

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

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

**JUNE 30, 2021**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Spring Creek Charter School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2021, the School's expenses exceeded revenues by \$222,668, which was a decrease from the prior year when expenses exceeded revenues by \$461,003.
- Overall, revenues increased by approximately \$364,000, which was a 7% increase from the prior year.
- Overall, expenses increased by approximately \$125,000, which was a 2% increase from the prior year.
- Total assets and deferred outflows were \$4,290,367 and total liabilities and deferred inflows were \$5,336,082, resulting in net position of \$(1,045,715) as of June 30, 2021.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

This document also includes the following information required by the Uniform Guidance: schedule of expenditures of federal awards and accompanying note, independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance and the schedule of findings and questioned costs. In addition, it includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

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

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

The School has one type of fund:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

The School's combined net position as of June 30, 2021 and 2020 is summarized as follows – see table below:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2021</b>	<b>(as restated) 2020</b>	
Current and other assets	\$ 2,656,332	\$ 2,643,811	0%
Capital assets, net	512,200	606,553	-16%
Deferred outflows of resources	1,121,835	1,046,159	7%
Total assets and deferred outflows	<u>4,290,367</u>	<u>4,296,523</u>	<u>0%</u>
Current and other liabilities	1,056,577	946,073	12%
Long-term liabilities	4,080,514	3,793,902	8%
Deferred inflows of resources	198,991	379,595	-48%
Total liabilities and deferred inflows	<u>5,336,082</u>	<u>5,119,570</u>	<u>4%</u>
Net position:			
Net investment in capital assets	226,767	278,062	-18%
Restricted for terminal employee benefits	30,000	30,000	0%
Restricted for food service	71,186	34,518	106%
Restricted for student activities	86,125	105,617	-18%
Unrestricted	<u>(1,459,793)</u>	<u>(1,271,244)</u>	<u>-15%</u>
Total net position	<u>\$ (1,045,715)</u>	<u>\$ (823,047)</u>	<u>-27%</u>

Net capital assets decreased due to current year depreciation expense. Current and other liabilities changed due to the timing of payments at year-end. The changes in deferred outflows of resources, long-term liabilities and deferred inflows of resources are due to payments on capital leases and the remeasurement of the net pension liability and the other post-employment benefits obligation for fiscal 2021.

Net investment in capital assets changed due to the decrease in capital assets, net reduced by payments on the related debt. The change in the restricted net position for food service is the result of current year food service operations. The change in the restricted net position for student activities is the result of decreased student activities due to the coronavirus pandemic. The change in unrestricted net position is the result of current year operations and the activity noted above.

Certain reclassifications were made in the 2020 amounts to conform to their classifications in 2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)

**Change in Net Position**

The School's total revenues increased by 7% to \$5,888,281, and the cost of all programs and services increased by 2% to \$6,110,949 – see table below:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2021</b>	<b>(as restated) 2020</b>	
<b>Revenues:</b>			
Federal sources	\$ 1,106,582	\$ 964,395	15%
State and local sources	4,667,721	4,394,450	6%
Contributions and other revenue	113,978	165,616	-31%
Total revenues	<u>5,888,281</u>	<u>5,524,461</u>	<u>7%</u>
<b>Expenses:</b>			
Instruction and instruction-related services	4,043,749	4,061,579	0%
Board	33,836	30,049	13%
General administration	93,745	90,737	3%
School administration	504,851	478,042	6%
Food services	459,244	586,129	-22%
Pupil transportation services	375,802	256,951	46%
Operation and maintenance of plant	538,082	392,103	37%
Community services	44,732	88,694	-50%
Interest	16,908	1,180	1333%
Total expenses	<u>6,110,949</u>	<u>5,985,464</u>	<u>2%</u>
Change in net position	<u>\$ (222,668)</u>	<u>\$ (461,003)</u>	<u>52%</u>

Revenues from federal sources changed due to the School receiving funding in the current year to help pay costs associated with the coronavirus pandemic. Revenues from state and local sources increased due to an increase in allocations received from the state in the current year. Contributions and other revenue decreased due to decreases in student activities due to the coronavirus pandemic.

Food services decreased due to a decrease in the number of meals provided in the current year as the program was opened to the children of the community due to the coronavirus outbreak in the prior year, and this was non-recurring. Pupil transportation services increased due to increases in staffing, ridership and depreciation expense allocated to this function. Operation and maintenance of plant increased due to an increase in staffing and cleaning costs associated with the coronavirus pandemic. Community services decreased due to decreases in student activities due to the coronavirus pandemic.

