

Creekside Charter Academy

A Department of Florida Charter
Educational Foundation, Inc.
(A Component Unit of the School
Board of Hillsborough County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2023



Creekside Charter Academy

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Creekside Charter Academy
A Department of Florida Charter Educational Foundation, Inc.
Riverview, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of Florida Charter Educational Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida Charter Educational Foundation, Inc. as of June 30, 2023 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2023 and 2022.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2023, the School's governmental fund balances totaled \$ 2,208,371, as compared to \$ 2,088,305 as of June 30, 2022.
- As of June 30, 2023, the School has net position (deficit) of \$ (905,833), as compared to \$ (959,963) as of June 30, 2022.

Overview of the Financial Statements

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

Government-Wide Basic Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instruction support services.

The government-wide basic financial statements can be found on pages 9 and 10 of this report.

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Project Fund, Debt Service Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Club and Activities Fund. A budgetary comparison statement has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 11 through 16 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 28 of this report.

Government-Wide Financial Analysis

This is the School's fifth year of operations; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (905,833) at June 30, 2023. Of this amount, \$ (2,103,125) represents net investment in capital assets (deficit), \$ 44,636 represents restricted net position and \$ 1,152,656 represents unrestricted net position. The School's net position (deficit) was \$ (959,963) at June 30, 2022. Of this amount, \$ (2,048,868) represented net investment in capital assets (deficit), \$ 53,983 represented restricted net position and \$ 1,034,922 represented unrestricted net position.

**Creekside Charter Academy
Management's Discussion and Analysis
June 30, 2023**

Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

Creekside Charter Academy Net Position (Deficit)		
	June 30, 2023	June 30, 2022
Assets:		
Current and other assets	\$ 2,166,991	\$ 1,514,902
Noncurrent assets	11,850,492	12,131,840
Total assets	14,017,483	13,646,742
Liabilities:		
Current liabilities	1,208,155	651,398
Noncurrent liabilities	13,715,161	13,955,307
Total liabilities	14,923,316	14,606,705
Net Position (Deficit):		
Net investment in capital assets (deficit)	(2,103,125)	(2,048,868)
Restricted	44,636	53,983
Unrestricted	1,152,656	1,034,922
Total net position (deficit)	\$ (905,833)	\$ (959,963)

Current and other assets rose due to an increase in the School's cash position and restricted investments. Capital assets, net of depreciation decreased due to depreciation expense of approximately \$ 511,400 offset by the addition of \$ 225,798 in capital assets. Current liabilities increased mainly due to an increase in monies owed to the management company. Noncurrent liabilities decreased due to principal payments made on the School's bond liabilities.

Governmental Activities: The results of this year's operations for the School as a whole are reported in the statement of activities on page 10. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2023 and 2022:

Creekside Charter Academy Change in Net Position		
	June 30, 2023	June 30, 2022
Revenues:		
General revenues	\$ 5,898,247	\$ 5,242,923
Program revenues	2,209,696	1,773,480
Total revenues	8,107,943	7,016,403
Functions/Programs Expenses:		
Instruction	3,316,270	3,135,760
Instructional support services	2,511,917	2,059,638
Non-instructional services	2,225,626	2,023,864
Total governmental activities	8,053,813	7,219,262
Change in net position	\$ 54,130	\$ (202,859)

**Creekside Charter Academy
Management’s Discussion and Analysis
June 30, 2023**

General revenues increased compared to the previous year due to a rise in enrollment and Florida Education Finance Program (FEFP) revenue. The program revenues rose due to an increase in ESSER II and ESSER III grant funding. Total expenses increased due to rising instructional and non-instructional services.

