

OKALOOSA ACADEMY, INC.

**Basic Financial Statements and
Supplemental Information**

June 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position (Deficit)	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position (Deficit)	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-26
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Outlay Fund	28
Notes to Required Supplementary Information	29
COMPLIANCE INFORMATION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	30-31
MANAGEMENT LETTER	32-33
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	34



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
John J. Rody, Jr.
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Okaloosa Academy, Inc.
Fort Walton Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, 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, each major fund, and the aggregate remaining fund information 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.

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 and budgetary comparison information on pages 4-8 and 27-29 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

Required Supplementary Information (continued)

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 October 13, 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 School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 13, 2023

Management's Discussion and Analysis

As management of Okaloosa Academy, Inc. (the "School"), which is a component unit of the Okaloosa County School District, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2023 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, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, event, and conditions, it should be considered in conjunction with the basic financial statements, as listed in the table of contents.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal by \$1,852,531.
- The School's total net position increased by \$25,210.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$1,082,126, an increase of \$13,855 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$713,153.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

The School as a Whole

The information in the government-wide financial statements includes all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (assets, liabilities, and deferred outflows/inflows of resources) over time is one indicator of whether the School's financial health is improving or deteriorating. However, other nonfinancial factors need to be considered in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc., to assess the overall health of the School.

Government-wide 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 outflows/inflows of resources with the difference 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 most recent fiscal 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 funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Schools that are principally supported by District, State, and Federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the Okaloosa County School District, Florida. The Okaloosa County School District, Florida includes the operation of the School as a component unit in their operations.

The governmental-wide financial statements can be found listed on the table of contents of this report.

Fund 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental fund only.

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 financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government 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 three individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund and capital outlay fund, which are considered to be major funds. The basic governmental fund financial statements can be found listed on the table of contents in this report. The School adopts an annual appropriated budget. A budgetary

comparison statement has been provided to demonstrate compliance with this budget and can be found listed in the table of contents in this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found listed on the table of contents in this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$1,852,531 at the close of the most recent fiscal year.

A large portion of the School's net position is reflected in its net investment in capital assets (e.g., land, buildings, furniture, fixtures and equipment, improvements other than buildings, and motor vehicles) less any related outstanding debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's net investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Comparison of the condensed statements of net position (deficit) and the statement of activities are provided below:

	2023	2022	Variance
ASSETS			
Current assets	\$ 1,109,590	\$ 1,074,877	\$ 34,713
Noncurrent assets	776,715	770,465	6,250
Total assets	1,886,305	1,845,342	40,963
LIABILITIES			
Current liabilities	30,470	11,710	18,760
Non-current liabilities	3,304	6,311	(3,007)
Total liabilities	33,774	18,021	15,753
NET POSITION			
Net investment in capital assets	770,405	759,050	11,355
Restricted for capital outlay	354,891	282,043	72,848
Restricted for food service	14,082	13,216	866
Unrestricted	713,153	773,012	(59,859)
Total net position	\$ 1,852,531	\$ 1,827,321	\$ 25,210

Current assets increased mainly due to amounts due from other agencies. Noncurrent assets increased mainly due to current year additions offset by current year depreciation. Current liabilities increased mainly due to accounts payable. Net position increased primarily in net investment in capital assets, which represents current year additions purchased less the depreciation offset by an increase in restricted amounts during the year.

Changes in the School's revenues were as follows:

	2023	2022	Variance
Revenues			
Program revenues			
Charges for services	\$ -	\$ 4,863	\$ (4,863)
Operating grants and contributions	212,532	206,369	6,163
Capital grants and contributions	299,734	270,776	28,958
General revenues	1,640,659	1,553,175	87,484
Total revenues	<u>\$ 2,152,925</u>	<u>\$ 2,035,183</u>	<u>\$ 117,742</u>

Capital grants and contributions increased related to increases in county sales tax offset by a reduction in capital outlay funding during the year. General revenues increased mostly due to increases in Federal Impact Aid and increased amount of students.

