

2023

Florida State University School, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**FLORIDA STATE UNIVERSITY SCHOOL, INC.
TALLAHASSEE, FLORIDA**

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Florida State University School, Inc.
Tallahassee, 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 Florida State University School, Inc. (the School), a component unit of Florida State University, 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 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.

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.

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To the Board of Directors
Florida State University School, Inc.
Tallahassee, Florida

INDEPENDENT AUDITOR'S REPORT

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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

To the Board of Directors
Florida State University School, Inc.
Tallahassee, Florida

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 30 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 Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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.



September 29, 2023
Tallahassee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
FLORIDA STATE UNIVERSITY SCHOOL, INC.
JUNE 30, 2023

The Management of the Florida State University School, Inc. (the School or FSUS) has prepared the following discussion and analysis to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the School's financial activities; (c) identify changes in the School's financial position; and (d) highlight significant issues for the twelve-month period ended June 30, 2023, in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to the financial statements.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year are as follows:

- During fiscal year 2022-2023, General Fund revenues exceeded expenditures by \$232,314. This may be compared to fiscal year 2021-2022 where General Fund revenues exceeded expenditures by \$534,944. The decrease in excess net revenues primarily resulted from increases in general administration and community services costs. There was a transfer primarily from the Debt Service Fund of \$1,786,925. This resulted in a net increase in the General Fund balance of \$2,019,239.
- In total, net position increased by \$1,630,506 totaling \$44,782,857 compared to \$43,152,351 in 2021-2022. The increase is approximately 4%.
- The assets of FSUS as reported in the School-wide financial statements exceeded their liabilities at the close of the current fiscal year by \$44,782,857 (net position).
- General Fund Revenues totaled \$18,735,181 or 87% of all revenues. Debt Service Revenues and Capital Projects Fund in the form of charges for services and capital grants totaled \$2,760,791, which was 13% of Governmental Fund Revenues.
- As of the close of the current year, the Governmental Funds financial statements report combined ending fund balances of \$17,734,942, an increase of \$1,813,243 compared to the 2021-2022 fund balance of \$15,921,699.
- At the close of the current year, the General Fund balance was \$15,058,025 with a net increase of \$2,019,239.
- During school year 2022-2023, enrollment was 1856 students. It is anticipated that enrollment for 2023-2024 will be approximately 1900 due to continued lower withdrawal rates in higher grades as was common in the past.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements consist of five components:

MANAGEMENT'S DISCUSSION AND ANALYSIS
FLORIDA STATE UNIVERSITY SCHOOL, INC.
JUNE 30, 2023

- School-wide financial statements are designed to provide information on the School as a whole and to present a long-term view of the School's finances.
- Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the School's operations in more detail than the School-wide financial statements.
- Notes to the financial statements.
- Required Supplementary information.
- Supplementary auditor's report.

School-Wide Financial Statements

The School-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the School activities presented on the accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position, which is the result of operations during the fiscal year. An increase or decrease in the net position is an indication of whether the School's financial health is improving or deteriorating.

The School-wide statements present the School's activities, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as the school food service program and administration are also included. The state's education program provides most of the resources that support these activities (Florida Education Finance Program dollars based on full time student equivalent, which flows through the Florida State University to FSUS bi-monthly).

Over a period of time, changes in the School's net position are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the School's student enrollment, and the condition of the School's capital assets, including its buildings and administrative facilities.

Fund Financial Statements

Fund financial statements are one of the components of the 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management.

MANAGEMENT’S DISCUSSION AND ANALYSIS
FLORIDA STATE UNIVERSITY SCHOOL, INC.
JUNE 30, 2023

Law establishes certain funds, while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the School’s financial activities, focusing on its most significant or “major” funds rather than fund types. This is in contrast to the entity-wide perspective contained in the School-wide statements. All of the School’s funds may be classified within one of two broad categories as discussed below.

Governmental Funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, the governmental funds utilize a spendable financial resource measurement focus rather than the economic measurement focus found in the governmental-wide financial statements. This financial resource measurement focus allows the governmental fund statements to provide information on *near-term* inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the School’s *near-term* financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the School-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in the fund balances provide a reconciliation of governmental funds to governmental activities.

Proprietary Funds—Proprietary funds are used to account for proceeds and expenditures of the business-type (engaged in with the intention of being self-sustaining through own-source revenues) activities of the School. Proprietary funds utilize the economic measurement focus. The School reported no proprietary funds for fiscal year 2022-2023.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the School-wide and fund financial statements.

Required Supplementary Information

The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the MD&A and the budgetary comparison schedule of the general fund.

Supplemental Auditor’s Reports

This section includes the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* and the Management Letter in accordance with the *Rules of the Auditor General* of the State of Florida.

