

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2020



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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RIDGEVIEW GLOBAL STUDIES ACADEMY, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Ridgeview Global Studies Academy, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act offered, in part, stimulus funds in the form of forgivable loans, and modifications of tax provisions previously passed in the Tax Cuts and Jobs Act. The uncertainty of the pandemic required Schools to move to distance learning for the remainder of the year.
- ❖ The School's Governmental fund balance at June 30, 2020 is approximately \$2.68 million.
- ❖ For the fiscal year ended June 30, 2020, the School's expenditures exceeded revenues by approximately \$351,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for, that are not directly related to the School's mission. For the year ended June 30, 2020, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in the governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general and special revenue funds, as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

Other Reports

This report also includes the Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

BALANCE SHEET – GOVERNMENTAL FUNDS

Fund Balances

The School's combined fund balances as of June 30, 2020 and 2019 is summarized as follows:

	<u>Governmental Activities</u>		<u>Variance</u>
	<u>2020</u>	<u>2019</u>	
Current and other assets	\$ 2,879,910	\$ 3,251,369	\$ (371,459)
Total assets	<u>2,879,910</u>	<u>3,251,369</u>	<u>(371,459)</u>
Current and other liabilities	<u>199,237</u>	<u>219,318</u>	<u>(20,081)</u>
Total liabilities	<u>199,237</u>	<u>219,318</u>	<u>(20,081)</u>
Fund Balances:			
Nonspendable:			
Other current assets	28,770	1,500	27,270
Assigned:			
Designated for School-based student activity organizations	95,981	49,464	46,517
Spendable:			
Unassigned	<u>2,555,922</u>	<u>2,981,087</u>	<u>(425,165)</u>
Total fund balances	\$ <u>2,879,910</u>	\$ <u>3,032,051</u>	\$ <u>(351,378)</u>

The change in current assets is primarily due to a decrease in cash and amounts due from other agencies. The reduction in current liabilities is a result of a slight decrease in inter-fund payables. The decrease in fund balance is a result of the current year deficit.

Change in Fund Balances

The School's total expenditures exceeded total revenues by approximately \$351,000 in fiscal 2020—see table below.

Revenues:	2020	2019	Variance
Federal sources passed through local school district	\$ 810,356	\$ 837,421	\$ (27,065)
State and local sources	10,186,589	9,392,539	794,050
Contributions and other revenues	380,875	401,017	(20,142)
Total revenues	11,377,820	10,630,977	746,843
Expenditures:			
Instruction	7,383,410	7,313,267	70,143
Pupil personnel services	430,694	378,415	52,279
Instructional media services	146,399	144,418	1,981
Instructional staff training	28,428	31,829	(3,401)
Board	19,650	22,523	(2,873)
General administration	35,516	35,459	57
School administration	853,085	837,183	15,902
Facilities construction and acquisition	12,039	114,441	(102,402)
Fiscal services	64,283	56,631	7,652
Food services	708,978	656,040	52,938
Central services	791	-	791
Pupil transportation	355,735	351,953	3,782
Operation of plant	715,727	736,664	(20,937)
Community services	146,827	165,702	(18,875)
Debt service:			
Principal	185,095	8,416,667	(8,231,572)
Interest	384,452	353,977	30,475
Capital outlay	258,089	4,154,466	(3,896,377)
Total expenditures	11,729,198	23,769,635	(12,040,437)
Excess (deficiency) of revenues over expenditures	(351,378)	(13,138,658)	(12,787,280)
Other financing sources:			
Proceeds from issuance of notes payable	-	14,651,666	(14,651,666)
Net changes in fund balances	\$ (351,378)	\$ 1,513,008	\$ (1,864,386)

The change in state and local sources is primarily due to the increase in student population. The School reported 1,356 students at year end, an increase of approximately 8% from prior year.

The changes in instruction, pupil personnel and food services is a result of additional personnel, as a result of the increase in student population. The decrease in facilities is related to additional expenditures related to the construction projects during fiscal year 2019. All other functions remained consistent, with minor variances due to normal operations.