Certain reclassifications were made in the 2020 amounts to conform to their classifications in 2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As the School completed the year, its governmental funds reported a fund balance of \$1,599,755. Both revenues and expenditures changed overall for the same reasons described above.

**General Fund Budgetary Highlights**

Over the course of the year, the School revised its budget several times to account for variations in student enrollment and increases in appropriations.

For fiscal year 2021, actual general fund revenues and expenditures were not significantly different from the final budgeted amounts.

**Special Revenue Fund Budgetary Highlights**

For 2021, actual special revenue fund revenues were approximately \$45,000 above the final budget, which represents a 4% budget variance.

Actual special revenue fund expenditures were approximately \$42,000 above the final budget, which represents a 4% budget variance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The School's investment in capital assets at the end of fiscal 2021 amounts to \$512,200 (net of accumulated depreciation). See table below:

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2021</b>	<b>2020</b>	<b>(Decrease)</b>
Furniture, fixtures and equipment	\$ 147,198	\$ 147,198	0%
Motor vehicles	921,620	921,620	0%
Less accumulated depreciation	(556,618)	(462,265)	-20%
Total capital assets, net	<u>\$ 512,200</u>	<u>\$ 606,553</u>	<u>-16%</u>

There were no major capital asset additions or disposals during the current year. More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

**Long-Term Debt**

As of June 30, 2021, the School had \$285,433 in long-term debt outstanding consisting of capital leases. There were no major additions and scheduled payments reduced the amount outstanding in the current year. More detailed information about the School's long-term debt is presented in Note 7 to the financial statements.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2022:

- Projected decreases in student population
- Projected changes in staffing and salary increases

Amounts available for appropriation in the general fund are approximately \$4,689,000, a decrease of 1% from the final 2021 amount of \$4,717,657. Budgeted expenditures are expected to be approximately \$5,025,000, an increase of 4% from the final 2021 amount of \$4,854,816. The School has added no major new programs to the fiscal 2022 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to decrease by the close of fiscal 2022.

**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 44440 Spring Creek Road, Paisley, Florida 32767.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities and each major fund of Spring Creek Charter School, Inc., (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Spring Creek Charter School, Inc. as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7, the budgetary comparison information on pages 36 – 37, the pension information on pages 38 – 39 and the other postemployment benefit information on page 40, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Winter Park, Florida  
November 30, 2021

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,511,383
Accounts receivable	104,472
Prepaid expenses	40,477
Capital assets, net	512,200
Total assets	3,168,532
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	1,121,835
Total assets and deferred outflows of resources	\$ 4,290,367
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 23,004
Due to the District School Board of Lake County, FL	1,033,573
Deferred revenue	
Long-term liabilities:	
Due within one year	346,632
Due in more than one year	3,733,882
Total liabilities	5,137,091
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	198,991
<b>NET POSITION</b>	
Net investment in capital assets	226,767
Restricted for:	
Terminal employee benefits	30,000
Food service	71,186
Student activities	86,125
Unrestricted	(1,459,793)
Total net position	(1,045,715)
Total liabilities, deferred inflows of resources and net position	\$ 4,290,367

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

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 3,503,588	\$ -	\$ 358,493	\$ -	\$ (3,145,095)	\$ (3,145,095)
Instructional support services	242,518	-	50,668	-	(191,850)	(191,850)
Instructional media	68,001	-	-	-	(68,001)	(68,001)
Instruction and curriculum development	106,925	-	41,920	-	(65,005)	(65,005)
Instructional staff training	122,717	-	88,555	-	(34,162)	(34,162)
Board	33,836	-	-	-	(33,836)	(33,836)
General administration	93,745	-	144	-	(93,601)	(93,601)
School administration	504,851	-	-	-	(504,851)	(504,851)
Food services	459,244	19,253	476,659	-	36,668	36,668
Pupil transportation services	375,802	-	-	-	(375,802)	(375,802)
Operation and maintenance of plant	538,082	-	90,143	-	(447,939)	(447,939)
Community services	44,732	-	-	-	(44,732)	(44,732)
Interest	16,908	-	-	-	(16,908)	(16,908)
Total primary government	<u>\$ 6,110,949</u>	<u>\$ 19,253</u>	<u>\$ 1,106,582</u>	<u>\$ -</u>	<u>(4,985,114)</u>	<u>(4,985,114)</u>
General revenues:						
State and local sources					4,667,721	4,667,721
Contributions and other revenue					94,725	94,725
Total general revenues					<u>4,762,446</u>	<u>4,762,446</u>
Change in net position					(222,668)	(222,668)
Net position at beginning of year, as restated					<u>(823,047)</u>	<u>(823,047)</u>
Net position at end of year					<u>\$ (1,045,715)</u>	<u>\$ (1,045,715)</u>

