

**PENSACOLA STATE COLLEGE  
CHARTER ACADEMY**

**A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2023 AND THE PERIOD FROM  
INCEPTION (JUNE 21, 2022) TO JUNE 30, 2022**

**PENSACOLA STATE COLLEGE  
CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023 AND THE PERIOD FROM INCEPTION  
(JUNE 21, 2022) TO JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Trustees  
Pensacola State College Charter Academy  
Pensacola, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Pensacola State College Charter Academy (the "Charter Academy"), a Charter School and restricted fund of Pensacola State College (the "College"), as of and for the year ended June 30, 2023 and the period from inception (June 21, 2022) to June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter Academy'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 financial position of the Charter Academy as of June 30, 2023 and 2022, and the changes in financial position and cash flows for the year and period then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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 Charter Academy 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 opinion.

#### ***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 Charter Academy'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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### ***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 Charter Academy'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 Charter Academy'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.

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***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Charter Academy and do not purport to, and do not present fairly, the financial position of the Pensacola State College, as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on Pages 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, on our consideration of the Charter Academy'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 Charter Academy'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 Charter Academy's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
September 18, 2023

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER ACADEMY AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE  
JUNE 30, 2023**

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

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**INTRODUCTION**

The following discussion and analysis provides an overview of the financial position and activities of the Pensacola State College Charter Academy (the "Charter Academy") for the year ended June 30, 2023 and period ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnote disclosures that follow this section. Responsibility for the completeness and fairness of this information rests with the Charter Academy's management. The discussion and analysis includes information relating to the financial position and activities of the Charter Academy as a restricted fund of Pensacola State College (the "College").

**FINANCIAL HIGHLIGHTS**

The Charter Academy reported a positive net position balance of \$234,216 at June 30, 2023, with total assets of \$249,772 and liabilities of \$15,556. Net position, which represents the residual interest in the Charter Academy's assets and after liabilities are deducted, decreased \$125,878 during the 2022-2023 fiscal year. Total revenues were \$417,001 for the 2022-2023 fiscal year, while total expenses were \$542,879.

The Charter Academy operations commenced on April 2, 2022. The Charter Academy reported a positive net position balance of \$360,094 at June 30, 2022, with total assets of \$460,094 and liabilities of \$100,000. There were no revenues for the period from inception to June 30, 2022, while total expenses were \$39,906.

**USING THIS ANNUAL REPORT**

This report consists of three basic financial statements: (1) the statements of net position; (2) the statements of revenues, expenses and changes in net position; and (3) the statements of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require financial statements be presented on a nonconsolidated basis to focus on the Charter Academy as a whole. These statements present a long-term view of the Charter Academy's finances.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
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JUNE 30, 2023**

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

**THE STATEMENT OF NET POSITION**

The statement of net position presents the financial position of the Charter Academy at the end of the fiscal year and reflects all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the Charter Academy. Net position, the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is one indicator of the current financial condition of the Charter Academy, while the change in net position is an indicator of whether the overall financial condition has improved or declined during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical costs less an allowance for depreciation.

A summarized comparison of the Charter Academy's assets, liabilities, and net position is presented in the following table:

	June 30, 2023	June 30, 2022
<b>Assets</b>		
Total current assets	\$ 241,822	\$ 460,094
Total noncurrent assets	7,950	-
Total assets	\$ 249,772	\$ 460,094
<b>Liabilities</b>		
Total current liabilities	\$ 15,556	\$ 100,000
Total liabilities	\$ 15,556	\$ 100,000
<b>Net position</b>		
Invested in capital assets	\$ 7,950	\$ -
Unrestricted	226,266	360,094
Total net position	\$ 234,216	\$ 360,094

The Charter Academy has \$7,950 of noncurrent assets. A review of the Charter Academy's statements of net position at June 30, 2023 and 2022 shows that the Charter Academy's total assets decreased by \$210,322 and total liabilities decreased by \$84,444. Total assets decreased primarily due to the decrease in cash associated with expenditures exceeding revenue during the initial year of operation of the charter academy. Current liabilities decreased by \$84,444 compared to June 30, 2022, primarily due to the expenditure of restricted grant funds received in the previous year.