School-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The School’s assets exceeded liabilities by \$44,782,857 as of June 30, 2023. Investments in capital assets (e.g., land, buildings, furniture, and equipment) net of related debt amounted to \$27,517,452.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FLORIDA STATE UNIVERSITY SCHOOL, INC.
JUNE 30, 2023

The following is a summary of the School's net position as of June 30, 2023:

Governmental Activities			
	2023	2022	Increase (Decrease)
Assets			
Current and Other Assets	\$ 19,647,795	\$ 17,764,927	\$ 1,882,868
Non-Current Assets	31,880,250	33,157,716	(1,277,466)
Total Assets	51,528,045	50,922,643	605,402
Liabilities			
Current Liabilities	1,793,833	1,751,679	42,154
Non-Current Liabilities	4,951,355	6,018,613	(1,067,258)
Total Liabilities	6,745,188	7,770,292	(1,025,104)
Net Position			
Net Investment in Capital Assets	27,517,452	27,689,401	(171,949)
Restricted for Categorical	334,151	189,133	145,018
Restricted for Debt Service	2,661,015	2,756,315	(95,300)
Restricted for Capital Outlay	2,838,748	3,045,621	(206,873)
Restricted for Student Activities	651,231	556,616	94,615
Unrestricted	10,780,260	8,915,265	1,864,995
Total Net Position	\$ 44,782,857	\$ 43,152,351	\$ 1,630,506

A portion of the School's net position (61%) reflects its investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the School's net position represents resources that are subject to external restrictions on how they may be used.

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$31,880,250 (net of accumulated depreciation). This investment in capital assets includes land improvements, improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; construction in progress; and audiovisual and computer software.

Long-Term Liabilities

At June 30, 2023, the School had total long-term liabilities outstanding of \$4,951,355. This amount was comprised of \$3,283,235 bonds payable, \$418,120 compensated absences payable, and \$1,250,000 due to the developer.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FLORIDA STATE UNIVERSITY SCHOOL, INC.
JUNE 30, 2023

The key elements of changes in the School's net position for the fiscal year are as follows:

	Operating Results		Increase (Decrease)
	Government Activities		
	2023	2022	
Expenses			
Function/Programs:			
Instruction	\$ 9,615,209	\$ 9,382,642	\$ 232,567
Mental Health	-	128,232	(128,232)
Pupil Personnel Services	1,187,517	1,028,387	159,130
Instructional Media Services	291,484	134,151	157,333
Instructional Staff Training	12,784	39,680	(26,896)
Instructional Technology	29,362	306,614	(277,252)
Board	153,006	103,896	49,110
General Administration	1,083,569	549,919	533,650
School Administration	445,882	552,553	(106,671)
Facilities Acquisition and Construction	31,467	69,544	(38,077)
Fiscal Services	195,744	251,095	(55,351)
Food Services	483,709	313,857	169,852
Central Services	799,529	80,031	719,498
MIS/Technology	-	675,634	(675,634)
Operation of Plant	2,096,532	1,826,874	269,658
Maintenance of Plant	148,235	121,704	26,531
Community Services	796,257	585,821	210,436
Student Services	1,076,685	921,747	154,938
Interest on Long-Term Debt	39,037	100,528	(61,491)
Unallocated Depreciation	1,372,396	1,048,337	324,059
Other	7,062	83,251	(76,189)
Total Expenses	19,865,466	18,304,497	1,560,969
Program Revenue			
Charges for Services	1,570,719	1,278,094	292,625
Operating Grants and Contributions	1,395,779	1,525,477	(129,698)
Capital Grants and Contributions	-	4,029,770	(4,029,770)
Total Program Revenue	2,966,498	6,833,341	(3,866,843)
General Revenues:			
Grants and Contributions not Restricted to Specific Purposes	18,052,784	16,694,938	1,357,846
Investment Income (Loss)	432,869	(382,952)	815,821
Miscellaneous Income	43,821	13,812	30,009
Total General Revenues	18,529,474	16,325,798	2,203,676
Total Revenues	21,495,972	23,159,139	(1,663,167)
Change in Net Position	\$ 1,630,506	\$ 4,854,642	\$ (3,224,136)

MANAGEMENT’S DISCUSSION AND ANALYSIS
FLORIDA STATE UNIVERSITY SCHOOL, INC.
JUNE 30, 2023

Financial Analysis of the School’s Funds

The focus of the School governmental funds is to provide information on *near-term* inflows and outflows and balances of spendable resources. As of fiscal year-end, the governmental funds reported combined ending fund balances of \$17,734,942. The General Fund is the primary operating fund. At fiscal year-end total General Fund balance was \$15,058,025.

General Fund Budgetary Highlights

Over the course of the year, no changes were made to the budget. Each change to the original approved budget must be approved by the School Board and the purpose explained at the time of approval.

Budgeted general revenue for School year 2022-2023 was \$18,861,420, with actual revenue received totaling \$18,735,181. This resulted in an approximate less than (1%) variance.

Budgeted general expense was \$18,861,420, with actual expenses totaling \$18,502,867, which was approximately a (2%) variance.

Economic Factors and Next Year’s Budget and Rates

- The School anticipates increase in enrollment to approximately 1900 students in elementary, middle, or high school for the 2023-2024 school year.
- In-unit faculty’s increase in base salary is anticipated for the 2023-2024 school year.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the School’s finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Florida State University School, Inc., The Florida State University, 3000 School House Road, Tallahassee, Florida 32311.