During fiscal year 2019, the School obtained a \$14 million dollar loan, which the proceeds were used to complete the construction of its new facility and consolidate approximately an \$8 million outstanding loan. The school did not enter into a new financing agreements in the current year. As a result, activities in the debt services, capital outlays and other financing sources decreased in the current fiscal year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School's financing requirements. Specifically, unrestricted fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental funds reported a combined fund balance of approximately \$2,680,000. Revenues and expenditures changed overall for the same reasons described above.

General and Special Revenue Fund Budgetary Highlights

During the fiscal year, the School amended its budget one time. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts, and 3) changes in appropriations that become necessary to maintain services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020, the School had invested approximately \$13.2 million in capital assets.

	Governmental Activities		Increase (Decrease)
	2020	2019	
Land	\$ 1,254,590	\$ 1,254,590	\$ -
Building	9,581,845	9,581,845	-
Furniture, fixtures, and equipment	639,713	639,713	-
Vehicles	1,513,157	1,408,278	104,879
Computer software	32,235	32,235	-
Construction in progress	153,210	-	153,210
Total capital assets	\$ <u>13,174,750</u>	\$ <u>12,916,661</u>	\$ <u>258,089</u>

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

- Construction in progress - \$153,000
- Bus - \$105,000

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

Long-Term Liabilities

As of June 30, 2020, the School has approximately \$11.7 million in long-term debt. For the year ended June 30, 2020, the School made approximately \$185,000 in principal payments and incurred approximately \$384,000 in interest expenses. For more detailed information about the School's long-term debt, see Note 5 to the financial statements.

Additionally, the School has approximately \$6.4 million in pension liability. For more detailed information, see Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Amounts available for appropriation in the general fund are approximately \$10.6 million, an increase of approximately \$600,000 from 2020 actual amounts, exclusive of revenues from internal funds. The change is due to a budgeted 7% increase in student enrollment the current year.

Budgeted expenditures in the general fund are approximately \$10 million, a increase of approximately \$100,000 from the 2020 actual amounts, exclusive of other financing sources activities. The change is primarily due to an overall increase in salaries and benefits to accommodate the additional student population.

If these estimates are realized, the School's general fund balance is expected to increase during the fiscal year ending June 30, 2021.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1000 Dunson Road, Davenport, Florida 33896.



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of Ridgeview Global Studies Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Polk County, Florida

Report on the Financial Statements

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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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, budgetary comparison information and pension liability on pages 1-6 and 35-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 25, 2020

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RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Statement of Net Position

June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,697,479
Due from other agency	52,506
Capital assets:	
Land	1,254,590
Building	9,581,845
Furniture, fixtures and equipment	639,713
Vehicles	1,513,157
Computer software	32,235
Construction in progress	153,210
Less accumulated depreciation	<u>(2,101,868)</u>
Total capital assets, net	<u>11,072,882</u>
Total assets	<u>\$ 13,822,867</u>
DEFERRED OUTFLOW OF RESOURCES	
Amount deferred on pension liability	\$ 2,858,989
LIABILITIES	
Accounts payable and accrued expenses	69,309
Compensated absences payable	528,587
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	151,788
Portion due or payable after one year:	
Notes payable	11,419,699
Pension liability	<u>6,433,265</u>
Total liabilities	<u>18,602,648</u>
DEFERRED INFLOW OF RESOURCES	
Amount deferred on pension liability	464,327
NET POSITION	
Invested in capital assets, net of related debt	(498,605)
Restricted:	
Food services	28,770
Unrestricted	<u>(1,915,284)</u>
Total net position	<u>\$ (2,385,119)</u>