A review of the Charter Academy's statements of net position at June 30, 2023 and 2022 shows that the Charter Academy reported a positive net position balance of \$234,216 and \$360,094, respectively.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER ACADEMY AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE  
JUNE 30, 2023**

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

**THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The statement of revenues, expenses and changes in net position presents the Charter Academy's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or non-operating.

A comparison of the Charter Academy's revenues, expenses and changes in net position for the fiscal year ended 2023 with the period of inception through June 30, 2022 are shown in the following table:

	<b>For the Year Ended June 30, 2023</b>	<b>Inception (June 21, 2022) to June 30, 2022</b>
<b>REVENUES</b>		
Operating revenues	\$ -	\$ -
Total operating revenues	-	-
<b>EXPENSES</b>		
Operating expenses		
Salaries	148,184	32,798
Benefits	49,403	6,682
Contractual services	2,496	-
Other services and expenses	191,661	188
Materials and supplies	150,717	238
Depreciation	418	-
Total operating expenses	542,879	39,906
Operating loss	(542,879)	(39,906)
<b>NONOPERATING REVENUES</b>		
State appropriations from county school district	317,001	-
Nonoperating grants and contracts	100,000	-
Total nonoperating revenues	417,001	-
Loss before capital contributions	(125,878)	(39,906)
<b>CAPITAL CONTRIBUTIONS</b>		
Capital appropriations	-	400,000
Change in position	(125,878)	360,094
<b>NET POSITION</b>		
Net position, beginning	360,094	-
Net position, ending	\$ 234,216	\$ 360,094

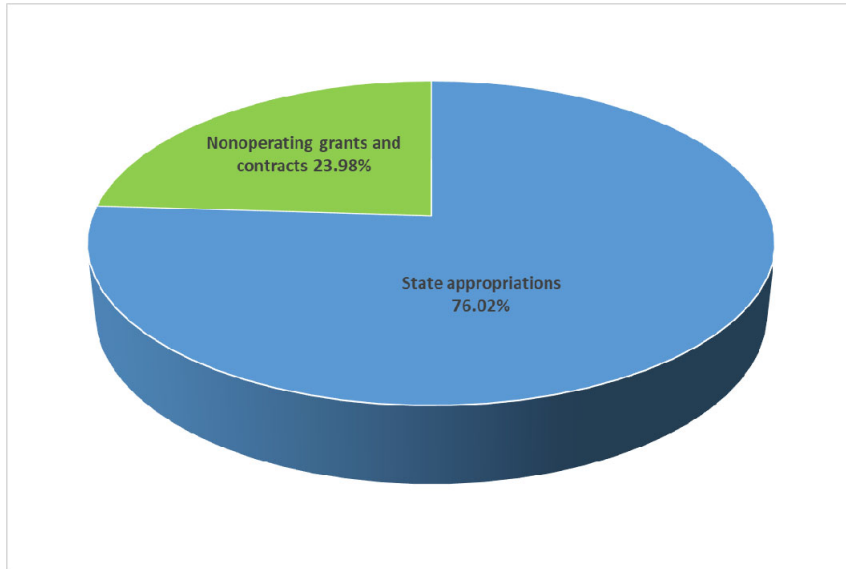


**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER ACADEMY AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE  
JUNE 30, 2023**

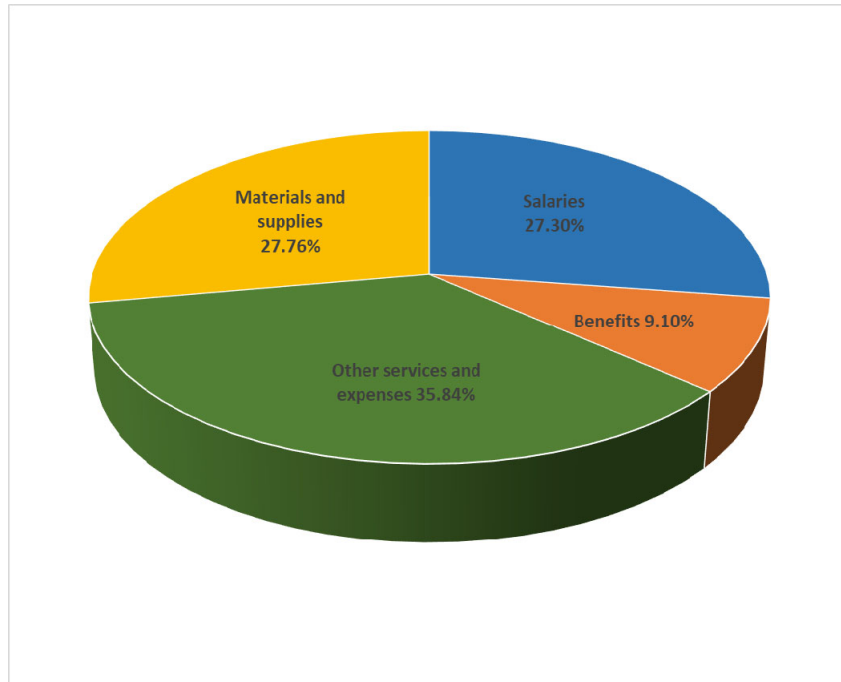
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