Governmental Fund Expenditures: In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2023		2022	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instruction	\$ 3,070,333	38%	\$ 2,865,664	41%
Debt service	972,332	12%	965,152	13%
Plant operations and maintenance	786,485	10%	604,611	8%
Administrative services	797,343	10%	660,213	9%
Instruction support services	664,099	8%	529,735	7%
All other functions/programs	<u>1,697,285</u>	<u>22%</u>	<u>1,539,659</u>	<u>22%</u>
Total governmental expenditures	\$ <u>7,987,877</u>	<u>100%</u>	\$ <u>7,165,034</u>	<u>100%</u>

Capital Assets and Debt Administration

Capital assets: At June 30, 2023, the School had capital assets of \$ 10,919,120 net of accumulated depreciation and amortization, invested in intangible right to use assets, building, improvements other than building, furniture, fixtures, and equipment, and computer equipment, as compared to \$ 11,204,752 at June 30, 2022. A detailed schedule is on pages 23 and 24 in the notes to the basic financial statements.

Debt: At June 30, 2023, the School had outstanding debt of \$ 13,953,617, as compared to \$ 14,180,708 at June 30, 2022. Additional information on the School’s debt can be found in Notes 8, 9 and 10 on pages 24 and 25.

General Fund Budgetary Highlights

State source revenues were favorable to budget due to an increase in enrollment and FEFP. Local source revenues were favorable to budget due to increase in interest revenues. Total General Fund revenues were favorable to budget by \$ 421,839. Total General Fund expenditures were unfavorable to budget by \$ 252,048. Overall, the School ended the year with an increase in fund balance of \$ 129,413.

Economic Factors and Next Year's Budget

In fiscal year 2023, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 800 million. The capital outlay funding pool ended up at \$ 196.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2024, the teacher salary increase allocation will be \$ 1.1 billion and will continue to be part of FEFP funding. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School’s strategic objectives.

Requests for Information

If you have any questions about this report or need additional information, please write Michael Valdes, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC FINANCIAL STATEMENTS

Creekside Charter Academy
Statement of Net Position (Deficit)
June 30, 2023

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 1,553,054
Accrued interest receivable	7,967
Other receivables	7,562
Due from other governments	149,972
Due from related party	945
Prepaid items	135,291
Deposits	16,430
Restricted investments	295,770
	<u>2,166,991</u>
Total current assets	<u>2,166,991</u>
Noncurrent Assets:	
Restricted investments	931,372
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	10,919,120
	<u>11,850,492</u>
Total noncurrent assets	<u>11,850,492</u>
Total assets	<u>14,017,483</u>
Current Liabilities:	
Accounts payable and accrued liabilities	55,941
Salaries and wages payable	330,423
Due to management company	500,625
Due to related party	3,003
Compensated absences	20,065
Accrued interest payable	52,954
Bonds payable	245,144
	<u>1,208,155</u>
Total current liabilities	<u>1,208,155</u>
Noncurrent Liabilities:	
Compensated absences	6,688
Bonds payable	12,452,853
Lease	1,255,620
	<u>13,715,161</u>
Total noncurrent liabilities	<u>13,715,161</u>
Total liabilities	<u>14,923,316</u>
Commitments (Note 13)	-
Net Position (Deficit):	
Net investment in capital assets (deficit)	(2,103,125)
Restricted for extracurricular activities	44,636
Unrestricted	1,152,656
	<u>1,152,656</u>
Total net position (deficit)	\$ <u><u>(905,833)</u></u>

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

**Creekside Charter Academy
Statement of Activities
For the Year Ended June 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 3,316,270	\$ -	\$ 793,136	\$ -	\$ (2,523,134)
Instruction support services	664,099	-	89,424	-	(574,675)
Board services	25,620	-	-	-	(25,620)
General administration - District administrative fee	94,112	-	-	-	(94,112)
General administration - Management fee	785,092	-	-	-	(785,092)
Administrative services	797,343	-	18,611	-	(778,732)
Fiscal services	6,662	-	-	-	(6,662)
Food services	371,785	58,510	371,785	-	58,510
Central services	18,896	-	-	-	(18,896)
Transportation services	173	-	-	-	(173)
Operation of plant	867,751	-	111,225	-	(756,526)
Maintenance of plant	182,551	-	-	-	(182,551)
Community services - childcare or VPK salaries, benefits, materials and supplies, etc.	54,473	242,735	-	-	188,262
Extracurricular activities	114,674	-	105,327	-	(9,347)
Interest and other debt service costs	754,312	-	-	418,943	(335,369)
Total governmental activities	<u>\$ 8,053,813</u>	<u>\$ 301,245</u>	<u>\$ 1,489,508</u>	<u>\$ 418,943</u>	<u>(5,844,117)</u>
General revenues:					
Grants and entitlements					5,834,040
Investment income					61,639
Other income					2,568
Total general revenues					<u>5,898,247</u>
Change in net position					54,130
Net position (deficit), July 1, 2022					<u>(959,963)</u>
Net position (deficit), June 30, 2023					<u>\$ (905,833)</u>