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

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Statement of Activities

For the Year Ended June 30, 2020

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 8,281,516	\$ -	\$ 203,627	\$ -	\$ (8,077,889)	\$ (8,077,889)
Pupil personnel services	430,694	-	48,840	-	(381,854)	(381,854)
Instructional media services	147,028	-	-	-	(147,028)	(147,028)
Instructional staff training	28,428	-	14,000	-	(14,428)	(14,428)
Board	19,650	-	-	-	(19,650)	(19,650)
General administration	35,516	-	-	-	(35,516)	(35,516)
School administration	856,350	-	-	-	(856,350)	(856,350)
Facilities construction and acquisition	251,583	-	-	-	(251,583)	(251,583)
Fiscal services	64,283	-	-	-	(64,283)	(64,283)
Food services	709,900	41,888	543,889	-	(124,123)	(124,123)
Central services	1,899	-	-	-	(1,899)	(1,899)
Pupil transportation	474,328	-	-	-	(474,328)	(474,328)
Operation of plant	723,550	-	-	201,905	(521,645)	(521,645)
Community services	146,827	107,782	-	-	(39,045)	(39,045)
Interest	384,452	-	-	-	(384,452)	(384,452)
Total primary government	\$ 12,556,004	\$ 149,670	\$ 810,356	\$ 201,905	(11,394,073)	(11,394,073)
General revenues:						
State and local sources					9,910,342	9,910,342
Contributions and other revenues					305,548	305,548
Total general revenues					10,215,890	10,215,890
Changes in net position					(1,178,183)	(1,178,183)
Net position at beginning of year					(1,206,936)	(1,206,936)
Net position at end of year					\$ (2,385,119)	\$ (2,385,119)

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

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,538,782	\$ 158,697	\$ 2,697,479
Due from other agency	15,828	36,678	52,506
Other current assets	-	-	-
Due from special revenue fund	166,605	-	166,605
Total assets	<u>\$ 2,721,215</u>	<u>\$ 195,375</u>	<u>\$ 2,916,590</u>
LIABILITIES			
Accounts payable and accrued expenditures	\$ 69,309	\$ -	\$ 69,309
Due to general fund	-	166,605	166,605
Total liabilities	<u>69,309</u>	<u>166,605</u>	<u>235,914</u>
FUND BALANCES			
Assigned:			
Designated for School-based student activity organizations	95,981	-	95,981
Spendable:			
Unassigned	2,555,925	28,770	2,584,695
Total fund balances	<u>2,651,906</u>	<u>28,770</u>	<u>2,680,676</u>
Total liabilities and fund balances	<u>\$ 2,721,215</u>	<u>\$ 195,375</u>	<u>\$ 2,916,590</u>

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

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

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

June 30, 2020

Total fund balances - governmental funds \$ 2,680,676

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$13,174,750 and the accumulated depreciation is \$2,101,868. 11,072,882

Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (528,587)

Long-term liabilities, including notes payable and obligations under capital leases, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The long-term liabilities at year-end consisted of:

Notes payable	(11,571,487)
Pension liability	(6,433,265)

Deferred amounts are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the funds. 2,394,662

Total net position - governmental activities \$ (2,385,119)

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

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds**

For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ 810,356	\$ -	\$ 810,356
State and local sources	9,910,342	-	201,905	10,112,247
Contributions and other revenue	338,988	116,230	-	455,218
Total revenues	10,249,330	926,586	201,905	11,377,821
EXPENDITURES				
Current:				
Instruction	7,179,781	203,627	-	7,383,408
Pupil personnel services	381,854	48,840	-	430,694
Instructional media services	146,399	-	-	146,399
Instructional staff training	14,428	14,000	-	28,428
Board	19,650	-	-	19,650
General administration	35,516	-	-	35,516
School administration	853,085	-	-	853,085
Facilities construction and acquisition	12,039	-	-	12,039
Fiscal services	64,283	-	-	64,283
Food services	8,468	700,510	-	708,978
Central services	791	-	-	791
Pupil transportation	355,735	-	-	355,735
Operation of plant	715,727	-	-	715,727
Community services	146,827	-	-	146,827
Debt service:				
Principal	-	-	185,095	185,095
Interest	-	-	384,452	384,452
Capital outlay	258,089	-	-	258,089
Total expenditures	10,192,672	966,977	569,547	11,729,196
Excess (deficiency) of revenues over expenditures	56,658	(40,391)	(367,642)	(351,375)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	201,905	-	569,547	771,452
Operating transfer out	(569,547)	-	(201,905)	(771,452)
Total other financing sources (uses)	(367,642)	-	367,642	-
Net changes in fund balances	(310,984)	(40,391)	-	(351,375)
Fund balances at beginning of year	2,962,890	69,161	-	3,032,051
Fund balances at end of year	\$ 2,651,906	\$ 28,770	\$ -	\$ 2,680,676