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The following is a graphical presentation of the Charter Academy's non-operating revenues for the 2022-2023 fiscal year:



A chart showing the Charter Academy expenses by percentage of total expenses for fiscal year 2022-2023 is as follows:



**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
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JUNE 30, 2023**

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

Charter Academy expenses increased during 2022-2023 since it was the first full year of operations. Payroll expenses accounted for 36.40% of total expenses in fiscal year 2022-2023.

**THE STATEMENT OF CASH FLOWS**

The statement of cash flows provides additional information about the Charter Academy's financial results by reporting the major sources and uses of cash. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- **An entity's ability to generate future net cash flows.**
- **Its ability to meet its obligations as they come due.**
- **Its need for external financing.**

A comparative summary of the statements of cash flows for the Charter Academy for the fiscal years ended June 30, 2023 and the period from inception (June 21, 2022) to June 30, 2022 is shown in the following table:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash provided (used) by		
Operating activities	\$ (526,905)	\$ (39,906)
Noncapital financing activities	317,001	500,000
Capital and related financing activities	<u>(8,638)</u>	<u>-</u>
Net increase (decrease) in cash	(218,542)	460,094
Cash, beginning	<u>460,094</u>	<u>-</u>
Cash, ending	<u><u>\$ 241,552</u></u>	<u><u>\$ 460,094</u></u>

The following discussion presents an overview of cash flows:

- During the fiscal year ended June 30, 2023, cash decreased by \$218,272. The decrease in cash was mainly due to the start-up expenditures needed during the initial year of operations of the academy, including facilities maintenance, technology, and supplies. Expenses incurred during the period ended June 30, 2022 were pre-opening activities related to Academy Administration.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
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JUNE 30, 2023**

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

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Charter Academy maintains an inventory of all assets with a value of \$1,000 and greater as well as various other items which follow the College policies. Florida colleges have established capitalization guidelines for financial reporting purposes. These guidelines provide that for financial reporting purposes, furniture and equipment with a value less than \$5,000; buildings and other structures valued less than \$25,000; and all library books and certain computer software are expensed in the year of purchase. The building used by the Charter Academy is the property of the College. The Charter Academy has one capital asset reported net of accumulated depreciation in the amount of \$7,950.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The economic position of the Charter Academy is closely tied to that of the State of Florida and Pensacola State College. Fiscal year 2022-2023 was the first year of full operation for the Charter Academy and the FEFP funding received through the Escambia County Academy District was based on headcount. The State funding coming through Pensacola State College for the 2023-2024 fiscal year increased substantially, which will allow increased levels of service. The increased funding will be used to enhance the Charter Academy operations through continued growth of educational programs, improved student access, and overall excellence in the service to its students.

**REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Business Affairs, Pensacola State College, 1000 College Boulevard, Pensacola, Florida 32504.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**STATEMENTS OF NET POSITION  
JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 241,822	\$ 460,094
Noncurrent assets		
Capital assets, net of accumulated depreciation	7,950	-
<b>TOTAL ASSETS</b>	<b>249,772</b>	460,094
<b>CURRENT LIABILITIES</b>		
Accounts payable	11,487	-
Accrued expenses	4,069	-
Deferred grant revenue	-	100,000
Total current liabilities	<b>15,556</b>	100,000
<b>TOTAL LIABILITIES</b>	<b>15,556</b>	100,000
<b>NET POSITION</b>		
Invested in capital assets	7,950	-
Unrestricted	226,266	360,094
Total net position	<b>234,216</b>	360,094
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 249,772</b>	<b>\$ 460,094</b>