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

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2021**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,332,072	\$ 179,311	\$ 2,511,383
Accounts receivable	9,661	94,811	104,472
Prepaid expenses	40,477	-	40,477
Due from special revenue fund	94,811	-	94,811
Total assets	<u>\$ 2,477,021</u>	<u>\$ 274,122</u>	<u>\$ 2,751,143</u>
 <b>LIABILITIES</b>			
Accounts payable and accrued expenditures	\$ 23,004	\$ -	\$ 23,004
Due to the District School Board of Lake County, FL	1,033,573	-	1,033,573
Due to general fund	-	94,811	94,811
Total liabilities	<u>1,056,577</u>	<u>94,811</u>	<u>1,151,388</u>
 <b>FUND BALANCES</b>			
Non-spendable:			
Prepaid expenses	40,477	-	40,477
Endowment fund principal	-	22,000	22,000
Restricted for:			
Terminal employee benefits	30,000	-	30,000
Food service	-	71,186	71,186
Student activities	-	86,125	86,125
Unassigned	1,349,967	-	1,349,967
Total fund balances	<u>1,420,444</u>	<u>179,311</u>	<u>1,599,755</u>
Total liabilities and fund balances	<u>\$ 2,477,021</u>	<u>\$ 274,122</u>	<u>\$ 2,751,143</u>

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

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

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

**JUNE 30, 2021**

<b>Total fund balances - governmental funds</b>	\$ 1,599,755
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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 financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,068,818 and the accumulated depreciation is \$556,618.	512,200
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:

Compensated absences	(297,661)
Capital lease obligations	(285,433)

The following balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Deferred outflows of resources	1,121,835
Net pension liability	(3,225,216)
Other postemployment benefits obligation	(272,204)
Deferred inflows of resources	(198,991)

<b>Total net position - governmental activities</b>	<b>\$ (1,045,715)</b>
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The accompanying notes to financial statements are an integral part of this statement.



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

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

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Federal sources passed through state	\$ -	\$ 476,659	\$ 476,659
Federal sources passed through local school district	-	629,923	629,923
State and local sources	4,667,721	-	4,667,721
Contributions and other revenue	49,936	64,042	113,978
	<u>4,717,657</u>	<u>1,170,624</u>	<u>5,888,281</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	3,077,603	358,493	3,436,096
Instructional support services	191,850	50,668	242,518
Instructional media	68,001	-	68,001
Instruction and curriculum development	65,005	41,920	106,925
Instructional staff training	34,162	88,555	122,717
Board	33,836	-	33,836
General administration	93,601	144	93,745
School administration	493,872	-	493,872
Food services	-	459,244	459,244
Pupil transportation services	286,530	-	286,530
Operation and maintenance of plant	447,939	90,143	538,082
Community services	2,451	42,281	44,732
Debt service:			
Principal	43,058	-	43,058
Interest	16,908	-	16,908
	<u>4,854,816</u>	<u>1,131,448</u>	<u>5,986,264</u>
Net changes in fund balances	(137,159)	39,176	(97,983)
Fund balances at beginning of year, as restated	<u>1,557,603</u>	<u>140,135</u>	<u>1,697,738</u>
Fund balances at end of year	<u>\$ 1,420,444</u>	<u>\$ 179,311</u>	<u>\$ 1,599,755</u>

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

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

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

**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Net changes in fund balances - total governmental funds</b>	\$	(97,983)
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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 of depreciation expense in the current period.		(94,353)
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Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(12,532)
--	--	----------

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		43,058
--	--	--------

Some revenues or expenses included in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as a net change in fund balances in the governmental funds.

Change in net pension liability, deferred outflows and deferred inflows		(80,361)
Change in other post employment benefits obligation, deferred outflows and deferred inflows		19,503

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(222,668)</b>
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The accompanying notes to financial statements are an integral part of this statement.