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

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

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

For the Year Ended June 30, 2020

Net changes in fund balances - total governmental funds \$ (351,375)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$258,089) exceeds depreciation expense (\$416,658) in the current period. (158,569)

Principal payments on long-term liabilities are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 185,095

In the Statement of Activities, some revenues and expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflows and outflows of resources. (853,334)

Change in net assets of governmental activities \$ (1,178,183)

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

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Note to Financial Statements

For the Year Ended June 30, 2020

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ridgeview Global Studies Academy, Inc. (the School) is a not-for-profit corporation organized pursuant to chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.22, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of five members. Effective July 1, 2001, the School converted from a public school to a charter school.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Polk County Florida, (the School Board). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB).

Charter Contract

The current charter expires June 30, 2024 due to high performing school status and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered a governmental organization for financial statement reporting purposes.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to that of a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are the individual governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition and construction of capital items by the School purchased with capital outlay funds or the proceeds from debt.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted or committed to expenditures for a specific purpose.
- Debt Service Fund – to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

For the purpose of these statements, the general, capital projects and special revenue funds are considered major funds. The debt service fund is reported as other governmental funds.

Basis of Accounting

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

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

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The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Interfund Transfers

The School reports its debt service fund expenditures and capital outlay revenue in other governmental funds. For the year ended June 30, 2020, the general fund transferred approximately \$570,000 to the other governmental funds for the current year debt service payments and approximately \$202,000 to the general fund.

Interfund Receivables and Payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund has recorded total receivables of approximately \$130,000, which are related to amounts paid by the general fund on behalf of the special revenue fund.

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**Notes to Financial Statements
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Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits and certificates of deposit with financial institutions.

Deposits are made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2020.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and are reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date of donation. The School capitalizes assets with a cost of \$1,000 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Buildings	40
Furniture, fixtures and equipment	3 – 5
Vehicles	5
Computer software	3

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as an expenditure in the governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employee.

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**Notes to Financial Statements
(continued)**

Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension liability. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The School's retirement plans and related amounts are described in Note 6.

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.

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**Notes to Financial Statements
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- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the Special Revenue Fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balance, and unassigned fund balances at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as committed fund balance. It is also possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have a negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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. The school has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position. A deferred amount of pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan. However, earnings are amortized over 5 years.

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**Notes to Financial Statements
(continued)**

Revenue Sources

Revenues for operations are received primarily from the District School Board of Polk County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 2% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students. The difference between the actual expense and the expense calculated on total FEFP revenue is restricted for capital outlay expenditures.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2020, the School reported 1,356.25 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which provides additional clarity and improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activities include the cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School did not identify fiduciary activities that would materially affect financial statements for this reporting period. The effective implementation date is June 30, 2020.

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In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement requires recognition and reporting of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The effective implementation date is June 30, 2021.

In June 2018, the GASB issued Statement No. 89, Capitalized Interest. GASB would now require interest costs incurred during the construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2021.

GASB issued in May 2020, Statement No 95, Postponement of the Effective Dates of Certain Authoritative Guidance, due to the ramifications of the Pandemic this pronouncement was effective immediately upon issuance. The School will continue to evaluate these pronouncements with their current situation.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

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The estimated fair value of the School's pension liability and related deferred outflows and inflows determined using Level 3 inputs is based on information provided by the Auditor General. The estimated fair value of the School's pensions and related deferred outflows and inflows using Level 3 inputs is determined by calculating the present value of the future distributions expected to be paid, using published life expectancy tables and discount rates ranging from approximately 2% to 4.3%. There were no changes in valuation techniques during the year.