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 4,357,049
Investments	14,257,298
Accounts Receivable (Net of Allowance of \$59,230)	37,936
Interest Receivable	26,822
Prepaid Expense	415,074
Due from Other Governments	553,616
Total Current Assets	19,647,795
Capital Assets, Net:	
Buildings and Improvements	49,073,432
Less: Accumulated Depreciation	(17,455,762)
Furniture, Fixture, and Equipment	1,104,015
Less: Accumulated Depreciation	(903,401)
Assets Under Leases (Equipment)	59,036
Less: Accumulated Amortization	(51,383)
Construction in Progress	54,313
Total Capital Assets, Net	31,880,250
Total Assets	51,528,045
Liabilities	
Current Liabilities:	
Accounts Payable and Other Accrued Expenses	84,605
Salaries and Wages Payable - Due to Florida State University	89,714
Accrued Interest	15,774
Due to Other Governments	266,588
Due to Florida State University	221,946
Portion Due Within One Year:	
Bond Payable	1,073,235
Compensated Absences Payable	35,643
Liability Under Leases (Equipment)	6,328
Total Current Liabilities	1,793,833
Non-Current Liabilities:	
Portion Due in More than One Year:	
Bonds Payable	3,283,235
Compensated Absences Payable	418,120
Due to Developer	1,250,000
Total Non-Current Liabilities	4,951,355
Total Liabilities	6,745,188
Net Position	
Net Investment in Capital Assets	27,517,452
Restricted for:	
State Categorical Programs	334,151
Capital Outlay	2,838,748
Student Activities	651,231
Debt Service	2,661,015
Unrestricted	10,780,260
Total Net Position	\$ 44,782,857

See accompanying notes.

STATEMENT OF ACTIVITIES
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
FOR THE YEAR ENDED JUNE 30, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 9,615,209	\$ 591,583	\$ -	\$ -	\$ (9,023,626)
Pupil Personnel Services	1,187,517	-	-	-	(1,187,517)
Instructional Media Services	291,484	-	-	-	(291,484)
Instructional Staff Training	12,784	-	-	-	(12,784)
Instructional Technology	29,362	-	-	-	(29,362)
Board	153,006	-	-	-	(153,006)
General Administration	1,083,569	-	-	-	(1,083,569)
School Administration	445,882	-	-	-	(445,882)
Facilities Acquisition and Construction	31,467	-	-	-	(31,467)
Fiscal Services	195,744	-	-	-	(195,744)
Food Services	483,709	303,198	224,479	-	43,968
Central Services	799,529	-	-	-	(799,529)
Operation of Plant	2,096,532	-	-	-	(2,096,532)
Maintenance of Plant	148,235	-	-	-	(148,235)
Community Services	796,257	675,938	-	-	(120,319)
Student Services	1,076,685	-	1,171,300	-	94,615
Interest on Long-Term Debt	39,037	-	-	-	(39,037)
Unallocated Depreciation and Amortization Expenses	1,372,396	-	-	-	(1,372,396)
Other	7,062	-	-	-	(7,062)
Total Governmental Activities	\$ 19,865,466	\$ 1,570,719	\$ 1,395,779	\$ -	(16,898,968)
General Revenues					
Grants and Contributions not Restricted to Specific Purposes					18,052,784
Investment Income					432,869
Miscellaneous Revenues					43,821
Total General Revenues and Transfers					18,529,474
Change in Net Position					1,630,506
Net Position, Beginning of Year					43,152,351
Net Position, End of Year					\$ 44,782,857

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,016,683	\$ 3,340,307	\$ 59	\$ 4,357,049
Investments	14,257,298	-	-	14,257,298
Due from Other Governments	-	553,616	-	553,616
Due from Other Funds	205,200	238,066	-	443,266
Accounts Receivable (Net of Allowance of \$59,230)	37,936	-	-	37,936
Interest Receivable	26,753	-	69	26,822
Prepaid Expenses	415,074	-	-	415,074
Total Assets	15,958,944	4,131,989	128	20,091,061
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	84,605	-	-	84,605
Salaries and Wages Payable - Due to Florida State University	89,714	-	-	89,714
Due to Florida State University	221,946	-	-	221,946
Due to Other Governments	266,588	-	-	266,588
Due to Developer	-	1,250,000	-	1,250,000
Due to Other Funds	238,066	205,200	-	443,266
Total Liabilities	900,919	1,455,200	-	2,356,119
Fund Balances				
Non-Spendable:				
Prepaid Expenses	415,074	-	-	415,074
Restricted for:				
Debt Service	-	2,676,789	-	2,676,789
Capital Outlay	2,838,620	-	128	2,838,748
State Categorical Programs	334,151	-	-	334,151
Student Activities	651,231	-	-	651,231
Unassigned	10,818,949	-	-	10,818,949
Total Fund Balances	15,058,025	2,676,789	128	17,734,942
Total Liabilities and Fund Balances	\$ 15,958,944	\$ 4,131,989	\$ 128	\$ 20,091,061

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023**

**Amounts Reported for Governmental Activities in the Statement of Net Position
are Different Because:**

Total Fund Balance - Governmental Funds		\$ 17,734,942
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		31,880,250
Interest on long-term debt is accrued as a liability in the school-wide financial statements but is not recognized in the governmental funds until due.		(15,774)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year-end consist of the following:		
Long-Term Debt	\$ 4,356,470	
Compensated Absences Payable	453,763	
Liabilities Under Capital Leases	6,328	(4,816,561)
Total Net Position - Governmental Activities		\$ 44,782,857