**SPRING CREEK CHARTER SCHOOL, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Spring Creek Charter School, Inc., (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than fifteen members. Effective July 1, 1998, the School converted from a traditional public school to a public 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 Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2022 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to 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") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

**Basis of Presentation**

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

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

**SPRING CREEK CHARTER SCHOOL, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

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

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

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

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

Governmental Funds:

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

Special Revenue Fund – To account for the proceeds of specific revenue sources and federal grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

For purposes of these statements, the general and special revenue funds are considered major funds. There are no 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 fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

**Budgetary Basis Accounting**

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

**Cash and Cash Equivalents**

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

**Receivables**

Receivables consist of amounts due from government agencies for various programs. Allowances are reported when management estimates that accounts may be uncollectible.

**Capital Assets and Depreciation**

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

	<u>Years</u>
Furniture, fixtures and equipment	3 - 7
Motor vehicles	10 - 20

Information relative to changes in capital assets is described in Note 4.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in 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 employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 7.

**Long-Term Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 7.

**Fund Balance Spending Policy**

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the governing body or to an official to which the governing body delegates the authority. Under the School's charter, the School is required to develop a fund balance reserve of \$30,000 for terminal employee benefits. The School is also required to maintain a minimum fund balance within the general fund at the percentage of the total annual operating fund revenues from the general fund that is equal to the percentage defined by the School Board's policies for the school district. The School is in compliance with these requirements as of June 30, 2021.

**Revenue Sources**

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

**SPRING CREEK CHARTER SCHOOL, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

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

**Income Taxes**

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

**Use of Estimates**

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

**Subsequent Events**

The School has evaluated subsequent events through November 30, 2021, the date these financial statements were available to be issued.

**Recently Adopted Accounting Pronouncement**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. During 2021, the School adopted this standard using the retrospective approach, which resulted in the School consolidating the previously reported Due to Others fiduciary liability into the School's beginning restricted net position and beginning restricted special revenue fund balance.

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**NOTES TO FINANCIAL STATEMENTS  
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**Recently Issued Accounting Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, 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 new standard is effective for the fiscal year ending June 30, 2022. The cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

**2 ACCOUNTS RECEIVABLE**

Accounts receivable in the accompanying financial statements include \$104,472 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

**3 INTERFUND ACTIVITIES**

Due to/from other funds consisted of the following balances as of June 30, 2021:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General fund	\$ 94,811	\$ -
Special revenue fund	-	94,811
Total interfund	\$ 94,811	\$ 94,811

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



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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 147,198	\$ -	\$ -	\$ 147,198
Motor vehicles	921,620	-	-	921,620
Total depreciable capital assets	<u>1,068,818</u>	<u>-</u>	<u>-</u>	<u>1,068,818</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(123,484)	(5,081)	-	(128,565)
Motor vehicles	<u>(338,781)</u>	<u>(89,272)</u>	<u>-</u>	<u>(428,053)</u>
Total accumulated depreciation	<u>(462,265)</u>	<u>(94,353)</u>	<u>-</u>	<u>(556,618)</u>
Governmental activities capital assets, net	<u>\$ 606,553</u>	<u>\$ (94,353)</u>	<u>\$ -</u>	<u>\$ 512,200</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 4,468
School administration	613
Pupil transportation services	<u>89,272</u>
Total governmental activities depreciation expense	<u>\$ 94,353</u>

**5 DUE TO THE SCHOOL BOARD**

The amount due to the School Board as of June 30, 2021 of \$1,033,573 is comprised of \$937,676 in payroll expenses/expenditures paid by the School Board on behalf of the School, as well as \$95,897 in other expenses/expenditures.

**SPRING CREEK CHARTER SCHOOL, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**6 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 of June 30, 2021 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal Matters**

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

**Risk Management Program**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property 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.

**Employee Benefit Plans**

The School sponsors a 403(b) defined contribution plan and a 457(b) deferred compensation plan (the "Plans"). The Plans operate under Section 403(b) and Section 457(b) of the Internal Revenue Code. Substantially all employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plans. Under the terms of the Plans, employer contributions shall be made in accordance with any applicable collective bargaining agreements or employment contracts as shall be determined from time to time by the Board of Directors. No employer contributions were made to the Plans during 2021.

