<u>\$ 33,317</u>	<u>(659,147)</u>

**General Revenues:**

Federal through State:	
Title I Grant	22,513
State Revenue:	
Florida Education Finance Program	404,861
Other State Revenue	1,625
Unrestricted Grants and Contributions	<u>18,512</u>

**Total General Revenues** **447,511**

**Change in Net Position** **(211,636)**

**Net Position – Beginning of Year** **431,565**

**Net Position – End of Year** **\$ 219,929**

## Balance Sheet – Governmental Funds

June 30, 2022

### McIntosh Area School

*A Component Unit of the Marion County District School Board*

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 444,015	\$ 43,220	\$ 487,235
Receivables	2,584	--	2,584
Prepaid Expenses	485	--	485
<b>Total Assets</b>	<b>\$ 447,084</b>	<b>\$ 43,220</b>	<b>\$ 490,304</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accrued Expenses	5,622	--	5,622
Due to District	49,378	\$ --	49,378
<b>Total Liabilities</b>	<b>55,000</b>	<b>--</b>	<b>55,000</b>
Fund Balances:			
Non Spendable	485	--	485
Restricted	--	43,220	43,220
Unassigned	391,599	--	391,599
<b>Total Fund Balances</b>	<b>392,084</b>	<b>43,220</b>	<b>435,304</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 447,084</b>	<b>\$ 43,220</b>	<b>\$ 490,304</b>

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

**June 30, 2022**

**McIntosh Area School**

*A Component Unit of the Marion County District School Board*

<b>Fund Balances – Total Governmental Funds</b>	\$435,304
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Amounts reported for Governmental activities in the statement of Net Position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	340,766
--	---------

Long-term liabilities are not reported in the governmental funds.

Compensated Absences	(6,341)
Notes Payable	(549,800)

<b>Net Position of Governmental Activities</b>	<u>\$ 219,929</u>
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# Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2022

McIntosh Area School

*A Component Unit of the Marion County District School Board*

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>			
Federal through State:			
Title I Grant	\$ 22,513	\$ --	\$ 22,513
State Revenue:			
Florida Education Finance Program	404,861	--	404,861
Public Education Capital Outlay	--	33,317	33,317
Other State Revenues	1,625	--	1,625
Local Revenue:			
After School Child Care Fees	33,784	--	33,784
Other Local Revenues	18,512	--	18,512
<b>Total Revenues</b>	481,295	33,317	514,612
<b>Expenditures and Changes in Fund Balances</b>			
<b>Expenditures:</b>			
Current:			
Instruction	437,523	--	437,523
General Support	224,048	--	224,048
Community Services	7,723	--	7,723
Maintenance of Plant	18,578	--	18,578
Capital Outlay	--	23,783	23,783
<b>Total Expenditures</b>	687,872	23,783	711,655
<b>Excess of Revenues Over/(Under) Expenditures</b>	(206,577)	9,534	(197,043)
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	349,900	--	349,900
<b>Net Change in Fund Balance</b>	143,323	9,534	152,857
<b>Fund Balances, July 1, 2021</b>	248,761	33,686	282,447
<b>Fund Balances, June 30, 2022</b>	\$ 392,084	\$ 43,220	\$ 435,304

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance to the Statement of Activities - Governmental Funds**

**For the Year Ended June 30, 2022**

**McIntosh Area School**

*A Component Unit of the Marion County District School Board*

**Net Change in Fund Balance – Total Governmental Funds** \$ 152,857

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 depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	11,978
Current Year Depreciation Expense	(22,126)

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

Net change in Compensated Absences	(4,445)
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Issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Current Year Issuance of Long-Term Debt	<u>(349,900)</u>
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**Change in Net Position of Governmental Activities** \$(211,636)

# Notes to the Financial Statements

June 30, 2022

## McIntosh Area School

*A Component Unit of the Marion County District School Board*

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

The accounting policies of McIntosh Area School, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

#### Reporting Entity

McIntosh Area School, Inc. 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 not-for-profit corporation conducts business as McIntosh Area School (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

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 Marion County District School Board (the District). The current charter is effective until June 30, 2026, and may be renewed up to an additional 15 years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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 Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide 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.

#### Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's Net Position is reported in three categories: Net Investment in Capital Assets; restricted Net Position; and unrestricted Net Position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

# Notes to the Financial Statements

June 30, 2022

## McIntosh Area School

*A Component Unit of the Marion County District School Board*

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

#### GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund and Capital Projects Fund are both considered to be major funds and, therefore, are separately displayed. The School has no non-major funds.

#### Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

#### Cash

Cash consists of deposits in qualified public depositories and the bank has identified the School's deposits as public deposits.

#### Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

# Notes to the Financial Statements

June 30, 2022

## McIntosh Area School

A Component Unit of the Marion County District School Board

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Leasehold Improvements	7 - 20
Improvements other than Buildings	20
Furniture, Fixtures and Equipment	5

#### Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District 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. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

#### Compensated Absences

The School does not pay for employees' unused sick leave. Unused time may accumulate to be used in subsequent years but the balance is not paid out at termination. The liability of compensated absences is accrued when incurred in the government-wide financial statements. In the fund financial statements, a liability for compensated absences is reported to the extent that the liability will be liquidated with expendable available financial resources. Compensated absences are liquidated from the General Fund.

#### Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

#### Net Position

Net Position represents the difference between assets and liabilities and are reported in three categories as hereafter described. *Net Investment in Capital Assets* represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net Position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* Net Position is Net Position that does not meet the definition of the classifications previously described.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.



# Notes to the Financial Statements

June 30, 2022

## McIntosh Area School

*A Component Unit of the Marion County District School Board*

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

#### Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

**Non-Spendable.** The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted.** The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed.** Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

**Assigned.** Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Executive Director. Assigned fund balance includes spendable fund balance amounts established by the Executive Director that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Executive Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

**Unassigned.** Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School that they will use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

### **NOTE 2 – RISK MANAGEMENT**

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks did not exceed commercial coverage in the current or previous two years.

## Notes to the Financial Statements

June 30, 2022

### McIntosh Area School

*A Component Unit of the Marion County District School Board*

#### NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets not Being Depreciated:				
Land	\$ 80,860	\$ --	\$ --	\$ 80,860
Construction in Process	35,654			35,654
Total Capital Assets not Being Depreciated	116,514	--	--	116,514
Capital Assets Being Depreciated:				
Buildings	348,404	4,690	--	353,094
Improvements other than Buildings	48,925	--	--	48,925
Furniture, Fixtures & Equipment	97,788	7,288	--	105,076
Total Capital Assets Being Depreciated	495,117	11,978	--	507,095
Accumulated Depreciation:				
Buildings:				
Under Capital Lease	30,448	3,806	--	34,254
Other	108,614	13,829	--	122,443
Leasehold Improvements	21,849	1,985	--	23,834
Improvements other than buildings	4,000	500	--	4,500
Furniture, Fixtures & Equipment	95,806	2,006	--	97,812
Total Accumulated Depreciation	260,717	22,126	--	282,843
Net Capital Assets	\$ 350,914	\$ (10,148)	\$ --	\$ 340,766

Depreciation was charged to functions/programs as follows:

Instructional	\$ --
General Support	22,126
Total	\$ 22,126

## Notes to the Financial Statements

June 30, 2022

### McIntosh Area School

*A Component Unit of the Marion County District School Board*

#### **NOTE 4 – LEASE**

The School leases land and office space from the Town of McIntosh for \$10 per year. This agreement is renewed annually.

#### **NOTE 5 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Amount Due In 1 Year
Compensated Absences	\$ 1,896	\$ 4,445	\$ --	\$ 6,341	\$ 6,341
Notes Payable – Private	50,000	--	--	50,000	10,000
Notes Payable - SBA	149,900	349,900	--	499,800	--
<b>Totals</b>	<u>\$ 201,796</u>	<u>\$ 354,345</u>	<u>\$ --</u>	<u>\$ 556,141</u>	<u>\$ 16,341</u>