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Through State	\$ 224,479	\$ -	\$ -	\$ 224,479
State	15,313,213	2,739,571	-	18,052,784
Charges for Services	1,570,719	-	-	1,570,719
Local - Student Services	1,171,300	-	-	1,171,300
Miscellaneous	28,665	15,156	-	43,821
Investment Income	426,805	143	5,921	432,869
Total Revenues	18,735,181	2,754,870	5,921	21,495,972
Expenditures				
Current:				
Instruction	9,600,461	-	-	9,600,461
Pupil Personnel Services	1,187,517	-	-	1,187,517
Instructional Media Services	291,484	-	-	291,484
Instructional Staff Training	12,784	-	-	12,784
Instructional Technology	29,362	-	-	29,362
Board	153,006	-	-	153,006
General Administration	1,083,569	-	-	1,083,569
School Administration	445,882	-	-	445,882
Facilities Acquisition and Construction	90,535	-	35,862	126,397
Fiscal Services	195,744	-	-	195,744
Food Services	483,709	-	-	483,709
Central Services	799,529	-	-	799,529
Operation of Plant	2,096,532	-	-	2,096,532
Maintenance of Plant	148,235	-	-	148,235
Community Services	796,257	-	-	796,257
Other	-	7,062	-	7,062
Student Services	1,076,685	-	-	1,076,685
Debt Service:				
Principal	11,191	1,094,326	-	1,105,517
Interest	385	42,612	-	42,997
(Total Expenditures)	(18,502,867)	(1,144,000)	(35,862)	(19,682,729)
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,314	1,610,870	(29,941)	1,813,243
Other Financing Sources (Uses)				
Transfers in	1,786,925	-	-	1,786,925
Transfers (out)	-	(1,710,130)	(76,795)	(1,786,925)
Total Other Financing Sources (Uses)	1,786,925	(1,710,130)	(76,795)	-
Net Change in Fund Balance	2,019,239	(99,260)	(106,736)	1,813,243
Fund Balance, Beginning of Year	13,038,786	2,776,049	106,864	15,921,699
Fund Balance, End of Year	\$ 15,058,025	\$ 2,676,789	\$ 128	\$ 17,734,942

See accompanying notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
FOR THE YEAR ENDED JUNE 30, 2023**

**Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:**

Change in Fund Balances - Governmental Funds \$ 1,813,243

Capital outlays to purchase or build/renovate capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

This is the amount by which depreciation exceeds outlays in the period:

Capital Outlay	\$ 94,930	
Depreciation Expense	<u>(1,372,396)</u>	(1,277,466)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,094,326

Contractual payments on capital leases are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net position. 11,191

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for leave used. This is the net amount of vacation and sick leave earned in excess of the amount used in the current period. (14,748)

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrued in the statement of activity. 3,960

Total Changes in Net Position - Governmental Activities \$ 1,630,506

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Florida State University School, Inc. (FSUS or the School) conform to accounting principles generally accepted in the United States of America as applicable to school districts.

Reporting Entity

Florida State University School, Inc., a Florida not-for-profit corporation, was established for the purposes of creating and maintaining a developmental research charter school (DRCS) pursuant to Section 1002.33(5), Florida Statutes. Florida State University (FSU) has contracted (sponsored) with FSUS for the operation of FSUS and has administrative and fiscal oversight of FSUS, a developmental research school (DRS) established pursuant to Section 1002.32, Florida Statutes. All personnel assigned to FSUS are employees of FSU. Pursuant to Section 1011.24, Florida Statutes, the DRS is a special school district for the purposes therein set forth. FSUS is included as a discretely presented component unit of FSU's financial statements.

FSUS is organized and operated to support the FSUS mission, which is to advance, in collaboration with the College of Education at FSU, Florida's K-12 education through exemplary teaching, research, and service.

FSUS's Board of Directors is comprised of ten voting members. Four members are FSU faculty appointed by FSU. Six members are elected by the Board members consisting of three parent representatives and three community representatives. An additional community representative is selected by the St. Joe Company and is designated the Southwood representative. FSU representatives serve a staggered two-year term not to exceed four terms. Remaining members are appointed for a staggered three-year term with a maximum of two terms served.

A listing of the current Board of Directors is found in the supplementary information.

Basis of Presentation

Although the School is a non-profit corporation, these financial statements are presented using the governmental reporting model. This treatment is required by accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The School's basic financial statements consist of school-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

School-Wide Financial Statements

The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the School.

The statement of net position presents the financial condition of the governmental activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities. Direct expenses are those that are specifically associated with a service program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid that are restricted to meeting the

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements

During the year, the School segregates transactions related to certain school functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

Fund Accounting

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School's major governmental funds:

General Fund—to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State of Florida that are legally restricted to be expended for specific current operating purposes. The General Fund includes the activity in the School Food Service Fund, Activities Fund, Extended Day Fund, and the Internal Fund.

Debt Service Fund—to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund—to account for the acquisition or construction of major capital facilities of the School.

Measurement Focus

School-Wide Financial Statements—The School-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included in the statement of net position.

Fund Financial Statements—All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing resources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

manner in which the governmental activities of the School-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the School-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues—On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses/Expenditures—On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budget

As set forth in the bylaws of the articles of incorporation, the School adopts an annual budget for all revenues and expenses, which the Board of Directors approves. This budget is then sent to the Dean at the FSU College of Education for review. Expenditure plans must be reviewed and approved by the Board of Directors in conjunction with the Dean's review.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and money market funds. Cash deposits and money market funds are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool required by Sections 280.07 and 280.08, Florida Statutes.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Capital Assets

General capital assets result from expenditures in the governmental fund. These assets are reported in the governmental activities column of the School-wide statement of net position but are not reported in the fund financial statements. Capital assets are defined by FSUS as those with an original cost greater than \$5,000.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The School does not possess any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Building and Other Improvements	10 - 40 years
Furniture and Equipment	3 - 20 years
Audio-Visual Materials - Computer Software	5 - 10 years

Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental fund types are reported as liabilities in the School-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Compensated Absences Payable

In the School-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the School-wide financial statements using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon terminations are included.