**Uncertainty**

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

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**NOTES TO FINANCIAL STATEMENTS  
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**7 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 285,129	\$ 12,532	\$ -	\$ 297,661	\$ 297,661
Capital lease obligations	328,491	-	(43,058)	285,433	48,971
Net pension liability	2,914,991	310,225	-	3,225,216	-
Other postemployment benefits obligation	265,291	6,913	-	272,204	-
Governmental activities, long-term liabilities	<u>\$ 3,793,902</u>	<u>\$ 329,670</u>	<u>\$ (43,058)</u>	<u>\$ 4,080,514</u>	<u>\$ 346,632</u>

**Capital Leases**

The School leases a portion of its equipment under lease agreements that are classified as capital leases. The capital leases require monthly payments of principal and interest at rates between 4.5% and 5.9%. The economic substance of the leases are that the School is financing the acquisition of the assets through the leases, and, accordingly, they are recorded in the School's statement of net position.

Leased assets as of June 30, 2021 consist of the following:

	<u>Governmental Activities</u>
Furniture, fixtures and equipment	\$ 35,570
Motor vehicles	327,459
Less accumulated depreciation	(57,870)
	<u>\$ 305,159</u>

Future debt service requirements related to the capital leases are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 48,971	\$ 15,754	\$ 64,725
2023	51,213	12,877	64,090
2024	47,087	10,018	57,105
2025	49,956	7,149	57,105
2026	88,206	461	88,667
	<u>\$ 285,433</u>	<u>\$ 46,259</u>	<u>\$ 331,692</u>

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**8 PENSION PLANS**

**Pension Plan Descriptions**

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.

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 non-integrated 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, 2020, 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.

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 by the School 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 represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3%	10%
Florida Retirement System, Reemployed Retiree	(B)	(B)

- (A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy and 0.06% for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.
- (B) Contribution rates are dependent upon the retirement class in which reemployed.

**Information About the Employer’s Proportionate Share of the Collective Net Pension Liability**

Assumptions and Other Inputs

The 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 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. 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 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The following changes in actuarial assumptions occurred in 2020:

- FRS: The long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 3.50% to 2.21%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

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 if the discount rate was 1% lower or 1% higher than the current discount rate as of June 30, 2020:

<b>School's Proportionate Share of FRS Net Pension Liability</b>			<b>School's Proportionate Share of HIS Net Pension Liability</b>		
<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
5.80%	6.80%	7.80%	1.21%	2.21%	3.21%
\$ 3,653,871	\$ 2,288,200	\$ 1,147,586	\$ 1,083,149	\$ 937,016	\$ 817,409

**The Pension Plans' Fiduciary Net Positions**

Detailed information about the pension plans' fiduciary net positions are available in the System's separately issued CAFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2020, are shown below (in thousands):

	<b>FRS</b>	<b>HIS</b>
Total pension liability	\$ 204,909,739	\$ 12,588,098
Plan fiduciary net position	(161,568,265)	(378,261)
Net pension liability	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>
Plan fiduciary net position as a percentage of the total pension liability	78.85%	3.00%

The total pension liability for the FRS Pension Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2020. 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. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2020. 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.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

As of June 30, 2021, the School reported a liability of \$3,225,216 for its proportionate share of the net pension liabilities. The School's proportionate share 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, 2020 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 was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The School's proportions are as follows:

	<b>FRS</b>	<b>HIS</b>
June 30, 2020	0.0053%	0.0077%
June 30, 2019	0.0058%	0.0083%
Change	-0.0005%	-0.0006%

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 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 as of June 30, 2020, was 5.9 years for FRS and 7.2 years for HIS.

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For the year ended June 30, 2021, the School recognized pension expense of \$80,361. As of June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 125,904	\$ 723
Changes of assumptions	514,993	54,484
Net differences between projected and actual earnings on pension plan investments	136,990	-
Changes in proportion and differences between School contributions and proportionate share of contributions	15,716	90,472
School contributions subsequent to the measurement date	<u>294,355</u>	<u>-</u>
Total	<u>\$ 1,087,958</u>	<u>\$ 145,679</u>

Deferred outflows of resources related to the School's contributions paid subsequent to the measurement date and prior to the School'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:

<u>Reporting Period Ended June 30:</u>	<u>Amount</u>
2022	\$ 138,202
2023	200,293
2024	162,407
2025	103,493
2026	33,316
Thereafter	10,213



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**NOTES TO FINANCIAL STATEMENTS  
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**9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

Plan Description

The Postemployment Health Care Plan is a single-employer defined benefit plan administered by the School Board for which employees of the School may participate. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the School or School Board are eligible to participate in the School Board's self-insured health and hospitalization plan for medical and prescription drug coverages. The School Board subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the School Board and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	61
Total	64

**Total OPEB Liability**

The School's total OPEB liability of \$272,204 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	Salary increase rates used in the July 1, 2020 actuarial valuation of the Florida Retirement System; 3.4% - 7.8%, including inflation.
Discount rate	2.45%

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Healthcare cost trend rates	6.5% for 2020 and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.99%.
Retirement age	Retirement rates used in the July 1, 2020 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used in the July 1, 2020 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

The discount rate was based on the municipal bond rate of 2.45% (based on the daily rate of Fidelity’s “20-Year Municipal GO AA Index” closest to but not later than the measurement date).