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

Creekside Charter Academy
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ 1,487,043	\$ -	\$ -	\$ -	\$ 66,011	\$ 1,553,054
Accrued interest receivable	7,967	-	-	-	-	7,967
Other receivables	7,562	-	-	-	-	7,562
Due from other governments	-	113,197	36,775	-	-	149,972
Due from related party	945	-	-	-	-	945
Due from other funds	171,347	-	-	-	-	171,347
Prepaid items	135,291	-	-	-	-	135,291
Deposits	16,430	-	-	-	-	16,430
Restricted investments	1,227,142	-	-	-	-	1,227,142
	<u>1,227,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,227,142</u>
Total assets	\$ <u>3,053,727</u>	\$ <u>113,197</u>	\$ <u>36,775</u>	\$ <u>-</u>	\$ <u>66,011</u>	\$ <u>3,269,710</u>
Liabilities:						
Accounts payable and accrued liabilities	\$ 55,941	\$ -	\$ -	\$ -	\$ -	\$ 55,941
Salaries and wages payable	330,423	-	-	-	-	330,423
Due to management company	500,625	-	-	-	-	500,625
Due to related party	3,003	-	-	-	-	3,003
Due to other funds	-	113,197	36,775	-	21,375	171,347
	<u>-</u>	<u>113,197</u>	<u>36,775</u>	<u>-</u>	<u>21,375</u>	<u>171,347</u>
Total liabilities	889,992	113,197	36,775	-	21,375	1,061,339
	<u>889,992</u>	<u>113,197</u>	<u>36,775</u>	<u>-</u>	<u>21,375</u>	<u>1,061,339</u>
Commitments (Note 13)	-	-	-	-	-	-
Fund Balances:						
Nonspendable:						
Prepaid items	135,291	-	-	-	-	135,291
Deposits	16,430	-	-	-	-	16,430
Restricted for debt service	972,137	-	-	-	-	972,137
Restricted for extracurricular activities	-	-	-	-	44,636	44,636
Unassigned	1,039,877	-	-	-	-	1,039,877
	<u>1,039,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,039,877</u>
Total fund balances	2,163,735	-	-	-	44,636	2,208,371
	<u>2,163,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,636</u>	<u>2,208,371</u>
Total liabilities and fund balances	\$ <u>3,053,727</u>	\$ <u>113,197</u>	\$ <u>36,775</u>	\$ <u>-</u>	\$ <u>66,011</u>	\$ <u>3,269,710</u>
	<u>3,053,727</u>	<u>113,197</u>	<u>36,775</u>	<u>-</u>	<u>66,011</u>	<u>3,269,710</u>

**Creekside Charter Academy
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position (Deficit)
 June 30, 2023**

Total Fund Balances - Governmental Funds \$ 2,208,371

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets	\$	13,513,912	
Accumulated depreciation and amortization		<u>(2,594,792)</u>	10,919,120

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statement. All liabilities both current and long-term, are reported in the government-wide statements.

Accrued interest payable	\$	(52,954)	
Compensated absences		(26,753)	
Bonds payable		(12,697,997)	
Lease		<u>(1,255,620)</u>	<u>(14,033,324)</u>

Net Position (Deficit) of Governmental Activities \$ (905,833)