Changes in long-term liabilities for the current year are reported in a subsequent note.

State Revenue Sources

Revenues from state sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (the Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the School determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTEs and related data and calculates the allocation of funds to FSUS. FSUS is permitted to amend its original reporting for a period of one year following the date of the original report. Such amendments may impact funding allocations for subsequent years. The

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Department may also adjust subsequent fiscal period allocations based upon an audit of FSUS's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State of Florida provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved for the unencumbered balance of categorical educational program resources.

The State of Florida allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to FSUS on an annual basis. FSUS is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department.

A schedule of revenue from state sources for the current year is presented in a subsequent note.

Activity Fees

Pursuant to Section 1002.32(5) Florida Statutes, FSUS charges activity fees to its students. The financial activity related to the activity fees is included in the General Fund. Activity fee revenue is included in Charges for Services and the expenses are included in Instruction, Pupil Transportation Services, Pupil Personnel Services, and Fiscal Services.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance

The School has implemented the provisions of the GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned.

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because:
 - a) they are not expected to be converted to cash; or
 - b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

- **Restricted**—This component of fund balance consists of amounts that are constrained either: a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or b) by law through constitutional provisions or enabling legislation. In addition, residual balances in capital projects and debt service funds are considered restricted for the general purpose of the respective fund.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., board resolution) of the organization’s governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action employed to constrain those amounts. As of June 30, 2023, there are no amounts that are classified as committed fund balance.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. As of June 30, 2023, there are no amounts that are classified as assigned fund balance.
- **Unassigned**—This classification is used for: a) negative unrestricted fund balances in any governmental fund, or b) fund balances within the General Fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the School’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the School’s policy to use committed resources first, then assigned, then unassigned, as needed.

Adoption of New Accounting Pronouncement

During the year ended June 30, 2023, the School adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which establishes criteria for identifying and reporting subscription-based information technology arrangements (SBITAs) in the financial statements of each party to the SBITAs. GASB 96, with certain exceptions, requires that all long-term, non-cancelable SBITAs be recorded as long-term liabilities on the balance sheet with a corresponding “right-to-use” asset, both of which will be reduced over the life of the SBITA.

The School performed an analysis of the nature, term, and amount of all SBITAs existing at the implementation date and determined that the School is not a direct party to any SBITAs which would require reporting in accordance with GASB 96. The School derives benefits from certain SBITAs to which FSU is the direct liable party. All such SBITAs will be reported in the financial statements of FSU. As such, no changes occurred which would affect the beginning balances of the fund-level statements.

Subsequent Events

Subsequent events have been evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Note 2 - Cash and Investments

FSUS maintains cash and investments at two financial institutions, including pledged revenue and debt service coverage money market funds held at US Bank (a qualified depository) and an account with the State of Florida Treasury. FSUS is authorized by the Board of Directors to invest outside of the State Treasury in the following types of investments: qualified depositories, certificates of deposit, time deposits, and securities of the U.S. Government, including obligations of the U.S. Treasury.

State of Florida Treasury

FSUS participates in an investment pool through the State of Florida Treasury in accordance with the provisions of Sections 17.61 and 215.49, Florida Statutes. These investment pools operate under the investment guidelines established by Section 215.47, Florida Statutes. Account balances with the State of Florida Treasury are held in a Special Purpose Investment Account (SPIA). Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. As a SPIA participant, FSUS owns a share in the Florida State Treasury Investment pool, not the underlying securities. FSUS's investments in this pool are reported at fair value. The fair value of FSUS's investments in the SPIA was \$14,257,298 at June 30, 2023. The SPIA carried a rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years, and had a fair value factor of 0.9667 at June 30, 2023.

Additional disclosure for the Florida State Treasury Investment Pool may be found in Note 3 of the State of Florida's Annual Comprehensive Financial Report.

Qualified Depository

Money Market funds held at the qualified depository were issued pursuant to the Series 2021 Bond issue, whereby FSUS entered into an agreement with U.S. Bank, as Trustee for the City of Tallahassee (see Note 4).

Interest Rate Risk

The State of Florida Treasury manages its exposure to fair value losses arising from increasing interest rates by using a duration methodology to construct a portfolio to fund future cash needs. For reporting purposes, it selects an effective duration method with assumptions regarding the most likely timing and amounts of variable cash flow arising from specific investments to reduce the portfolio exposure to changes in interest rates. The SPIA account's effective duration was 3.02 years at June 30, 2023. FSUS does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market value losses arising from increasing interest rates.

Credit Risk

Authorized investment types are set forth in Section 17.57, Florida Statutes, and include certificates of deposit, direct obligations of the United States Treasury, obligations of Federal agencies, asset backed or mortgage-backed securities, commercial paper, bankers' acceptances, medium-term corporate obligations, repurchase agreements, commingled and mutual funds, negotiable certificates of deposits,

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

and subject to certain rating conditions, foreign bonds denominated in the U.S. dollars and registered with the Securities and Exchange Commission for sale in the U.S. and convertible debt obligations of any corporation domiciled in the U.S., FSUS has no formal investment policy that would further limit these investment choices. As of June 30, 2023, SPIA was rated by Standard and Poor's with a rating of AA-f.

Foreign Currency Risk

State law does not authorize the State of Florida Treasury to purchase investments in foreign currencies. Therefore, the SPIA is not exposed to foreign currency risk.