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

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
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**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023 AND THE PERIOD FROM INCEPTION  
(JUNE 21, 2022) TO JUNE 30, 2022**

	2023	2022
<b>REVENUES</b>		
Contributions and other revenue	\$ -	\$ -
Total operating revenue	-	-
<b>EXPENSES</b>		
Operating expenses		
Salaries	148,184	32,798
Benefits	49,403	6,682
Contractual services	2,496	-
Other services and expenses	191,661	188
Materials and supplies	150,717	238
Depreciation	418	-
Total operating expenses	542,879	39,906
Operating loss	(542,879)	(39,906)
<b>OTHER FINANCING SOURCES</b>		
State appropriations from college	-	-
State appropriations from county school district	317,001	-
Nonoperating grants and contracts	100,000	-
Total nonoperating revenues	417,001	-
Deficit before capital contributions	(125,878)	(39,906)
<b>CAPITAL CONTRIBUTIONS</b>		
Pensacola State College contribution	-	400,000
Change in net position	(125,878)	360,094
<b>NET POSITION</b>		
Net position, beginning of year	360,094	-
Net position, end of year	\$ 234,216	\$ 360,094

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

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
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**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023 AND THE PERIOD FROM INCEPTION  
(JUNE 21, 2022) TO JUNE 30, 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers for goods and services	\$ (333,387)	\$ (426)
Payments to employees	(144,115)	(32,798)
Payments for benefits	(49,403)	(6,682)
Net cash used in operating activities	(526,905)	(39,906)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations from county school district	317,001	-
Grant funds	-	100,000
Pensacola State College contribution	-	400,000
Net cash provided by noncapital financing activities	317,001	500,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(8,368)	-
Net cash used in capital and related financing activities	(8,368)	-
Net increase (decrease) in cash	(218,272)	460,094
Cash, beginning of year	460,094	-
Cash, end of year	\$ 241,822	\$ 460,094
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (542,879)	\$ (39,906)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	418	-
Increase in accounts payable	11,487	-
Increase in other payable	4,069	-
Net cash used in operating activities	\$ (526,905)	\$ (39,906)

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

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: Pensacola State College Charter Academy (the “Charter Academy”) is a restricted fund of Pensacola State College (the “College”). The financial statements present only the financial position, changes in financial position and cash flows of only that portion of the business-type activities of the College applicable to the operations of the Charter Academy. The general operating authority of the Charter Academy is contained in Section 1002.33, Florida Statutes. The Charter Academy operates under a charter with the sponsoring school district, the School Board of Escambia County, Florida (“Sponsor”). As part of their financial reporting responsibilities, the Sponsor may evaluate the Charter Academy as a component unit of the sponsoring school district. The initial charter was approved on June 21, 2022 and is effective until June 30, 2027. The charter can be renewed every five school years or longer by mutual written agreement of the parties, pursuant to Florida law. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor is required to notify the Charter Academy, in writing, at least 90 days prior to the charter’s expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown.

Basis of Presentation: The Charter Academy’s accounting policies conform to accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provide the College and the Charter Academy with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The Charter Academy has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management’s Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements

The records of the Charter Academy are maintained as a fund on the books of the College and, accordingly, they follow the same basis of presentation.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting: Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Charter Academy's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The Charter Academy's principal operating activity is instruction. Since student fees are not assessed for instruction, no operating revenue is reported. Operating expenses generally include all transactions directly related to instruction as well as administration, support, student services, and operations. Non-operating revenues include state noncapital appropriations and grant income. There is no investment income for the year ended June 30, 2023 or period of inception ended June 30, 2022.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Charter Academy's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Cash and Cash Equivalents: The amount reported as cash consists of cash on hand and cash in demand deposit accounts. Cash deposits of the Charter Academy are held by banks designated as qualified public depositories under Florida Statute Chapter 280. All such deposits are insured by federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool.

Capital Assets: The College and, therefore, the Charter Academy, have a capitalization threshold of \$5,000 for tangible personal property. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Leased Assets – 50 years
- Building – 40 years
- Other Structures and Improvements – 10 to 25 years
- Furniture, Machinery, and Equipment – 3 to 7 years



**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Position: Net position represents the difference between assets, deferred outflows of resources, and liabilities, deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as restricted net position is reported as unrestricted net position.