The carrying values of cash and cash equivalents, cash restricted for long-term purposes, due from other agencies and the note payable do not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value.

Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2020, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Deferred outflows related to pension liability	-	-	2,858,989	2,858,989
Pension liability	-	-	(6,433,265)	(6,433,265)
Deferred inflows related to pension liability	-	-	<u>(464,327)</u>	<u>(464,327)</u>
Total	<u>-</u>	<u>-</u>	<u>(4,038,603)</u>	<u>(4,038,603)</u>

3 DUE FROM OTHER AGENCY

Due from another agency included in the accompanying financial statements includes approximately \$36,000 and \$16,000 of Title II and capital outlay reimbursements from the School Board, respectively. Based on the source of these funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

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4 CAPITAL ASSETS

Capital assets as of June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Non depreciable assets:				
Land and improvements	\$ 1,254,590	\$ -	\$ -	\$ 1,254,590
Construction in progress	-	153,210	-	153,210
Depreciable assets:				
Buildings	9,581,845	-	-	9,581,845
Furniture, fixtures and equipment	639,713	-	-	639,713
Vehicles	1,408,278	104,879	-	1,513,157
Computer software	32,235	-	-	32,235
Total capital assets	<u>12,916,661</u>	<u>258,089</u>	<u>-</u>	<u>13,174,750</u>
Accumulated depreciation:				
Buildings	(219,582)	(239,544)	-	(459,126)
Furniture, fixture and equipment	(444,192)	(53,863)	-	(498,055)
Vehicles	(989,201)	(123,251)	-	(1,112,452)
Computer software	(32,235)	-	-	(32,235)
Total accumulated depreciation	<u>(1,685,210)</u>	<u>(416,658)</u>	<u>-</u>	<u>(2,101,868)</u>
Capital assets, net	<u>\$ 11,231,451</u>	<u>\$ (158,569)</u>	<u>\$ -</u>	<u>\$ 11,072,882</u>
Depreciation expense:				
Instruction			\$ 44,774	
Instructional media services			629	
School administration			3,265	
Facilities			239,544	
Food services			922	
Central services			1,108	
Transportation			118,593	
Operation of plant			7,823	
Total governmental activities depreciation expense			<u>\$ 416,658</u>	

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**Notes to Financial Statements
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5 LONG-TERM LIABILITIES

Notes Payable

The School had two notes payable with financial institutions, secured by its vehicles. Terms of the notes included monthly principal and interest payments of approximately \$3,556, with interest fixed at 4.6% and matured in June 2020.

Loan Payables

In December 2018, the School obtained two building loans in the amount of \$9,000,000 and \$2,760,000 with a security instrument given to the United States of America acting through the Rural Housing Services or United States Department of Agriculture (USDA). The security interest is held by a local financial institution. The loans bear interest at a fixed rate of 3.25% per annum and require monthly interest and principal payments of \$33,773 and \$10,470, respectively. Both loans mature December 2058.

Future debt service relating to the loans from the USDA to long term building loans. The future minimum payments are as follows as of June 30, 2020:

Year ended June 30,	Principal	Interest	Total
2021	\$ 151,788	\$ 379,128	\$ 530,916
2022	156,867	374,049	530,916
2022	162,116	368,800	530,916
2024	167,541	363,375	530,916
2025	173,148	357,768	530,916
2026-2030	956,628	1,697,952	2,654,580
2031-2035	1,127,766	1,526,814	2,654,580
2036-2040	1,329,520	1,325,060	2,654,580
2041-2045	1,567,367	1,087,213	2,654,580
2046-2050	1,847,764	806,816	2,654,580
2051-2055	2,178,323	476,257	2,654,580
2056-2059	1,752,759	105,426	1,858,185
	<u>\$ 11,571,587</u>	<u>\$ 8,868,657</u>	<u>\$ 20,440,245</u>

The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance 6/30/19	Additions	Payments	Balance 6/30/20
Notes and loan payable	<u>\$ 11,756,582</u>	<u>\$ -</u>	<u>\$ (185,095)</u>	<u>\$ 11,571,487</u>

Total interest paid for the School during the year ended June 30, 2020 totaled approximately \$384,000.