The actuarial assumptions used in the actuarial valuation were the same as those employed in the July 1, 2020 actuarial valuation of the FRS Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB actuarial valuation. These include assumed rates of future termination, mortality, disability and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2020 actuarial valuation of FRS Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Pension Plan.

**Changes in the Total OPEB Liability**

The following table shows the School’s allocated OPEB cost for the year, the amount actually contributed to the plan and changes in the School’s net OPEB obligation:

	<u>Amounts</u>
Balance at June 30, 2020	\$ 265,291
Service cost	1,385
Interest	8,141
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	10,518
Benefit payments	<u>(13,131)</u>
Net changes	<u>6,913</u>
Balance at June 30, 2021	<u>\$ 272,204</u>

There were no benefit changes during the year.

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The following changes in actuarial assumptions or other inputs occurred in 2020:

- The discount rate changed from 3.13% as of the beginning of the measurement period to 2.45% as of June 30, 2020.
- The load for modeling the excise ("Cadillac") tax on healthcare plans was removed, as the excise tax no longer applies.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2020:

<b>School's Proportionate Share of OPEB Liability</b>		
<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
1.45%	2.45%	3.45%
\$ 300,677	\$ 272,204	\$ 251,795

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2020:

<b>School's Proportionate Share of Healthcare Cost Trend Rates</b>		
<b>1% Decrease</b>	<b>Current Rates</b>	<b>1% Increase</b>
(5.5% down to 2.99%)	(6.5% down to 3.99%)	(7.5% down to 4.99%)
\$ 240,637	\$ 272,204	\$ 316,668

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**NOTES TO FINANCIAL STATEMENTS  
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**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2021, the School recognized OPEB income of \$19,503. As of June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,967	\$ -
Changes of assumptions or other inputs	9,641	53,312
Benefits subsequent to the measurement date	<u>21,269</u>	<u>-</u>
Total	<u>\$ 33,877</u>	<u>\$ 53,312</u>

Deferred outflows of resources related to the School's benefits paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the other postemployment benefits obligation in the reporting period ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Reporting Period Ended June 30:</u>	<u>Amount</u>
2022	\$ (5,097)
2023	(5,097)
2024	(5,097)
2025	(5,097)
2026	(5,097)
Thereafter	(15,219)

**10 RESTRICTED NET POSITION AND FUND BALANCE**

Restricted net position and fund balance represents amounts that have been collected or received by the School for specific purposes and are restricted as to the use of such funds. Included in restricted net position and fund balance is \$30,000 held for terminal leave reserve, \$71,186 held for the food service program and \$86,125 held for student activities.

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**NOTES TO FINANCIAL STATEMENTS  
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**11 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

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

Florida Education Finance Program	\$ 2,573,765
Class size reduction	662,196
Discretionary local effort	249,706
Additional millage	229,794
Transportation	165,646
ESE guaranteed allocation	144,160
Teacher salary allocation	138,148
Supplemental academic instruction	133,042
Pre-K Early Learning Coalition	101,685
Discretionary millage funds	82,022
Instructional materials	45,662
Safe schools	35,094
Reading allocation	24,612
Funds compression allocation	23,203
Mental health allocation	20,288
Security allocation	18,155
Teacher lead	13,950
Best and brightest	5,143
Digital classroom allocation	1,450
Total	<u><u>\$ 4,667,721</u></u>

The administration fee paid to the School Board during 2021 totaled approximately \$94,000, which is included in general administration expense/expenditure in the accompanying financial statements.