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

**Creekside Charter Academy
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Revenues:					
Federal through state and local State sources:	\$ -	\$ 1,201,762	\$ -	\$ -	\$ 1,201,762
Florida Education Finance Program	5,834,040	-	-	-	5,834,040
State capital outlay and debt service	-	-	418,943	-	418,943
Other state revenue	147,903	-	-	-	147,903
National School Lunch Program	-	3,326	-	-	3,326
Food service revenue	58,510	-	-	-	58,510
Childcare revenue	242,735	-	-	-	242,735
Miscellaneous local source revenue	95,397	-	-	105,327	200,724
Total revenues	<u>6,378,585</u>	<u>1,205,088</u>	<u>418,943</u>	<u>105,327</u>	<u>8,107,943</u>
Expenditures:					
Instruction	2,467,399	602,934	-	-	3,070,333
Instruction support services	574,675	89,424	-	-	664,099
Board services	25,620	-	-	-	25,620
General administration - District administrative fee	94,112	-	-	-	94,112
General administration - Management fee	785,092	-	-	-	785,092
Administrative services	778,732	18,611	-	-	797,343
Fiscal services	6,662	-	-	-	6,662
Food services	-	371,785	-	-	371,785
Central services	18,896	-	-	-	18,896
Transportation services	173	-	-	-	173
Operation of plant	526,844	77,090	-	-	603,934
Maintenance of plant	182,551	-	-	-	182,551
Community services - childcare or VPK salaries, benefits, materials and supplies, etc.	54,473	-	-	-	54,473
Facilities acquisition and construction	215,880	9,918	-	-	225,798
Extracurricular activities	-	-	-	114,674	114,674
Debt service:					
Principal	232,508	-	-	-	232,508
Interest	320,881	-	418,943	-	739,824
Total expenditures	<u>6,284,498</u>	<u>1,169,762</u>	<u>418,943</u>	<u>114,674</u>	<u>7,987,877</u>
Excess (deficiency) of revenues over expenditures	<u>94,087</u>	<u>35,326</u>	<u>-</u>	<u>(9,347)</u>	<u>120,066</u>
Other Financing Sources (Uses):					
Transfer in	35,326	-	-	-	35,326
Transfer out	-	(35,326)	-	-	(35,326)
Total other financing sources (uses)	<u>35,326</u>	<u>(35,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	129,413	-	-	(9,347)	120,066
Fund Balances, July 1, 2022	<u>2,034,322</u>	<u>-</u>	<u>-</u>	<u>53,983</u>	<u>2,088,305</u>
Fund Balances, June 30, 2023	<u>\$ 2,163,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,636</u>	<u>\$ 2,208,371</u>

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

**Creekside Charter Academy
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 120,066

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 costs of those assets is depreciated over their estimated useful lives as provision for depreciation and amortization.

Cost of capital assets	\$	225,798	
Provision for depreciation and amortization		<u>(511,430)</u>	(285,632)

Principal payments on long-term debt are reported as expenditures in the governmental funds, but as a reduction of long-term liabilities in the statement of net position. 232,508

Certain items reported 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.

Change in compensated absences	\$	1,676	
Change in accrued interest payable		(9,071)	
Provision for amortization of bond discount		<u>(5,417)</u>	<u>(12,812)</u>

Change in Net Position of Governmental Activities \$ 54,130

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

Creekside Charter Academy
Statement of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources:				
Florida Education Finance Program	\$ 5,685,159	\$ 5,685,159	\$ 5,834,040	\$ 148,881
Other state revenue	22,457	22,457	147,903	125,446
Food service revenue	-	-	58,510	58,510
Childcare revenue	186,228	186,228	242,735	56,507
Miscellaneous local source revenue	62,902	62,902	95,397	32,495
Total revenues	<u>5,956,746</u>	<u>5,956,746</u>	<u>6,378,585</u>	<u>421,839</u>
Expenditures:				
Instruction	2,643,043	2,643,043	2,467,399	175,644
Instruction support services	400,543	400,543	574,675	(174,132)
Board services	17,430	17,430	25,620	(8,190)
General administration - District administrative fee	92,895	92,895	94,112	(1,217)
General administration - Management fee	485,092	785,092	785,092	-
Administrative services	584,123	584,123	778,732	(194,609)
Fiscal services	25,002	25,002	6,662	18,340
Central services	7,369	7,369	18,896	(11,527)
Transportation services	2,790	2,790	173	2,617
Operation of plant	550,672	550,672	526,844	23,828
Maintenance of plant	173,135	173,135	182,551	(9,416)
Community services - childcare or VPK salaries, benefits, materials and supplies, etc.	68,542	68,542	54,473	14,069
Facilities acquisition and construction	111,070	111,070	215,880	(104,810)
Facilities rent	53,856	53,856	-	53,856
Debt service				
Principal	232,508	232,508	232,508	-
Interest	284,380	284,380	320,881	(36,501)
Total expenditures	<u>5,732,450</u>	<u>6,032,450</u>	<u>6,284,498</u>	<u>(252,048)</u>
Excess (deficiency) of revenues over expenditures	<u>224,296</u>	<u>(75,704)</u>	<u>94,087</u>	<u>169,791</u>
Other Financing Sources (Uses):				
Transfer in	-	-	35,326	35,326
Net change in fund balance	<u>\$ 224,296</u>	<u>\$ (75,704)</u>	<u>\$ 129,413</u>	<u>\$ 205,117</u>