Changes in the School's expenses were as follows:

	2023	2022	Variance
Expenses			
Basic instruction	\$ 1,157,316	\$ 628,063	\$ 529,253
Exceptional instruction	-	58,566	(58,566)
Media services	26,750	23,102	3,648
Staff development	-	100	(100)
Board of directors	13,361	23,894	(10,533)
School administration	129,698	265,871	(136,173)
Facilities	3,326	352,182	(348,856)
Fiscal services	173,526	158,765	14,761
Food services	106,805	100,521	6,284
Staff services	164,068	149,332	14,736
Transportation	129,828	117,452	12,376
Operation of plant	219,289	164,254	55,035
Maintenance of plant	3,748	2,828	920
Total expenses	<u>2,127,715</u>	<u>2,044,930</u>	<u>82,785</u>
Change in net position	25,210	(9,747)	34,957
Net position at July 1, 2022	<u>1,827,321</u>	<u>1,837,068</u>	<u>(9,747)</u>
Net position at June 30, 2023	<u>\$ 1,852,531</u>	<u>\$ 1,827,321</u>	<u>\$ 25,210</u>

Basic instruction increased primarily due to increases in salaries, benefits, and depreciation. Facilities decreased due mainly to painting of the facility in the prior year. Exceptional instruction and School administration decreased due mainly to decreases in salaries and benefits expenses. Operation of plant increased mostly due to increases in custodial and maintenance services, repairs and maintenance, and cost of utilities.

Financial Analysis of the Government's Funds

As previously noted, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As for the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$1,082,126.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$713,153. During the current fiscal year, the fund balance of the School's general fund decreased by \$59,859.

General Fund Budgetary Highlights

Actual revenues were more than budget; and expenditures were less than the final budget. The School's expenditures were lower than budgeted because the School spent less on salaries and related expenses than were budgeted.

The budgetary information can be found listed on the table of contents in this report.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental type activities as of June 30, 2023 amounts to \$770,405 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, fixtures and equipment, and motor vehicles. Additional information on the School's capital assets can be found at Note D.

Debt. At the end of the current fiscal year, the School has no debt.

Economic Factors

A majority of the School's funding is determined by the number of enrolled students. For the 2023-2024 school year, the School is forecasting enrollment to be 173 students, an increase from 162 students enrolled in 2022-2023.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Rader Group, 101-A Business Centre, Miramar Beach, FL 32550.

OKALOOSA ACADEMY, INC.

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 1,001,575
Due from other agencies	108,015
	<hr/>
Total current assets	1,109,590
	<hr/>

CAPITAL ASSETS

Capital assets not being depreciated:	
Land	7,126
Capital assets, net of accumulated depreciation:	
Buildings	383,604
Improvements other than buildings	202,798
Furniture, fixtures and equipment	84,267
Motor vehicles	92,610
	<hr/>
Total capital assets, net	770,405

NONCURRENT ASSETS

Right-of-use assets, net	6,310
	<hr/>
Total noncurrent assets, net	776,715
	<hr/>
Total assets	1,886,305
	<hr/>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	24,730
Accrued payroll liabilities	2,734
	<hr/>
Total current liabilities	27,464

NONCURRENT LIABILITIES

Lease liabilities - due within one year	3,006
Lease liabilities - due in more than one year	3,304
	<hr/>
Total liabilities	33,774
	<hr/>

NET POSITION

Net investment in capital assets	770,405
Restricted for:	
Capital outlay	354,891
Food service	14,082
Unrestricted	713,153
	<hr/>
Total net position	\$ 1,852,531
	<hr/>

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

OKALOOSA ACADEMY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Basic instruction	\$ 1,157,316	\$ -	\$ 113,889	\$ -	\$ (1,043,427)
Media services	26,750	-	-	-	(26,750)
Board of directors	13,361	-	-	-	(13,361)
School administration	129,698	-	-	-	(129,698)
Facilities	3,326	-	-	299,734	296,408
Fiscal services	173,526	-	-	-	(173,526)
Food services	106,805	-	98,643	-	(8,162)
Staff services	164,068	-	-	-	(164,068)
Transportation	129,828	-	-	-	(129,828)
Operation of plant	219,289	-	-	-	(219,289)
Maintenance of plant	3,748	-	-	-	(3,748)
Total governmental activities	<u>\$ 2,127,715</u>	<u>\$ -</u>	<u>\$ 212,532</u>	<u>\$ 299,734</u>	<u>(1,615,449)</u>
General revenues:					
Florida education finance program					1,482,643
Federal impact aid					119,495
Other revenues					<u>38,521</u>
Total revenues					<u>1,640,659</u>
Change in net position					25,210
Net position at July 1, 2022					<u>1,827,321</u>
Net position at June 30, 2023					<u>\$ 1,852,531</u>