**12 CAMPUS FACILITY**

Title to the school building and facilities and other capital assets acquired prior to July 1, 1998 remains 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 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 is 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 4,484,739	\$ 4,667,721	\$ 4,667,721	\$ -
Contributions and other revenue	55,000	49,936	49,936	-
Total revenues	<u>4,539,739</u>	<u>4,717,657</u>	<u>4,717,657</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,960,509	3,088,881	3,077,603	11,278
Instructional support services	318,464	191,848	191,850	(2)
Instructional media	70,075	69,101	68,001	1,100
Instruction and curriculum development	35,347	65,004	65,005	(1)
Instructional staff training	10,724	31,815	34,162	(2,347)
Board	31,100	33,836	33,836	-
General administration	95,000	93,601	93,601	-
School administration	405,108	495,877	493,872	2,005
Pupil transportation services	250,144	286,412	286,530	(118)
Operation and maintenance of plant	403,298	425,716	447,939	(22,223)
Community services	-	2,451	2,451	-
Debt service:				
Principal	57,000	52,466	43,058	9,408
Interest	-	-	16,908	(16,908)
Total expenditures	<u>4,636,769</u>	<u>4,837,008</u>	<u>4,854,816</u>	<u>(17,808)</u>
Net change in fund balance	(97,030)	(119,351)	(137,159)	(17,808)
Fund balance at beginning of year	<u>1,557,603</u>	<u>1,557,603</u>	<u>1,557,603</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,460,573</u></u>	<u><u>\$ 1,438,252</u></u>	<u><u>\$ 1,420,444</u></u>	<u><u>\$ (17,808)</u></u>

See independent auditor's report.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal sources passed through state	\$ 472,000	\$ 465,870	\$ 476,659	\$ 10,789
Federal sources passed through local school district	629,924	629,924	629,923	(1)
Contributions and other revenue	15,000	30,043	64,042	33,999
Total revenues	<u>1,116,924</u>	<u>1,125,837</u>	<u>1,170,624</u>	<u>44,787</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	358,511	358,511	358,493	18
Instructional support services	50,753	50,753	50,668	85
Instruction and curriculum development	41,921	41,921	41,920	1
Instructional staff training	88,471	88,471	88,555	(84)
General administration	144	144	144	-
Food services	487,841	459,244	459,244	-
Operation and maintenance of plant	90,142	90,142	90,143	(1)
Community services	-	-	42,281	(42,281)
Total expenditures	<u>1,117,783</u>	<u>1,089,186</u>	<u>1,131,448</u>	<u>(42,262)</u>
Net change in fund balance	(859)	36,651	39,176	2,525
Fund balance at beginning of year, as restated	140,135	140,135	140,135	-
Fund balance at end of year	<u>\$ 139,276</u>	<u>\$ 176,786</u>	<u>\$ 179,311</u>	<u>\$ 2,525</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Florida Retirement System (FRS) Pension Plan</b>										
School's proportion of the net pension liability (asset)	0.0053%	0.0058%	0.0052%	0.0061%	0.0069%	0.0069%	0.0067%			
School's proportionate share of the net pension liability (asset)	\$ 2,288,200	\$ 1,984,614	\$ 1,570,769	\$ 1,802,419	\$ 1,738,319	\$ 892,447	\$ 411,705			
School's covered-employee payroll	\$ 1,718,066	\$ 2,030,009	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905			
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	133%	98%	74%	63%	70%	38%	18%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	79%	83%	84%	84%	85%	92%	96%			
<b>Retiree Health Insurance Subsidy (HIS) Program</b>										
School's proportion of the net pension liability (asset)	0.0077%	0.0083%	0.0074%	0.0087%	0.0099%	0.0092%	0.0089%			
School's proportionate share of the net pension liability (asset)	\$ 937,016	\$ 930,377	\$ 784,852	\$ 930,427	\$ 1,149,969	\$ 936,305	\$ 830,851			
School's covered-employee payroll	\$ 2,163,314	\$ 2,495,088	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905			
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43%	37%	37%	33%	46%	40%	36%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	3%	3%	2%	2%	1%	1%	1%			

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.



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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS  
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 243,977	\$ 189,648	\$ 157,012	\$ 167,356	\$ 181,731	\$ 156,436	\$ 168,458	\$ 147,802		
Contributions in relation to the contractually required contribution	243,977	189,648	157,012	167,356	181,731	156,436	168,458	147,802		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 2,365,885	\$ 1,718,066	\$ 2,030,009	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905		
Contributions as a percentage of covered-employee payroll	10%	11%	8%	8%	6%	6%	7%	6%		
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 50,378	\$ 47,812	\$ 40,572	\$ 45,283	\$ 52,759	\$ 35,096	\$ 35,095	\$ 30,440		
Contributions in relation to the contractually required contribution	50,378	47,812	40,572	45,283	52,759	35,096	35,095	30,440		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 2,775,277	\$ 2,163,314	\$ 2,495,088	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905		
Contributions as a percentage of covered-employee payroll	2%	2%	2%	2%	2%	1%	1%	1%		