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6 RETIREMENT PLANS

The Florida Department of Management Services, Division of Retirement (“Division”), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (“System”). The School participates in two defined benefit plans administered by the Division. The Division issued a publicly available, audited comprehensive annual financial report (CAFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the CAFR, which is available online, or by contacting the Division.

Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system’s cost-sharing, multiple employer defined benefit plans:

- 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 Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

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Employer Contributions

Contributions are recognized as revenue in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Regular class	3%	8.47%
Senior management	3%	25.48%
Drop	N/A	14.60%

(A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy, assessment of 0.06% for administration for the FRS Investment Plan and the administration of the MyFRS Financial Guidance Program for both plans, and an unfunded actuarial liability contribution determined by membership class.

Net Pension Liability

The components of the collective net position liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2019 are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 198,012,334	\$ 11,491,044
Plan fiduciary net position	(163,573,726)	(302,045)
Net pension liability	\$ 34,438,608	\$ 11,188,999
Plan fiduciary net position as a percentage Of the total pension liability	82.61%	2.63%

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The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2019. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actual valuation was prepared as of July 1, 2018, and update procedures were used to determine liability as of June 30, 2019. The fiduciary net position used by the actuary to determine the net position liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net position liability is disclosed in the notes to the financial statements.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS 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 that 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 each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS 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 (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans 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 Projected Scale BB tables.

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The following changes in actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the mortality assumption was changed from the Generational PR-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 was decreased from 3.87% to 3.50%.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2019.

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.90%	6.90%	7.90%	2.50%	3.50%	4.50%
\$7,481,050	\$4,327,641	\$1,694,011	\$2,403,678	\$2,105,624	\$1,857,379

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

At June 30, 2020, the School reported a liability of \$6,433,265 for its proportionate share of the Plan's net pension liability. The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2013, through June 30, 2019, for employers that were members of the FRS and HIS during those fiscal years.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

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 July 1, 2019. The School's proportionate share of the net pension liability was based on the School's 2018-19 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Notes to Financial Statements
(continued)**

The School's proportions are as follows:

	<u>FRS</u>	<u>HIS</u>
June 30, 2019	.01256%	.01881%
June 30, 2018	.01226%	.01831%
Change	.00030%	.00050%

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years.

Employer contributions to the pension plans from the School's employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2019, was 6.4 years for FRS and 7.2 years for HIS.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Notes to Financial Statements
(continued)**

At June 30, 2019, the School reported deferred outflows of resources and deferred inflow of resources related to the pensions from the following sources:

<u>Description</u>	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256,685	\$ 2,686
Changes of assumptions	1,111,524	-
Net difference between projected and actual earnings investments	-	239,428
Employer-specific amounts due to changes in employer proportion	339,215	27,538
School FRS contributions subsequent to the measurement date	436,626	
Total	\$ 2,144,050	\$ 269,652

<u>Description</u>	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,575	\$ 22,578
Changes of assumptions	243,811	172,097
Net difference between projected and actual earnings investments	1,359	-
Employer-specific amounts due to changes in employer proportion	322,106	-
School FRS contributions subsequent to the measurement date	112,080	-
Total	\$ 714,931	\$ 194,675

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Notes to Financial Statements
(continued)**

Measurement period ending June 30,	<u>FRS Expense</u>	<u>HIS Expense</u>
2020	\$ 521,422	\$ 173,949
2021	157,297	139,217
2022	380,044	76,207
2023	286,691	(55,338)
2024	73,936	10,052
Thereafter	<u>18,382</u>	<u>64,090</u>
Total	<u>\$ 1,437,772</u>	<u>\$ 408,177</u>