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

Creekside Charter Academy
Statement of Revenues and Expenditures
Budget and Actual - Grants Fund
For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources:			
National School Lunch Program	\$ 218,300	\$ 445,549	\$ 227,249
Title III	-	4,000	4,000
Title IV	-	21,547	21,547
ESSER II	151,491	181,735	30,244
ESSER III	700,204	548,931	(151,273)
State sources:			
National School Lunch Program	-	3,326	3,326
Total revenues	<u>1,069,995</u>	<u>1,205,088</u>	<u>135,093</u>
Expenditures:			
Instruction	498,926	602,934	(104,008)
Instruction support services	105,051	89,424	15,627
Administrative services	115,218	18,611	96,607
Food services	216,816	371,785	(154,969)
Operation of plant	1,484	77,090	(75,606)
Facilities acquisition and construction	132,500	9,918	122,582
Total expenditures	<u>1,069,995</u>	<u>1,169,762</u>	<u>(99,767)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>35,326</u>	<u>35,326</u>
Other Financing Uses:			
Transfer out	<u>-</u>	<u>(35,326)</u>	<u>(35,326)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 1 - Organization and Operations

Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida, was established in 2017 as a public charter school to serve students from kindergarten to eighth grade in Hillsborough County. The Florida Charter Educational Foundation, Inc. ("FCEF") is a Florida nonprofit corporation organized pursuant to Chapter 617, Florida Statutes. The governing body of the School consists of the officers and directors of FCEF. FCEF also operates Keys Gate Charter School in Miami-Dade County, Henderson Hammock Charter School, Southshore Charter Academy, Waterset Charter School, Winthrop Charter School, Winthrop College Prep Academy and Woodmont Charter School in Hillsborough County, Innovation Preparatory Academy, and Union Park Charter Academy in Pasco County and Clay Charter Academy in Clay County. There were 772 students enrolled for the 2022/2023 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of FCEF as of June 30, 2023, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school board, the School Board of Hillsborough County. The current charter is effective until June 30, 2038, 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 which case, the School Board is required to notify the School in writing at least ninety 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. The School is considered a component unit of the School Board of Hillsborough County.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Grants Fund - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term obligations of governmental funds.

Club and Activities Fund - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred and twenty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a pro rata basis over a ten-month period the School is in session and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a Department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with a cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	45 years
Improvements other than building	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

The School has recorded a right to use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets (deficit) - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Note 2 - Summary of Significant Accounting Policies (continued)

- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Budget: An operating budget is adopted and maintained by the governing board for all governmental funds, except the Clubs and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of financial statements.

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

Date of management review: Subsequent events were evaluated by management through September 21, 2023, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2023, the carrying amount of the demand deposits and cash on hand totaled \$ 1,553,054 with bank balances of \$ 1,588,868.

Note 3 - Cash and Cash Equivalents (continued)

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity.