Fair Value Disclosure

FSUS's investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2023:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>
SPIA Account – State of Florida Treasury	\$ 14,257,298	\$ -	\$ -	\$ 14,257,298

Note 3 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital Assets				
Construction in Progress	\$ 69,143	\$ -	\$ (14,830)	\$ 54,313
Buildings and Other Improvements	49,022,740	50,692	-	49,073,432
Furniture, Fixtures, and Equipment	1,044,947	59,068	-	1,104,015
Assets Under Leases (Equipment)	59,036	-	-	59,036
Total Capital Assets	<u>50,195,866</u>	<u>109,760</u>	<u>(14,830)</u>	<u>50,290,796</u>
Less Accumulated Depreciation and Amortization for				
Building and Other Improvements	16,161,190	1,294,572	-	17,455,762
Furniture, Fixtures, and Equipment	837,025	66,376	-	903,401
Assets Under Leases (Equipment)	39,935	11,448	-	51,383
Total Accumulated Depreciation and Amortization	<u>17,038,150</u>	<u>1,372,396</u>	<u>-</u>	<u>18,410,546</u>
Total Capital Assets, Net	<u>\$ 33,157,716</u>	<u>\$ (1,262,636)</u>	<u>\$ (14,830)</u>	<u>\$ 31,880,250</u>

Current year depreciation/amortization expense of \$1,372,396 was included in unallocated depreciation and amortization expense in the statement of activities.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Note 4 - Bonds Payable

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rate (Percent)</u>	<u>Annual Maturity To</u>
District Revenue Bonds:			
Series 2021 Refunding	\$ 4,356,470	0.869%	2026
Total Bonds Payable	<u>\$ 4,356,470</u>		

The various bonds were issued to finance capital outlay projects of the School. The following is a description of the bonded debt service:

The City of Tallahassee issued, on behalf of FSUS, Capital Improvement Revenue Bonds, Series 2000A on August 31, 2000, and Series 2000B on August 27, 2001, in the aggregate principal amount of \$24,180,000 to finance the acquisition, construction, and equipping of new kindergarten through 12th grade education facilities (the Project) for a DRCS located within the jurisdiction of the City of Tallahassee. In December 2010, the City of Tallahassee issued Florida Lease Revenue Refunding Bonds Series 2010. A portion of the proceeds of these bonds was used to refund the Capital Improvement Revenue Bonds Series 2000A. The Series 2000B bonds were paid in full during 2013.

The Florida State University School Bank Qualified Revenue Bonds, Series 2021 Lease Refunding Revenue Bonds, Series A were issued on September 16, 2021, in the amount of \$5,450,796, along with funds held in a debt service reserve account of \$1,614,109, to refund the Florida State University School Bank Qualified Revenue Bonds, Series 2010, in the aggregate principal amount of \$6,946,783 and to pay the costs of issuance. The new bonds bear interest at 0.869% and are due in annual installments ranging from \$1,094,326 to \$1,105,196 through August 1, 2026. The bonds are payable pursuant to a lease agreement with Florida State University. The Series 2021 bond issuance reduced debt service payments for the School by \$600,763 with an economic gain of \$547,574 or 10.046%. The bonds are payable from the charter school capital outlay and developmental research school capital outlay appropriated by the Florida Legislature.

Under the terms of the Series 2021 Bonds, FSUS must maintain certain financial and non-financial covenants. At June 30, 2023, FSUS was in compliance with such stated covenants.

As part of the original issuance of the bonds, the developer of the residential community where the School is located was required to place \$1,250,000 into the School's Debt Service Reserve Account. The funds will be returned to the developer when the bonds are paid off; therefore, this amount has been reported as Due to Developer in the accompanying financial statements.

The bonds do not constitute a general debt, liability, or obligation of the State of Florida, or of any political subdivision thereof, or of the Florida Board of Education, or of the Florida State University. In addition, the bonds do not constitute a pledge of the faith and credit of the State of Florida, or of any political subdivision or agency thereof, or of the Florida Board of Education, or of the Florida State University.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
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Required principal and interest payments through maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,073,235	\$ 33,194	\$ 1,106,429
2025	1,085,637	23,814	1,109,451
2026	1,092,402	14,351	1,106,753
2027	1,105,196	4,802	1,109,998
Total	<u>\$ 4,356,470</u>	<u>\$ 76,161</u>	<u>\$ 4,432,631</u>

Note 5 - Long-Term Liabilities

The following is a summary of changes in general long-term liabilities:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 5,450,796	\$ -	\$ (1,094,326)	\$ 4,356,470	\$ 1,073,235
*Compensated Absences Payable	439,015	14,748	-	453,763	35,643
Liability Under Leases (Equipment)	17,519	-	(11,191)	6,328	6,328
Total	<u>\$ 5,907,330</u>	<u>\$ 14,748</u>	<u>\$ (1,105,517)</u>	<u>\$ 4,816,561</u>	<u>\$ 1,115,206</u>

*Records kept for compensated absences relate only to hours earned, used, and available. Accordingly, only the net change in compensated absences payable is shown.

Note 6 - Leases

FSUS leases various copier machines from the Florida State University Office of Business Service (OBS). All leases were entered into prior to the fiscal year ended June 30, 2023, and are for an initial term of 42 months with an additional 12-month lease extension available, with payments due monthly. The monthly payment amounts for these types of leases vary based on the type of copier machine leased and whether the lease is in its initial or extension term and range from \$84.15 per month to \$245.40 per month. The interest rate applied to the leases is FSUS's estimated incremental borrowing rate of 3%. These leases contain no guarantee of residual value on the part of the lessee and are non-transferrable and non-cancellable.