7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

District School Board of Polk County, Florida:	
Florida Education Finance Program	\$ 5,955,639
Class size reduction	1,501,197
Transportation	402,367
ESE guaranteed allocation	381,686
Discretionary millage funds	378,407
Discretionary tax equalization	363,930
Supplemental academic instruction	348,822
Capital outlay	201,905
School recognition	125,924
Best and brightest	125,054
Instructional materials	108,951
Funds compression	73,760
Safe school	72,455
Reading allocation	55,293
Lead teachers	25,896
Digital classroom allocation	4,073
Discretionary lottery funds	1,291
Proration of funding	<u>(14,403)</u>
Total	<u><u>\$ 10,112,247</u></u>

The administrative fee paid to the School Board during the year ended June 30, 2020 totaled approximately \$35,500, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Notes to Financial Statements
(continued)**

8 RISK MANAGEMENT PROGRAM

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

9 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

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

In the opinion of the School, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

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

In response to the order by the Governor of Florida in response to the coronavirus (COVID-19) pandemic, in March 2020, most local business and Schools were required to close operations indefinitely or temporarily in order to attempt to slow the spread of the virus. The School does not know the overall effects on its operation from COVID-19 pandemic.

10 CAMPUS FACILITIES

The title to the school building and facilities and other capital assets acquired prior to July 1, 2001 remain with the School Board. Florida Statutes provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the district school board to the charter school or to the parents and teachers who organize the charter school.

In management's opinion, the value of facilities utilized by the School are significant; therefore, any substantial changes in Florida Statutes related to facilities used by conversion schools could have a material effect on the School's operations.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Notes to Financial Statements
(continued)**

11 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the years 2018, 2017, and 2016 are subject to examination by tax authorities, and may change upon examination.

12 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 25, 2020, which is the date the financial statements were available to be issued.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
State and local sources	\$ 9,876,540	\$ 9,910,342	\$ 9,910,342	\$ -
Contributions and other revenue	69,000	338,988	338,988	-
Total revenues	9,945,540	10,249,330	10,249,330	-
EXPENDITURES				
Current:				
Instruction	6,892,303	7,179,781	7,179,781	-
Pupil personnel services	314,879	381,854	381,854	-
Instructional media services	136,699	146,399	146,399	-
Instructional staff training	30,000	14,428	14,428	-
Board	27,000	19,650	19,650	-
General administration	36,000	35,516	35,516	-
School administration	838,489	853,085	853,085	-
Facilities construction and acquisition	-	12,039	12,039	-
Fiscal services	65,000	64,283	64,283	-
Food services	-	8,468	8,468	-
Central services	-	791	791	-
Pupil transportation	367,180	355,735	355,735	-
Operation of plant	731,066	715,727	715,727	-
Community services	-	146,827	146,827	-
Total expenditures	9,438,616	9,934,583	9,934,583	-
Excess (deficiency) of revenues over expenditures	506,924	314,747	314,747	-
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(270,916)	(569,547)	(569,547)	-
Total other financing sources	(270,916)	(569,547)	(569,547)	-
Net changes in fund balances	236,008	(254,800)	(254,800)	-
Fund balances at beginning of year	2,962,890	2,962,890	2,962,890	-
Fund balances at end of year	\$ 3,198,898	\$ 2,708,090	\$ 2,708,090	\$ -

See report of independent auditors.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Federal sources	\$ 210,399	\$ 810,356	\$ 810,356	\$ -
Other revenue	-	116,230	116,230	-
Total revenues	210,399	926,586	926,586	-
EXPENDITURES				
Current:				
Instruction	162,188	203,627	203,627	-
Pupil personnel services	48,211	48,840	48,840	-
Instructional staff training	-	14,000	14,000	-
Food services	-	700,510	700,510	-
Total expenditures	210,399	966,977	966,977	-
Excess (deficiency) of revenues over expenditures	-	(40,391)	(40,391)	-
Fund balances at beginning of year	69,161	69,161	69,161	-
Fund balances at end of year	\$ 69,161	\$ 28,770	\$ 28,770	\$ -

See report of independent auditors.