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

OKALOOSA ACADEMY, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,001,575	\$ -	\$ -	\$ 1,001,575
Due from other agencies	-	46,118	61,897	108,015
Due from other funds	-	308,773	-	308,773
Total assets	<u>\$ 1,001,575</u>	<u>\$ 354,891</u>	<u>\$ 61,897</u>	<u>\$ 1,418,363</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 24,730	\$ -	\$ -	\$ 24,730
Accrued payroll liabilities	2,734	-	-	2,734
Due to other funds	260,958	-	47,815	308,773
Total liabilities	<u>288,422</u>	<u>-</u>	<u>47,815</u>	<u>336,237</u>
FUND BALANCES				
Restricted for:				
Capital outlay	-	354,891	-	354,891
Food service	-	-	14,082	14,082
Unassigned	713,153	-	-	713,153
Total fund balances	<u>713,153</u>	<u>354,891</u>	<u>14,082</u>	<u>1,082,126</u>
Total liabilities and fund balances	<u>\$ 1,001,575</u>	<u>\$ 354,891</u>	<u>\$ 61,897</u>	<u>\$ 1,418,363</u>

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

OKALOOSA ACADEMY, INC.

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

June 30, 2023

Total Fund Balances - Governmental Funds	\$	1,082,126
--	----	-----------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Capital assets	\$	3,102,498	
Accumulated depreciation		<u>(2,332,093)</u>	
			770,405

Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

6,310

Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Lease liabilities		<u>(6,310)</u>
-------------------	--	----------------

Net Position of Governmental Activities	\$	<u><u>1,852,531</u></u>
---	----	-------------------------

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

OKALOOSA ACADEMY, INC.

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

Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Federal passed through state and local	\$ 119,495	\$ -	\$ 212,532	\$ 332,027
State passed through local school district	1,482,643	140,650	1,640	1,624,933
Other revenues	29,494	159,084	7,387	195,965
Total revenues	<u>1,631,632</u>	<u>299,734</u>	<u>221,559</u>	<u>2,152,925</u>
Expenditures				
Current:				
Basic instruction	796,093	8,467	113,888	918,448
Media services	26,750	-	-	26,750
Board of directors	13,361	-	-	13,361
School administration	169,799	-	-	169,799
Facilities	134	211,113	-	211,247
Fiscal services	173,526	-	-	173,526
Food services	-	-	106,805	106,805
Staff services	164,068	-	-	164,068
Transportation	129,828	-	-	129,828
Operation of plant	214,184	7,306	-	221,490
Maintenance of plant	3,748	-	-	3,748
Total expenditures	<u>1,691,491</u>	<u>226,886</u>	<u>220,693</u>	<u>2,139,070</u>
Net change in fund balance	(59,859)	72,848	866	13,855
Fund balances at July 1, 2022	773,012	282,043	13,216	1,068,271
Fund balances at June 30, 2023	<u>\$ 713,153</u>	<u>\$ 354,891</u>	<u>\$ 14,082</u>	<u>\$ 1,082,126</u>

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

OKALOOSA ACADEMY, INC.

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

Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds	\$	13,855
--	----	--------

The change in net position reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This and the
net effect of various other transactions involving capital assets decreased
net position.

Capital outlay	\$ 275,229	
Provision for amortization of leases	(5,105)	
Provision for depreciation	<u>(263,874)</u>	
		6,250

Some expenses reported in governmental funds are to be reported in a long-
term basis; therefore are not reported in the Statement of Activities

Payment of lease principal	<u>5,105</u>
----------------------------	--------------

Change in Net Position - Governmental Activities	<u>\$</u>	<u>25,210</u>
--	-----------	---------------

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

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Okaloosa Academy, Inc. (the “School”), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter School provides educational services to students at-risk in grades four through twelve. The governing body of the School is the Board of Directors, which is composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the Okaloosa County School District, Florida (the “District”). The charter may be renewed by mutual agreement between the School and the District. The current charter is effective through August 31, 2027. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Okaloosa County District, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all inter-fund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures and other financing sources and uses.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund – is the general operating fund of the School and is used to account for all resources not required to be accounted for in another fund.

Capital Outlay Fund – in accordance with guidelines established by the Walton County District School Board. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables, including due from other agencies and schools, mainly consist of amounts due from other agencies at June 30, 2023. Based on prior experience, the School's management has determined that 100% of the receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (See Note C).