Note 4 - Interfund Receivables and Payables and Interfund Transfers

The composition of interfund balances as of June 30, 2023 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Grants Fund	\$	113,197
General Fund	Capital Projects Fund		36,775
General Fund	Club and Activities Fund		21,375
		\$	171,347

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30,2023 is as follows:

	Transfers In General Fund
Transfers Out:	
Grants Fund	\$ 35,326

During the year, transfers were used to move grant revenue received in the current year for prior year expenditures to the General Fund.

Note 5 - Due From/To Related Parties

The School is a Department of The Florida Charter Educational Foundation, Inc. (“FCEF”). The due from/to balances represent amounts that are due from/to FCEF and other schools that share common board membership and are departments of FCEF.

Note 6 - Investments

In November 2020 Florida Charter Educational Foundation, Inc. borrowed funds for acquisition facilities and refinancing of prior debt for three of their schools, including Winthrop Charter Academy (Note 8). The restricted investments of the School are governed by the Bond Indenture. The investments are held by the Trustee and are reserved for debt service and ordinary and necessary operating expenses as defined in the Bond Indenture. At June 30, 2023, the School has \$ 1,227,142 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

Generally, *credit risk* is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is fifteen days.

Note 7 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	Balance at July 1, 2022	Additions	Transfer	Balance at June 30, 2023
Capital assets being depreciated/ amortized:				
Building	\$ 10,381,234	\$ -	\$ -	\$ 10,381,234
Furniture, fixtures and equipment	632,521	69,960	164,261	866,742
Computer equipment	817,949	129,540	-	947,489
Improvements other than building	200,790	26,298	(164,261)	62,827
Intangible right of use asset:				
Land	<u>1,255,620</u>	<u>-</u>	<u>-</u>	<u>1,255,620</u>
Total capital assets being depreciated/amortized	<u>13,288,114</u>	<u>225,798</u>	<u>-</u>	<u>13,513,912</u>
Accumulated depreciation/ amortization:				
Building	845,878	230,694	-	1,076,572
Furniture, fixtures and equipment	378,921	135,357	-	514,278
Computer equipment	794,459	112,256	-	906,715
Improvements other than building	6,040	4,091	-	10,131
Intangible right of use asset:				
Land	<u>58,064</u>	<u>29,032</u>	<u>-</u>	<u>87,096</u>
Total accumulated depreciation/ amortization	<u>2,083,362</u>	<u>511,430</u>	<u>-</u>	<u>2,594,792</u>
Net capital assets being depreciated/amortized	<u>\$ 11,204,752</u>	<u>\$ (285,632)</u>	<u>\$ -</u>	<u>\$ 10,919,120</u>

Note 7 - Capital Assets (continued)

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$	247,613
Operation of Plant		<u>263,817</u>
Total	\$	<u><u>511,430</u></u>

Note 8 - Bonds Payable

Previously, The Capital Trust Agency (the “Agency”) issued \$ 26,285,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2018A and \$ 770,000 in Taxable Educational Facilities Revenue Bonds, Series 2018B pursuant to an Indenture of Trust between the Agency and a Trustee to make a loan to Florida Charter Educational Foundation, Inc. (“FCEF”), a division of which the School exists to finance the acquisition of the facilities and equipment of two charter schools existing under FCEF. The Series 2018A Bonds bear interest at 4.500% through June 2028, then at 5.375% through June 2048. The Series 2018B Bonds bear interest at 6.000% through June 2022. Principal and interest will be paid semi-annually on June 15 and December 15. In order to secure the payment of the principal and interest on the Bonds, the Agency assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

The School’s share of the annual debt service requirements to maturity for the Series 2018 Bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 245,144	\$ 675,334	\$ 920,478
2025	255,253	664,246	919,499
2026	265,362	652,703	918,065
2027	277,999	640,534	918,533
2028	290,635	627,910	918,545
2029-2033	1,698,318	2,894,687	4,593,005
2034-2038	2,211,352	2,379,173	4,590,525
2039-2043	2,888,657	1,706,832	4,595,489
2044-2048	<u>4,700,703</u>	<u>817,349</u>	<u>5,518,052</u>
	<u>\$ 12,833,423</u>	<u>\$ 11,058,768</u>	<u>\$ 23,892,191</u>

Note 9 - Lease

Concurrent with the Series 2018 Bond issuance (Note 8), subsidiaries of Red Apple Development, LLC (“RAD”) entered into two land lease agreements with FCEF. The land which is owned by RAD is leased by FCEF on behalf of the schools under a 45-year lease. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the implementation date of June 30, 2021. In addition to rent, FCEF shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises.