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

**Required Supplementary Information
(continued)**

Schedule of the School's Proportionate Share of the Net Pension Liability-
Florida Retirement System Pension Plan

	2019	2018	2017	2016	2015	2014
School's proportion of the FRS net pension liability (asset)	0.0126%	0.0123%	0.0108%	0.0097%	0.0102%	0.0098%
School's proportionate share of the FRS net pension liability (asset)	\$ 4,327,641	\$ 3,692,807	\$ 3,187,776	\$ 2,437,687	\$ 1,314,304	\$ 600,315
School's covered-employee payroll	\$ 6,569,038	\$ 6,420,216	\$ 5,289,325	\$ 5,184,255	\$ 4,545,017	\$ 4,227,518
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	66%	58%	60%	47%	29%	14%
FRS Plan fiduciary net position as a percentage of the total pension liability	84%	84%	84%	85%	85%	92%

Schedule of School Contributions
Florida Retirement System Pension Plan

	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 436,626	\$ 389,644	\$ 349,403	\$ 235,432	\$ 235,432	\$ 248,089
FRS contribution in relation to the contractually required FRS contribution	(436,626)	(389,644)	(349,403)	(235,432)	(235,432)	(248,089)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 6,569,038	\$ 6,420,216	\$ 5,289,325	\$ 5,184,255	\$ 4,545,017	\$ 4,227,518
FRS contribution as a percentage of covered-employee payroll	7%	6%	7%	5%	5%	6%

See Independent Auditor's Report

RIDGEVIEW GLOBAL STUDIES ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Polk County, Florida**

Schedule of the School's Proportionate Share of the Net Pension Liability-
Health Insurance Subsidy Pension Plan

	2019	2018	2017	2016	2015	2014
School's proportion of the HIS net pension liability (asset)	0.0188%	0.0183%	0.0164%	0.0127%	0.0139%	0.0139%
School's proportionate share of the HIS net pension liability (asset)	\$ 2,105,624	\$ 1,938,330	\$ 1,749,206	\$ 1,715,878	\$ 1,417,842	\$ 1,282,936
School's covered-employee payroll	\$ 6,569,038	\$ 6,420,216	\$ 5,289,325	\$ 5,184,255	\$ 4,545,017	\$ 4,227,518
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	32%	30%	33%	33%	31%	30%
HIS Plan fiduciary net position as a percentage of the total pension liability	1%	1%	1%	1%	1%	1%

Schedule of School Contributions
Health Insurance Subsidy Pension Plan

	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 112,080	\$ 104,498	\$ 99,315	\$ 75,464	\$ 75,464	\$ 53,144
HIS contribution in relation to the contractually required HIS contribution	(112,080)	(104,498)	(99,315)	(75,464)	(75,464)	(53,144)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 6,569,038	\$ 6,420,216	\$ 5,289,325	\$ 5,184,255	\$ 4,545,017	\$ 4,227,518
HIS contribution as a percentage of covered employee payroll	2%	2%	2%	1%	2%	1%

See Independent Auditor's Report



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

To the Board of Directors of Ridgeview Global Studies Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Polk County, Florida

We have audited the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Ridgeview Global Studies Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

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

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

Compliance and Other Matters

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

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 25, 2020

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**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850,
Florida Statutes, *Charter School Audits***

To the Board of Directors of Ridgeview Global Studies Academy, Inc.,
a Charter School and Component Unit of the District School Board of
the District School Board of Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of Ridgeview Global Studies Academy, Inc., (the “School”) as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 25, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, September 25, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Ridgeview Global Studies Academy, Inc. The School code is 0441.

Financial Condition and Management

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

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

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 maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not 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 Polk County School Board and is not intended to be and should not be used by anyone other than these specified parties.

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 25, 2020

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