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE SCHOOL'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 1,385	\$ 2,547	\$ (13,011)	\$ 70,252						
Interest	8,141	11,255	11,185	10,446						
Changes of benefit terms	-	-	-	-						
Differences between expected and actual experience	-	24,162	-	-						
Changes in assumptions or other inputs	10,518	(74,134)	(1,685)	(20,744)						
Benefit payments	(13,131)	(13,827)	(16,824)	(23,653)						
Net change in total OPEB liability	6,913	(49,997)	(20,335)	36,301						
Total OPEB liability - beginning	<u>265,291</u>	<u>315,288</u>	<u>335,623</u>	<u>299,322</u>						
Total OPEB liability - ending	<u>\$ 272,204</u>	<u>\$ 265,291</u>	<u>\$ 315,288</u>	<u>\$ 335,623</u>						
School's covered-employee payroll	\$ 2,455,998	\$ 2,545,101	\$ 2,388,359	\$ 2,536,168						
Total OPEB liability as a percentage of covered-employee payroll	11%	10%	13%	13%						

Information for the periods prior to the implementation of GASB 75 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Period</b>	<b>Expenditures</b>
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program	10.555	7/1/20 - 6/30/21	\$ 77,073
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / After School Snack Program	10.555	7/1/20 - 6/30/21	839
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program (Seamless Summer Option)	10.555	7/1/20 - 6/30/21 *	387,958
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program (Emergency Operational Costs Reimbursement Program)	10.555	3/1/20 - 6/30/21 *	10,790
Total Child Nutrition Cluster			<u>476,660</u>
United States Department of Education / Florida Department of Education / Title I Grants to Local Educational Agencies	84.010	7/1/20 - 6/30/21	349,303
United States Department of Education / Florida Department of Education / Special Education-Grants to States (IDEA, Part B)	84.027	7/1/20 - 6/30/21	82,198
United States Department of Education / Florida Department of Education / Career and Technical Education - Basic Grants to States (Perkins)	84.048	7/1/20 - 6/30/21	2,320
United States Department of Education / Florida Department of Education / Charter Schools Program (Distance Learning)	84.282A	7/1/20 - 6/30/21 *	76,036
United States Department of Education / Florida Department of Education / Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	84.367A	7/1/20 - 6/30/21	16,143

See accompanying note to schedule of expenditures of federal awards.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(continued)**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Period</b>	<b>Expenditures</b>
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Governor's Emergency Education Relief Fund)	84.425C	7/1/20 - 6/30/21 *	7,429
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Governor's Emergency Education Relief Fund - K-12 Civics Literacy)	84.425C	7/1/20 - 6/30/21 *	1,027
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund - High Quality Curriculum)	84.425D	7/1/20 - 6/30/21 *	6,580
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund)	84.425D	7/1/20 - 6/30/21 *	<u>88,886</u>
Total Education Stabilization Funds			<u>103,922</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,106,582</u></u>

\* Represents COVID-19 funds

See accompanying note to schedule of expenditures of federal awards.

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**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

For the year ended June 30, 2021, the School did not elect to use the 10% de minimis indirect cost rate.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Spring Creek Charter School, Inc., (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 30, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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



## **COMPLIANCE AND OTHER MATTERS**

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

## **PURPOSE OF THIS REPORT**

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



Winter Park, Florida  
November 30, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Spring Creek Charter School, Inc.'s (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.





## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

## **PURPOSE OF THIS REPORT**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Winter Park, Florida  
November 30, 2021

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over each major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for each major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

<b>Federal Assistance Listing Number</b>	<b>Grant Period</b>	<b>Name of Federal Program or Cluster</b>
10.555	7/1/20 – 6/30/21	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	Yes
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(continued)**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year audit findings.

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

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

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities and each major fund of Spring Creek Charter School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021.

## **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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.850, Rules of the Auditor General.

## **OTHER REPORTING REQUIREMENTS**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 30, 2021, 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 in the preceding annual financial audit report.

## **OFFICIAL TITLE**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Spring Creek Charter School, Inc., and the school code assigned by the Florida Department of Education is 0631.

## **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 conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

### **TRANSPARENCY**

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

### **ADDITIONAL MATTERS**

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

### **PURPOSE OF THIS LETTER**

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



Winter Park, Florida  
November 30, 2021