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

7. Capital assets (continued)

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	7-10
Improvements other than buildings	5-15
Furniture, fixtures and equipment	5-10
Motor vehicles	5

8. Leases

The Charter School is a lessee for an office lease. The Charter School recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements. At the commencement of a lease, the Charter School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

10. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

10. Revenue sources (continued)

Under the provisions of Section 1011.62, Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education (“FDOE”) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

12. Income taxes

The school is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in the U.S. federal jurisdiction.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

13. Fund balance classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-Spendable fund balance – amounts that are not spendable (such as inventory and prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

14. Budget

An operating budget is adopted and maintained by the governing board of the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE A – SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

15. Accounting pronouncements implemented

GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), in May 2020. GASB 96 increases the usefulness of governments' financial statements by requiring recognition of certain assets and liabilities for SBITAs that previously recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITAs accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. The provisions in GASB 96 were implemented in the year ended June 30, 2023. The implementation of the new pronouncement did not have any impact on the financial statements as the School does not hold any SBITAs.

NOTE B – CASH

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the state treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the state treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to 280.08, Florida Statutes. As of June 30, 2023, \$1,044,355 of the School's balances held were exposed to custodial credit risk.

NOTE C – INTER-FUND ACTIVITY

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (see Note A-6). The general fund and other governmental funds have recorded total payables of \$260,958 and \$47,815, respectively, to the capital outlay fund for amounts received but not yet spent on behalf of this fund. Transfers between funds are made to move any excess or shortage of funds derived from special revenue funds to or from the general fund. There was no transfers for the year ended June 30, 2023.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE D – CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets not depreciated:				
Land	\$ 7,126	\$ -	\$ -	\$ 7,126
Capital assets depreciated:				
Buildings	2,333,327	-	-	2,333,327
Furniture, fixtures, and equipment	250,744	56,869	-	307,613
Improvements other than buildings	61,121	183,364	-	244,485
Computer software	85,831	-	-	85,831
Motor vehicles	89,120	34,996	-	124,116
Total capital assets depreciated:	<u>2,820,143</u>	<u>275,229</u>	<u>-</u>	<u>3,095,372</u>
Less accumulated depreciation:				
Buildings	1,721,707	228,016	-	1,949,723
Furniture, fixtures, and equipment	210,851	12,495	-	223,346
Improvements other than buildings	36,581	5,106	-	41,687
Computer software	85,831	-	-	85,831
Motor vehicles	13,249	18,257	-	31,506
Total accumulated depreciation	<u>2,068,219</u>	<u>263,874</u>	<u>-</u>	<u>2,332,093</u>
Total capital assets, net	<u>\$ 759,050</u>	<u>\$ 11,355</u>	<u>\$ -</u>	<u>\$ 770,405</u>

Depreciation expense for the year ended June 30, 2023 was charged to functions of the School as follows:

Basic instruction	\$ 263,874
Total	<u>\$ 263,874</u>

NOTE E – COMMITMENT AND CONTINGENCIES

1. Management service contract

As of July 8, 2015, the School entered into a management agreement with a third party to provide financial, human resources, and administration services to the School at a fee approved annually by the School's Board of Directors as part of the annual and amended budget for the School. The management agreement will remain in effect during any subsequent terms of the charter contract between the School and School District unless terminated in accordance with the terms of the contract. The current year management fees charged to operations totaled \$328,136.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE F – LEASE LIABILITY AND RIGHT-OF-USE ASSET

1. Lease Liabilities – Right-of-Use

The School entered into leases for copiers for use in the facility and classrooms. The leases are noncancellable 60-month terms. The leases have nonrenewal clauses and the copiers revert to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

Type	Start Date	July 1, 2022	Additions	Interest Paid	Principal Paid	Totals	June 30, 2023	Current Portion of Lease Liabilities
Copier 1	5/12/2020	\$ 9,316	\$ -	\$ 258	\$ 3,006	\$ 3,264	\$ 6,310	\$ 3,006
Copier 2	5/28/2018	2,099	-	37	2,099	2,136	-	-
Totals		<u>\$ 11,415</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 5,105</u>	<u>\$ 5,400</u>	<u>\$ 6,310</u>	<u>\$ 3,006</u>

2. Right-of-Use Assets

In relationship to the lease liabilities, the School chooses to amortize the lease assets on a straight-line basis. Changes in right-of-use assets are presented in the table below:

Right-of-Use Assets	July 1, 2022	Additions	Decreases	June 30, 2023
Copiers	<u>\$ 24,854</u>	<u>\$ -</u>	<u>\$ 9,839</u>	<u>\$ 15,015</u>
Total right-of-use assets, being amortized	<u>24,854</u>	<u>-</u>	<u>9,839</u>	<u>15,015</u>
Less accumulated amortization:				
Copiers	<u>13,439</u>	<u>5,105</u>	<u>9,839</u>	<u>8,705</u>
Total accumulated amortization	<u>13,439</u>	<u>5,105</u>	<u>9,839</u>	<u>8,705</u>
Total right-of-use assets being amortized, net	<u>\$ 11,415</u>	<u>\$ (5,105)</u>	<u>\$ -</u>	<u>\$ 6,310</u>

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE G – RELATED PARTY

1. Management agreement

The Management Company provides financial, human resources, and administration services based on a contractual arrangement with the School. The Management Company manages the finances and operations and makes recommendations to the School's independent Board of Directors, which makes the final determinations regarding policies and contracts. Total management fees charged to operations for the year ended June 30, 2022 were \$328,136 (see Note E).

2. Shared operating expenses

The School shares various operating expenses with schools operated by the same management company. During the year, the School had no reimbursed shared operating expenses.

The School also provides educational services under a contract with the Department of Juvenile Justice Residential Commitment Facility in Fort Walton Beach, Florida. Under this contract, the School provides educational personnel and their salaries directly on behalf of the DJJ school which is operated by the same management company. During the year, the School was reimbursed in full in the amount \$881,329, for the payroll related to these personnel.

An amount of \$0 is due from other schools for shared operating expenses for the year ended June 30, 2023.

3. School district services

The School did not receive any services paid for by the District during the year ended June 30, 2023.

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE H – CONCENTRATIONS

1. Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenue sources and amounts:

School Board of Okaloosa County, Florida:	
Base funding	\$ 823,703
Class size reduction	165,563
Discretionary local effort	96,641
Teacher salary allocation state	47,424
Student transportation	54,810
Supplemental academic instruction	46,158
ESE guaranteed allocation	86,985
Additional allocations	1,082
Discretionary tax compression	23,685
Instructional materials allocation	13,565
Safe schools	11,502
Reading instruction	9,422
Federally connected students	1,873
Digital classroom	-
Total FEFP revenue	1,382,413
Less administration fee	(66,380)
Total FEFP revenue less administration fee	1,316,033
FEFP referrals	163,628
Local sales tax	159,084
Capital outlay	140,650
Title 1	113,889
ESSER	116,491
National school lunch act	98,643
E-rate	20,925
Other local revenues	18,938
Federal impact aid	3,004
State school lunch supplement	1,640
	<u>\$ 2,152,925</u>

OKALOOSA ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE I – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is \$1,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2023. Settled claims resulting from the risks described above have not exceeded the insurance coverage in the previous three years.