During the year ended June 30, 2021, the School obtained a private loan in the amount of \$50,000. The interest rate is 0% and is due on demand. The only scheduled payment is \$10,000 for 2022-2023. In addition, during the year ended June 30, 2022, the School obtained a SBA loan in the amount of \$349,900. The interest rate is 2.75% with monthly payments of \$2,248 beginning 30 months after the loan date with full repayment required by 30 years from the loan date. Future debt is schedule as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-2023	\$ 10,000	\$ --	\$ 10,000
2023-2024	13,254	13,722	26,976
2024-2025	13,726	13,250	26,976
2025-2026	14,108	12,868	26,976
2026-2027	14,502	12,474	26,976
Thereafter	484,210	149,262	633,472
<b>Total</b>	<u>\$549,800</u>	<u>\$201,576</u>	<u>\$751,376</u>

#### **NOTE 6 – EMPLOYEE RETIREMENT PLAN**

The School made contributions on behalf of its employees to a defined contribution 401(k) pension plan administered by American Funds. The School matches employee contributions up to 4% of the employee's gross pay. The Board of Directors has the authority to amend or terminate the plan, although it has not expressed an intention to do so.

<u>Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
2020	\$ 16,274	\$ 10,716
2021	\$ 4,291	\$ 4,147
2022	\$ 1,563	\$ 1,563

**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2022**  
**McIntosh Area School**

*A Component Unit of the Marion County District School Board*

	<u>BUDGETED AMOUNTS</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Federal through State:				
Title I Grant	\$ 31,957	\$ 22,513	\$ 22,513	\$ --
State Revenue:				
Florida Education Finance Program	490,643	404,861	404,861	--
Other State Revenues	--	1,625	1,625	--
Local Revenue:				
After School Child Care Fees	25,000	33,784	33,784	--
Other Local Revenues	24,113	18,512	18,512	--
<b>Total Revenues</b>	<b><u>571,713</u></b>	<b><u>481,295</u></b>	<b><u>481,295</u></b>	<b><u>--</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	309,065	437,523	437,523	--
General Support	227,627	224,048	224,048	--
Community Services	6,487	7,723	7,723	--
Maintenance of Plant	28,000	18,578	18,578	--
<b>Total Expenditures</b>	<b><u>571,179</u></b>	<b><u>687,872</u></b>	<b><u>687,872</u></b>	<b><u>--</u></b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>534</b>	<b>(206,577)</b>	<b>(206,577)</b>	<b>--</b>
<b>Other Financing Sources (Uses)</b>				
Debt Issuance	--	<b>349,900</b>	<b>349,900</b>	--
<b>Net Change in Fund Balance</b>	<b>534</b>	<b>143,323</b>	<b>143,323</b>	<b>--</b>
<b>Fund Balances, July 1, 2021</b>	<b><u>224,456</u></b>	<b><u>248,761</u></b>	<b><u>248,761</u></b>	<b><u>--</u></b>
<b>Fund Balances, June 30, 2022</b>	<b><u>\$ 224,990</u></b>	<b><u>\$ 392,084</u></b>	<b><u>\$ 392,084</u></b>	<b><u>\$ --</u></b>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. A final budget amendment is made so that final budgeted amounts agree to actual amounts. The fund is the legal level of control.

# Price & Associates Certified Public Accountants, LLC

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 11, 2022

To the Board of Directors  
McIntosh Area School, Inc.

We have audited the financial statements of McIntosh Area School, Inc. (the School) for the year ended June 30, 2022 and have issued our report thereon dated November 11, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 14, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

*Accounting Policies.* Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting Estimates.* Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

*Disclosures.* There are no disclosures that are particularly sensitive.

*Corrected and Uncorrected Misstatements.* Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There are no material uncorrected misstatements.

### **Our Working Relationship with Management**

*Difficulties Encountered in Performing the Audit.* We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management.* For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations.* We have requested certain representations from management that are included in the management representation letter.

*Management Consultations with Other Independent Accountants.* In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Consultations Prior to Engagement.* We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Price & Associates, Certified Public Accountants, LLC*

# Price & Associates Certified Public Accountants, LLC

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## MANAGEMENT LETTER

To the Board of Directors,  
McIntosh Area School, Inc.

November 11, 2022

**Report on the Financial Statements.** We have audited the financial statements of McIntosh Area School, Inc. (the School), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 11, 2022.

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

**Other Reporting Requirements.** We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings. Disclosures in that report and Schedule, which are dated November 11, 2022, should be considered in conjunction with this management letter.

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

**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 McIntosh Area School, Inc. and the school code assigned by the Florida Department of Education is 42-9680.