Future minimum lease payments due under the existing lease agreements between FSUS and OBS are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 6,328	\$ 63
Total	<u>\$ 6,328</u>	<u>\$ 63</u>

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Note 7 - Schedule of State Revenue Sources

FSUS's principal source of revenue is from the State of Florida, which provided approximately 84% percent of total revenues in the 2022-2023 fiscal year. The following is a schedule of state revenue sources and amounts:

Sources	Amount
Florida Education Finance Program	\$ 13,222,584
Other Categorical State Sources:	
Class Size	1,722,741
School Recognition	334,274
Florida Teachers Lead Program	33,614
Gross Receipts Tax (Public Education Capital Outlay)	2,739,571
Total	\$ 18,052,784

Accounting policies relating to certain state revenue sources are described in Note 1.

Note 8 - Student Reservation Agreement

On August 21, 2000, the School entered into a student reservation agreement with the developer of the residential community where the School is located. Under the terms of this agreement, FSUS agrees to reserve seats to be used by purchasers of lots or homes in the residential community. Based upon this agreement any unoccupied reserved seats are reimbursed by the developer to the School. No reimbursements were paid to the School for unoccupied reserved seats during the year ended June 30, 2023.

Note 9 - State Retirement Program

Plan Description—All regular employees of FSU (assigned to FSUS) are covered by the Florida Retirement System, a State-administered cost sharing multiple-employer defined benefit retirement plan (the Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, *Florida Administrative Code*, wherein the Plan eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified ages or number of years of service depending upon the employee's classification. The Plan also includes an early retirement provision but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments, as well as supplements for health-care insurance and, for certain employees, a supplement to cover social security benefits lost by virtue of retirement system membership.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

A Deferred Retirement Option Program (DROP) was established effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

The Plan's financial statements and required supplemental information are included in the annual comprehensive financial report of the State of Florida, which may be obtained by contacting the Florida State Comptroller's Office in Tallahassee, Florida. Also, an annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report, and other relevant information may be obtained from the State of Florida, Division of Retirement, in Tallahassee, Florida.

Funding Policy—The contribution rates for Plan members are established, and may be amended, by the State of Florida. During the 2022-2023 fiscal year, contribution rates were as follows:

<u>Class or Plan</u>	<u>Percentage of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3.00%	11.91%
Florida Retirement System, Special Risk	3.00%	27.83%
Florida Retirement System, Senior Management Services	3.00%	31.57%
Teachers' Retirement System, Plan E	6.25%	13.56%
Deferred Retirement Option Program – Applicable to Members from all the above Classes and Plans	0%	18.60%
Florida Retirement System, Reemployed Retiree	(B)	(B)

Note: (A) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of administering the FRS Investment Plan and the MyFRS Financial Guidance Program.

(B) Contribution rates are dependent upon the retirement class or plan in which reemployed.

The School's reimbursement of contributions to the Plan (excluding employee contributions) for the fiscal years ended June 30, 2023, 2022, and 2021, were \$946,654, \$833,848, and \$772,620, respectively.

The School's liability for participation in the Plan is limited to the reimbursement of the required pension contribution at the rates and frequencies established by law on future payrolls of the School. Therefore, the School did not report any proportionate share of the unfunded pension liability of the Florida Retirement System pursuant to Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This liability is reported on the University-wide financial statements of FSU.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Note 10 - Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 238,066
General Fund	Debt Service Fund	\$ 205,200

Interfund Transfers include the following:

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 1,710,130
General Fund	Capital Projects Fund	76,795

Interfund balances resulted from the timing of funds collected by the General Fund but not yet remitted to the Debt Service Fund and of funds appropriated from the state by the Debt Service Fund that must be remitted to the General Fund upon receipt at year-end.

Interfund Transfers of \$1,710,130 represent the transfer of excess revenues from the Debt Service Fund to the General Fund in accordance with provisions of the bond agreement. Interfund transfers of \$76,795 from the Capital Projects Fund to the General Fund represent the remittance of residual funds held during construction of the STEAM building, which was completed during the fiscal year ended June 30, 2023.

Note 11 - Related-Party Transactions

The School reimburses FSU for compensation costs provided to employees. In addition, the School pays administrative fees to FSU for the administration of the accounting system. Total reimbursements to FSU for the year ended June 30, 2023, were as follows:

Reimbursement of Compensation Costs	\$ 13,658,379
Administrative Fees	<u>175,000</u>
Total	<u>\$ 13,833,379</u>

Amounts due to FSU for reimbursement of salaries and wages earned but not yet paid at June 30, 2023, totaled \$89,714.

Amounts were also due to FSU at June 30, 2023 for \$221,946 of grants received by FSUS from the Early Learning Coalition of the Big Bend. These funds were earmarked for FSU Sponsored Research projects but were held in FSUS accounts and had not been transferred or remitted to FSU at June 30, 2023.

Additionally, as described in Note 6, FSUS leases various copier machines from the OBS, a division of the School sponsor. These leases are considered to be arm's-length transactions entered into at comparable market rates.

NOTES TO FINANCIAL STATEMENTS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Note 12 - Risk Management

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage has been consistent with previous years. There were no settlements that exceeded insurance coverage for the fiscal years ended June 30, 2023, 2022, and 2021.