Revenue Sources: Revenue for current operations is received primarily from the School Board of Escambia County, Florida pursuant to the funding provisions included in the Charter Academy's charter. In accordance with the funding provisions of the charter and Section 1002.33(18)(b), Florida Statutes, the Charter Academy reports the number of full-time equivalent (FTE) students and related data to the District. The Charter Academy received \$100,000 in grant funding from the Gulf Power Foundation, Inc. State appropriations, contributions, and grant funding are classified as nonoperating revenue. The level of the Charter Academy's operations and program services may be impacted or discontinued if funding is not renewed.

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 certain reported amounts and disclosures. Accordingly, actual amounts could differ from the estimates.

**NOTE 2. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2023, is shown in the following table:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets being depreciated				
Equipment, furniture and fixtures	\$ -	\$ 8,368	\$ -	\$ 8,368
Total assets being depreciated	-	8,368	-	8,368
Less accumulated depreciation				
Total accumulated depreciation	-	(418)	-	(418)
Total depreciable capital assets, net	\$ -	\$ 7,950	\$ -	\$ 7,950

There were no capital assets purchased during the period ended June 30, 2022.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. COMPENSATED ABSENCES**

College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, state noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations.

At June 30, 2023, the estimated liability for compensated absences payable to two Charter Academy employees, including the College's share of the Florida Retirement System and FICA contributions, totaled \$3,492 and has not been accrued in the statement of net position. There was no estimated liability as of June 30, 2022.

**NOTE 4. FUNCTIONAL DISTRIBUTION OF EXPENSES**

Operating expenses on the statement of revenues, expenses, and change in net position are presented in natural classifications. Below are those same expenses presented in functional classifications as recommended by NACUBO. The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. Functional classification of expenses for the year ended June 30, 2023 is summarized in the following table:

	<b>2023</b>
Instruction	<b>\$ 185,788</b>
Academic support	<b>112,725</b>
School administration	<b>165,550</b>
Food service	<b>427</b>
Maintenance of plant	<b>45,088</b>
Board	<b>18,153</b>
Exceptional education	<b>14,730</b>
Depreciation	<b>418</b>
Total operating expenses	<b><u>\$ 542,879</u></b>

Expenses incurred totaling \$39,906 during the period ended June 30, 2022 were pre-opening activities related to School Administration.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5. STATE RETIREMENT PROGRAMS**

*Florida Retirement System*

The College participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the College implemented Governmental Accounting Standards Board (GASB) Statement No 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plan. As a department of the College, the Charter Academy's net pension liability is aggregated within the College's net pension liability and the Charter Academy's OPEB liability is aggregated within the College's OPEB liability. Please refer to the Pensacola State College audited financial statements, in which complete pension and OPEB disclosures are reported.

Essentially all regular employees of the College, including the Charter Academy are eligible to enroll as members of the state administered FRS. Provisions relating to FRS 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 eligibility, contributions, and benefits are defined and described in detail.

The FRS is a cost-sharing, multiple-employer public-employee retirement system with two defined benefit plans and other nonintegrated programs administered by the Department of Management Services, Division of Retirement. These include a defined-benefit pension plan (Pension Plan) and a defined contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Pension Plan prior to July 1, 2011 vest at six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011 vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

All members enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65, or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Pension Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Pension Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)**

The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

*Contributions*

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during for the year ended June 30, 2023 were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer <sup>(a)</sup>
FRS - Regular	3.00%	11.91%
FRS - Senior Management Services	3.00%	31.57%

<sup>(a)</sup> Employer rates include 1.66% for the post-employment mental health insurance subsidy. Also, employer rates, include .06% for administrative costs of the Investment Plan.

Contribution rates during for the period ended June 30, 2022 were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer <sup>(a)</sup>
FRS - Regular	3.00%	10.82%
FRS - Senior Management Services	3.00%	29.01%

<sup>(a)</sup> Employer rates include 1.66% for the post-employment mental health insurance subsidy. Also, employer rates, include .06% for administrative costs of the Investment Plan.

The Charter Academy's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The Charter Academy's contributions to the state administered FRS for the year ended June 30, 2023 were \$17,724 and \$3,411 for the period ended June 30, 2022.