### Financial Condition.

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.

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

**Transparency.** Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School did not maintain on its website the information specified in Section 1002.33(9)(p), Florida Statutes at September 23, 2022, the date of our procedures. See Finding 2022-002.

### 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 if any, the Board of Directors, applicable management, and the Marion County District School Board and is not intended to be and should not be used by anyone other than these specified parties.

\* \* \* \* \*

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

*Price & Associates Certified Public Accountants, LLC*

# Price & Associates Certified Public Accountants, LLC

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,  
McIntosh Area School, Inc.

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 and each major fund of McIntosh Area School, Inc. (the School), as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 11, 2022.

### 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the Schedule of Findings as Finding 2022-001, that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

### School's Response to Findings

The School's response to our finding is described in the accompanying letter from the School. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this 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.

\*\*\*\*\*

As required by the Rules of the Auditor General of the State of Florida, we reported certain matters to management of the School in the attached Management Letter dated November 11, 2022.

*Price & Associates Certified Public Accountants, LLC*

November 11, 2022  
St Petersburg, Florida

## **Schedule of Findings**

**June 30, 2022**

### **McIntosh Area School**

*A Component Unit of the Marion County District School Board*

#### **SIGNIFICANT DEFICIENCY**

2022-001 Timely Financial Reporting

***Finding*** – The School experienced delays in the entry and reconciliation of financial information. As a result, the School did not received timely financial information that is helpful to management in monitoring the financial health of the School. In addition, financial information was not provided on a timely basis as required by the Marion County District School Board (the District).

***Recommendation*** - The School should review its processes for entry and reconciliation of financial information to ensure timely financial reporting to management and the Board of Directors of the School as well as timely reporting to the District.

#### **TRANSPARENCY**

2022-002 Information on School Website

***Finding*** - According to Florida Statutes, the School is to maintain a website that enables the public to obtain information regarding the School as detailed in Sections 1002.33(9)(p) and 1002.33(21)(3). Although the School does have a website, some of the specific information required was not current on the website on September 23, 2022, the day we performed our procedures.

***Recommendation*** - The School should maintain a website in compliance with Florida Statutes with all of the required information.





McIntosh Area School  
20400 10<sup>th</sup> Street  
McIntosh, Florida 32664

30 November 2022

Price & Associates Certified Public Accountants, LLC  
9800 4th Street North  
St Petersburg, FL 33702

Thank you for your thorough financial audit of McIntosh Area School for the 2021-2022 fiscal year. We understand the findings and recommendations. We accept our responsibility for these findings and have taken corrective action.


**Finding 2022-001**– Timely Financial Report: “The School experienced delays in the entry and reconciliation of financial information. As a result, the School did not receive timely financial information that is helpful to management in monitoring the financial health of the School. In addition, financial information was not provided on a timely basis as required by the Marion County District School Board (the District).”

**Corrective action** – We agree with the auditor’s finding and recommendation. We terminated the contracts with the bookkeeper and CPA who were contracted vendors with the school. In August 2022, we contracted Building Hope’s financial services to handle all financial matters (bookkeeping, financial reporting, budget projections/refinement, payroll and audit preparation). The decision to contract with Building Hope will ensure we receive timely financial information and enable the Principal and the Board to properly monitor the financial health of the school.

Despite our challenge with the vendor, at no time did the school withhold this information from our sponsor. The Principal and Board made challenges known in writing, telcons and in in-person meetings to ensure they knew our challenges in this regard. The District also continued to work on reimbursements for federal and state grants invoiced by MAS.

**Finding 2022-002** – Information on School Website: “ According to Florida Statutes, the School is to maintain a website that enables the public to obtain information regarding the School as detailed in Sections 1002.33(9)(p) and 1002.33(21)(3). Although the School does have a website, some of the specific information required was not current on the website on September 23, 2022, the day we performed our procedures.

**Corrective action** – We agree with the auditor’s finding and recommendation. The website was missing the audit report from the 2020-2021 school year. It has been corrected. The website is checked periodically for updates and compliance. A checklist has been created to ensure standardization for the periodic checks to ensure no items are missed.

Deb MacKay   
President, Board of Directors  
McIntosh Area School

*The McIntosh Eagles*

*Come Soar with Us!*

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