NOTE J – SUBSEQUENT EVENTS

The School has evaluated subsequent events through October 13, 2023, the date which the financial statements were available for issuance; and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OKALOOSA ACADEMY, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2023				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
FEFP	\$ 1,305,257	\$ 1,305,257	\$ 1,316,265	\$ 11,008
Referrals	90,000	90,000	163,396	73,396
Lead teacher funds	2,982	2,982	2,982	-
Federal impact aid funds	5,000	5,000	3,004	(1,996)
ESSER Grant	134,509	134,509	116,491	(18,018)
Donations	170	100	100	-
Interest on investments	500	500	556	56
Uniforms	4,630	5,388	5,826	438
Miscellaneous	800	1,339	2,087	748
E-Rate	30,407	30,407	20,925	(9,482)
Total revenues	<u>1,574,255</u>	<u>1,575,482</u>	<u>1,631,632</u>	<u>56,150</u>
Expenditures				
Salaries	807,733	775,195	645,760	129,435
Retirement	2,500	2,500	7,825	(5,325)
Social security	59,549	57,078	58,006	(928)
Group insurance	99,528	81,140	81,669	(529)
Worker's compensation	8,000	9,500	6,386	3,114
Unemployment compensation	2,000	2,600	2,373	227
Management fee	330,330	330,330	328,136	2,194
Audit/accounting	10,020	9,935	9,428	507
Staff development	1,000	-	-	-
School resource officer	62,000	62,000	64,016	(2,016)
Custodial/maintenance	16,000	40,000	37,934	2,066
Misc. contract services	5,500	4,000	2,506	1,494
Insurance	78,000	74,000	75,156	(1,156)
Travel	5,800	4,100	3,981	119
Repairs/maintenance	15,000	15,000	11,768	3,232
Vehicle/maintenance	14,500	14,500	16,467	(1,967)
Computer repair	12,000	12,000	10,966	1,034
Inspections/fire extinguisher	6,700	6,700	460	6,240
Lease-copier	6,000	6,000	5,790	210
Postage	1,800	1,600	1,835	(235)
Phone/internet	18,000	18,000	18,859	(859)
Cellphones	3,600	3,000	1,963	1,037
Water/sewer	12,000	12,000	9,353	2,647
Garbage	3,000	6,000	5,727	273
Printing	-	114	114	-
Pest control	1,600	1,600	1,400	200
Security monitoring	1,500	2,200	1,905	295
Misc. non-prof.svc	1,500	1,500	1,367	133
Electric/gas	50,600	55,000	51,420	3,580
Gas/vehicles	18,000	20,000	18,242	1,758
Supplies	35,000	35,000	22,141	12,859
Instructional material	9,000	9,000	8,993	7
Lunches	61,500	61,500	63,566	(2,066)
Other material and supplies	11,500	16,000	15,422	578
Building & fixed equipment	15,000	-	5,025	(5,025)
Equipment	5,000	7,585	-	7,585
Computer equipment	20,925	48,824	21,074	27,750
Improvements	700	-	-	-
Software	-	147	-	147
Buses	-	9,204	34,996	(25,792)
Software subscriptions	48,300	37,306	36,356	950
Fees/miscellaneous	5,000	5,000	2,957	2,043
Auto tags	500	500	149	351
Substitutes/temporary	13,000	13,000	-	13,000
Total expenditures	<u>1,879,185</u>	<u>1,870,658</u>	<u>1,691,491</u>	<u>179,167</u>
Net change in fund balance	<u>(304,930)</u>	<u>(295,176)</u>	<u>(59,859)</u>	<u>235,317</u>
Fund balance at July 1, 2022	<u>395,955</u>	<u>702,307</u>	<u>773,012</u>	<u>70,705</u>
Fund balance at June 30, 2023	<u>\$ 91,025</u>	<u>\$ 407,131</u>	<u>\$ 713,153</u>	<u>\$ 306,022</u>

See note to required supplemental information.

OKALOOSA ACADEMY, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charter school capital outlay	\$ 90,000	\$ 137,240	\$ 140,650	\$ 3,410
County local sales tax	160,000	160,000	159,084	(916)
Total revenues	<u>250,000</u>	<u>297,240</u>	<u>299,734</u>	<u>2,494</u>
Expenditures				
Insurance	2,800	10,000	7,306	2,694
Repairs/maintenance	15,000	8,000	8,467	(467)
Inspections	13,000	13,000	-	13,000
Equipment	2,600	2,600	-	2,600
Building and fixed equipment	118,239	-	-	-
Improvements	7,080	178,492	211,113	(32,621)
Total expenditures	<u>158,719</u>	<u>212,092</u>	<u>226,886</u>	<u>(14,794)</u>
Net change in fund balance	91,281	85,148	72,848	(12,300)
Fund balance at July 1, 2022	282,043	282,043	282,043	-
Fund balance at June 30, 2023	<u>\$ 373,324</u>	<u>\$ 367,191</u>	<u>\$ 354,891</u>	<u>\$ (12,300)</u>

See note to required supplemental information.

OKALOOSA ACADEMY, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2023

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for all governmental activities and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2023, have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
John J. Rody, Jr.
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

To the Board of Directors of
Okaloosa Academy, Inc.
Fort Walton Beach, 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, each major fund, and the aggregate remaining fund information of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, 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 October 13, 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.

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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 13, 2023



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
John J. Rody, Jr.
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

MANAGEMENT LETTER

To the Board of Directors of
Okaloosa Academy, Inc.
Fort Walton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of Okaloosa Academy, Inc. (the "School"), a component unit of the Okaloosa County School District, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 13, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 October 13, 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. In connection with our audit, the School did not have prior year findings.

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 entity is *Okaloosa Academy, Inc. and 9800*.

Financial Condition and Management

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

Financial Condition and Management (continued)

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, required that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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 note any such findings.

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 13, 2023

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2023, there were no management finding, recommendations or responses.