During the year ended June 30, 2023, there were four Charter Academy participants enrolled in the Pension Plan and no participants enrolled in the Investment Plan. Employee contributions totaled \$4,446 for the year ended June 30, 2023.

During the period ended June 30, 2022, there were two Charter Academy participants enrolled in the Pension Plan and no participants enrolled in the Investment Plan. Employee contributions totaled \$984 for the period ended June 30, 2022.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)**

An Annual Comprehensive Financial Report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement. The FRS Investment Plan is administered by the Florida State Board Administration (SBA) and is reported in an SBA annual financial statement and in the State of Florida Annual Comprehensive Financial Report.

*Other Post-Employment Benefits*

The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, for other post-employment benefits administered by the Florida College System Risk Management Consortium (Consortium). The College administers a single-employer defined benefit plan, Other Post-Employment Benefits Plan (OPEB Plan) that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's healthcare benefits including medical and prescription drug coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

**NOTE 6. RELATED PARTIES**

The College may make purchases on behalf of the Charter Academy and may seek reimbursement from the Charter Academy for various expenses. All employees of the Charter Academy are employees of the College.

Pensacola State College contributed \$400,000 during the period ended June 30, 2022 to help offset operating costs incurred or expected to be incurred for textbooks, nutrition, contracted services and educational supplies during the formation of the Charter Academy. There is no agreement to repay these funds.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6. RELATED PARTIES (CONTINUED)**

*Tuition*

Florida Statute Section 1007.271, *Dual Enrollment Programs*, addresses enrollment of eligible secondary students in post-secondary courses creditable toward high school completion and a career certificate or an associate or baccalaureate degree.

The statute requires each district school superintendent and each public post-secondary institution president to develop a comprehensive dual enrollment articulation agreement for the respective school district and post-secondary institution. Such agreement must be submitted annually to the Florida Department of Education. The components of the articulation agreement include a requirement for a funding provision that delineates costs incurred by each entity. The funding provision requirement further details that school districts shall pay public post-secondary institutions the standard tuition rate per credit hour from funds provided in the Florida Education Finance Program when dual enrollment course instruction takes place on the post-secondary institution's campus, and the course is taken during the fall or spring term. In accordance with this legislation, the College invoiced the Charter Academy for the number of semester hours taken by Charter Academy students for classes at Pensacola State College, multiplied by the standard tuition rate per credit hour, for the fall and spring terms. The Charter Academy recorded this tuition expense totaling \$108,546 for the year ended June 30, 2023. There was no tuition expense for the period ended June 30, 2022.

**NOTE 7. RISKS AND UNCERTAINTIES**

**Risk Management Programs**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to \$100 million for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**PENSACOLA STATE COLLEGE CHARTER ACADEMY  
A CHARTER SCHOOL AND RESTRICTED FUND OF  
PENSACOLA STATE COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8. SUBSEQUENT EVENTS**

The Charter Academy has evaluated all subsequent events through September 18, 2023 the date the financial statements were available to be issued.



**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**

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Board of Trustees  
Pensacola State College Charter Academy  
Pensacola, 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 Pensacola State College Charter Academy (the "Charter Academy"), a Charter School and restricted fund of Pensacola State College, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Charter Academy's basic financial statements, and have issued our report thereon dated September 18, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Academy's internal control.

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

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



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## Report on Compliance and Other Matters

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

## Purpose of this Report

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

Bradenton, Florida  
September 18, 2023

*Mauldin & Jenkins, LLC*



## MANAGEMENT LETTER

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Board of Trustees  
Pensacola State College Charter Academy  
Pensacola, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Pensacola State College Charter Academy (the "Charter Academy"), a Charter School and restricted fund of Pensacola State College, as of and for the fiscal year ended June 30, 2023 and for the period from inception (June 21, 2022) to June 30, 2022 and have issued our report thereon dated September 18, 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 Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, dated September 18, 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. This is the first audit of a newly created Charter School, there are no prior audits.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the Charter School is Pensacola State Charter Academy; 2102.

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## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Charter Academy. It is management's responsibility to monitor the Charter Academy'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 the 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 Charter Academy maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Charter Academy maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes; however, audited financial statements were excluded as this is the first year of operations and audit.

## **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 the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, applicable management, and the School District of Escambia County and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
September 18, 2023