Creekside Charter Academy
Notes to Basic Financial Statements
June 30, 2023

Note 9 - Lease (continued)

The following is a schedule of the School's future rent payments as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 54,938	\$ 54,938
2025	-	56,037	56,037
2026	-	57,157	57,157
2027	-	58,300	58,300
2028	-	59,466	59,466
2029-2033	-	315,655	315,655
2034-2038	-	348,509	348,509
2039-2043	25,626	359,156	384,782
2044-2048	136,146	288,685	424,831
2049-2053	224,117	244,931	469,048
2054-2058	341,860	176,006	517,866
2059-2063	498,236	73,530	571,766
2064	29,635	245	29,880
	<u>\$ 1,255,620</u>	<u>\$ 2,092,615</u>	<u>\$ 3,348,235</u>

Note 10 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Retirements	Amortization	Balance June 30, 2023	Amount Due Within One Year
Series 2018 Educational Facilities Revenue Bonds, net of unamortized discount of \$ 135,426	\$ 12,925,088	\$ -	\$ 232,508	\$ 5,417	\$ 12,697,997	\$ 245,144
Lease - land	1,255,620	-	-	-	1,255,620	-
Compensated absences	28,429	70,343	72,019	-	26,753	20,065
	<u>\$ 14,209,137</u>	<u>\$ 70,343</u>	<u>\$ 304,527</u>	<u>\$ 5,417</u>	<u>\$ 13,980,370</u>	<u>\$ 265,209</u>

Note 11 - Federal, State and Local Revenue Sources

The School recorded the following revenues for the year ended June 30, 2023:

Federal:		
National School Lunch Program	\$	445,549
ESSER II		181,735
ESSER III		548,931
Title III		4,000
Title IV		21,547
State:		
Florida Education Finance Program		5,834,040
Capital outlay		418,943
Other state revenue		147,903
National School Lunch Program		3,326
Local:		
Food service revenue		58,510
Childcare revenue		242,735
Miscellaneous local source revenue		200,724
	\$	<u>8,107,943</u>

Note 12 - Employee Benefit Plan

During the year ended June 30, 2023, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2022, the School had no forfeitures. For the year ended June 30, 2023, the School contributed a matching amount of \$ 11,555.

Note 13 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at Creekside, LLC (“CSUSA”) to manage, staff, and operate the School. The agreement will automatically renew for five-year periods unless terminated by either party. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the “fee”) for its services, subject to availability of funds. The fee is subordinated to all bond payment requirements (Note 8). The fee ranges from \$ 1,023,711 for fiscal year 2024 to \$ 1,646,576 for fiscal year 2048 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 785,092 for the year ending June 30, 2023.

The basic financial statements reflect a due to CSUSA which totaled \$ 500,625 at June 30, 2023.

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees.

Note 14 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School’s allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School’s CSCO award totaled \$ 418,943 for the 2022/2023 school year, which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of non-renewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the lease expense on the facility.

Note 15 - Florida Education Finance Program (FEFP) Funding

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) the School’s unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the 2022/2023 school year, the School reported 774.92 unweighted FTE. Weighted funding represented approximately 4% of total state funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC).

Note 16 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 13, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

OTHER INDEPENDENT AUDITOR'S REPORTS

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
Creekside Charter Academy
A Department of Florida Charter Educational Foundation, Inc.
Riverview, 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 Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 21, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

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Report on 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 21, 2023

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Creekside Charter Academy
A Department of Florida Charter Educational Foundation, Inc.
Riverview, Florida

Report on the Financial Statements

We have audited the financial statements of Creekside Charter Academy (the "School"), a component unit of the School Board of Hillsborough County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 21, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 21, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are Creekside Charter Academy and 297803.

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Financial Condition and Management

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

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 21, 2023