Note 13 - Construction Commitments

As of June 30, 2023, the School had no outstanding construction commitments.

Note 14 - Subsequent Event

The School has evaluated events and transactions occurring subsequent to June 30, 2023, as of September 29, 2023, the date the financial statements were available to be issued. Subsequent events occurring after September 29, 2023, have not been evaluated by management.

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
FOR THE YEAR ENDED JUNE 30, 2023**

	(Unaudited)		Actual (GAAP Basis)	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental:				
Federal through State	\$ 550,000	\$ 550,000	\$ 224,479	\$ (325,521)
State	17,186,420	17,186,420	15,313,213	(1,873,207)
Charges for Services	1,125,000	1,125,000	1,570,719	445,719
Student Services	-	-	1,171,300	1,171,300
Miscellaneous	-	-	28,665	28,665
Investment Income	-	-	426,805	426,805
Total Revenues	18,861,420	18,861,420	18,735,181	(126,239)
Expenditures				
Current:				
Instruction	10,514,200	10,514,200	9,600,461	913,739
Mental Health	179,547	179,547	-	179,547
Pupil Personnel Services	626,643	626,643	1,187,517	(560,874)
Instructional Media Services	82,183	82,183	291,484	(209,301)
Instructional Staff Training	20,546	20,546	12,784	7,762
Instructional Technology	297,912	297,912	29,362	268,550
Board	131,098	131,098	153,006	(21,908)
General Administration	589,939	589,939	1,083,569	(493,630)
School Administration	852,134	852,134	445,882	406,252
Facilities Acquisition and Construction	-	-	90,535	(90,535)
Fiscal Services	458,841	458,841	195,744	263,097
Food Services	550,000	550,000	483,709	66,291
Central Services	983,232	983,232	799,529	183,703
Operation of Plant	2,067,524	2,067,524	2,096,532	(29,008)
Maintenance of Plant	458,841	458,841	148,235	310,606
Community Services	1,048,780	1,048,780	796,257	252,523
Student Services	-	-	1,076,685	(1,076,685)
Debt Service:				
Principal	-	-	11,191	(11,191)
Interest	-	-	385	(385)
(Total Expenditures)	(18,861,420)	(18,861,420)	(18,502,867)	358,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	232,314	232,314
Other Financing Sources (Uses)				
Transfers in	-	-	1,786,925	(1,786,925)
Total Other Financing Sources (Uses)	-	-	1,786,925	1,786,925
Net Change in Fund Balance	-	-	2,019,239	2,019,239
Fund Balance, Beginning of Year	13,038,786	13,038,786	13,038,786	-
Fund Balance, End of Year	\$ 13,038,786	\$ 13,038,786	\$ 15,058,025	\$ 2,019,239

ADDITIONAL INFORMATION

SCHEDULE OF BOARD OF DIRECTORS
FLORIDA STATE UNIVERSITY SCHOOL, INC. - TALLAHASSEE, FLORIDA
JUNE 30, 2023

Voting Members

Mr. Carlos Villa, Chair
(Parent Rep - Appointed)

Ms. Sarah Chason
(Parent Rep - Appointed)

Mr. Darryl Marshall
(Community Rep - Appointed)

Dr. Toby Park-Gaghan
(FSU Rep - Appointed)

Ms. Katie Perkins, Treasurer
(FSU Rep - Appointed)

Dr. Sara Scott Shields
(FSU Rep - Appointed)

Dr. Jimmie L. Davis, Jr., Secretary
(Community Rep - Appointed)

Dr. Ruth Storm
(University Rep - Appointed)

Dr. Rosezetta Bobo
(Community Rep - Appointed)

TBD
(St. Joe Rep - Appointed)

Dr. Brandon Bowen
(Parent Rep - Appointed)

Ex-Officio Members (Non-Voting)

Dr. Stacy Chambers
(Director)

Ms. Wendy Stinson
(Faculty Rep - Appointed)

Ms. Hallie Solomon
(Student Rep - Appointed)

**ADDITIONAL ELEMENTS OF REPORT PREPARED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES**

**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
Florida State University School, Inc.
Tallahassee, 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 Florida State University School, Inc. (the School), 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 29, 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 have not been identified.

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, non-compliance with which could have a direct and material effect on

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To the Board of Directors
Florida State University School, Inc.
Tallahassee, Florida

**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***

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 non-compliance 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.



September 29, 2023
Tallahassee, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH FLORIDA STATUTES, SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

To the Board of Directors
Florida State University School, Inc.
Tallahassee, Florida

We have examined Florida State University School, Inc.'s (the School's) compliance with Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2023. School Management is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the School complied, in all material respects, with the aforementioned requirements during the fiscal year ended June 30, 2023.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Directors of Florida State University School, Inc., and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

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September 29, 2023
Tallahassee, Florida

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MANAGEMENT LETTER

To the Board of Directors
Florida State University School, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of Florida State University School, Inc. (FSUS or the School) as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 29, 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 of America, and Chapter 10.850, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards*, which is dated September 29, 2023, and 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the School is Florida State University School, Inc. – 730341.

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 requires a statement 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.

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To the Board of Directors
Florida State University School, Inc.
Tallahassee, Florida

MANAGEMENT LETTER

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 non-compliance 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 Florida State University and is not intended to be, and should not be, used by anyone other than these specified parties.



September 29, 2023
Tallahassee, Florida

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