

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

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

JUNE 30, 2023



CONTENTS

	<u>Page</u>
Management’s Discussion and Analysis	1 – 7
Independent Auditor’s Report on Basic Financial Statements and Supplementary Information	8 – 11
Basic Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18 – 37
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	38
Budgetary Comparison Schedule – Special Revenue Fund	39
Schedule of Proportionate Share of Net Pension Liability (Asset)	40
Schedule of Contributions – Pension Plans	41
Schedule of Changes in the School’s Total OPEB Liability and Related Ratios	42
Schedule of Expenditures of Federal Awards	43 – 44
Note to Schedule of Expenditures of Federal Awards	45
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>	46 – 47
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	48 – 50
Schedule of Findings and Questioned Costs	51 – 52
Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers:</i>	
Management Letter	53 – 55

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Spring Creek Charter School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2023, the School's expenses exceeded revenues by \$397,185, which was a decrease from the prior year when revenues exceeded expenses by \$317,878.
- Overall, revenues increased by approximately \$683,000, which was a 10% increase from the prior year.
- Overall, expenses increased by approximately \$1,398,000, which was a 20% increase from the prior year.
- Total assets and deferred outflows were \$4,316,163 and total liabilities and deferred inflows were \$5,441,185, resulting in net position of \$(1,125,022) as of June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The School has one type of fund:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2023 and 2022 is summarized as follows – see table below:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Current and other assets	\$ 1,717,501	\$ 2,375,758	-28%
Capital assets, net	939,862	491,189	91%
Deferred outflows of resources	1,658,800	1,192,483	39%
Total assets and deferred outflows	<u>4,316,163</u>	<u>4,059,430</u>	<u>6%</u>
Current and other liabilities	537,019	1,098,889	-51%
Long-term liabilities	4,596,288	1,993,695	131%
Deferred inflows of resources	307,878	1,694,683	-82%
Total liabilities and deferred inflows	<u>5,441,185</u>	<u>4,787,267</u>	<u>14%</u>
Net position:			
Net investment in capital assets	259,923	254,727	2%
Restricted for terminal employee benefits	30,000	30,000	0%
Restricted for food service	221,295	250,422	-12%
Restricted for student activities	94,894	95,635	-1%
Unrestricted	<u>(1,731,134)</u>	<u>(1,358,621)</u>	<u>-27%</u>
Total net position	<u>\$ (1,125,022)</u>	<u>\$ (727,837)</u>	<u>-55%</u>

Current and other assets decreased due to the timing of cash receipts and disbursements during the year. Capital assets, net increased as a result of capital asset purchases in excess of depreciation expense. The changes in deferred outflows of resources, long-term liabilities and deferred inflows of resources are due to an increase in borrowings, net of the related payments, and the remeasurement of the net pension liability and the other post-employment benefits obligation for fiscal 2023. The change in unrestricted net position is the result of current year operations and the activity noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Change in Net Position

The School's total revenues increased by 10% to \$7,865,510, and the cost of all programs and services increased by 20% to \$8,262,695 – see table below:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Revenues:			
Federal sources	\$ 2,357,325	\$ 2,489,103	-5%
State and local sources	5,010,184	4,408,882	14%
Contributions and other revenue	498,001	284,620	75%
Total revenues	<u>7,865,510</u>	<u>7,182,605</u>	<u>10%</u>
Expenses:			
Instruction and instruction-related services	4,901,114	3,775,921	30%
Board	56,135	56,172	0%
General administration	96,252	95,988	0%
School administration	825,025	542,580	52%
Facilities acquisition and construction	10,750	27,951	-62%
Food services	1,347,814	1,351,616	0%
Pupil transportation services	407,750	389,374	5%
Operation and maintenance of plant	470,076	473,234	-1%
Community services	134,157	136,137	-1%
Interest	13,622	15,754	-14%
Total expenses	<u>8,262,695</u>	<u>6,864,727</u>	<u>20%</u>
Change in net position	<u>\$ (397,185)</u>	<u>\$ 317,878</u>	<u>-225%</u>

Revenues from federal sources decreased due to less food program reimbursements, offset by increases in federal funding from the Elementary and Secondary School Emergency Relief ("ESSER") Fund, IDEA and Title I. The School is the food service provider for Round Lake Charter, Inc. and Altoona School, Inc. During the current year, Round Lake became ineligible for 100% free meals, which resulted in less reimbursements under the Child Nutrition Cluster. Revenues from state and local sources increased due to an increase in student enrollment. Contributions and other revenue increased due to increases in student activities and increased food program revenues collected from Round Lake students.

Instruction and instruction-related services and school administration increased due to salary increases and increases in compensated absences and pension expense during the year, primarily as a result of increased enrollment.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$1,180,482. Both revenues and expenditures changed overall for the same reasons described above.

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

General Fund Budgetary Highlights

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

For 2023, actual general fund revenues were approximately \$13,000 above the final budget, which represents a less than 1% budget variance. Actual general fund expenditures were approximately \$414,000 above the final budget, which represents an 8% budget variance. Excluding capital outlay expenditures of \$408,614 related to the modular building lease, general fund expenditures were approximately \$5,000 over the final budget, which represents a less than 1% budget variance.

Special Revenue Fund Budgetary Highlights

For 2023, actual special revenue fund revenues were approximately \$129,000 above the final budget, which represents a 5% budget variance. Actual special revenue fund expenditures were approximately \$134,000 above the final budget, which represents a 5% budget variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2023 amounts to \$939,862 (net of accumulated depreciation). See table below:

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2023</u>	<u>2022</u>	
Construction in progress	\$ 408,614	\$ -	100%
Furniture, fixtures and equipment	390,092	226,206	72%
Motor vehicles	921,620	921,620	0%
Less accumulated depreciation	(780,464)	(656,637)	-19%
Total capital assets, net	<u>\$ 939,862</u>	<u>\$ 491,189</u>	<u>91%</u>

This year's major capital asset additions include the following:

- Construction in progress - modular buildings - \$408,614
- Wireless network - \$88,135
- Chromebooks - \$74,590
- Copiers - \$36,731

The School disposed of several copiers during the current year. More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Long-Term Debt

As of June 30, 2023, the School had \$4,596,288 in long-term liabilities outstanding. This year's major long-term liability additions include the following:

- Compensated absences - \$178,786
- Line of credit with a financial institution - \$100,000
- Lease liabilities - \$394,579
- Net pension liability - \$1,997,825

Scheduled payments reduced the lease liabilities outstanding in the current year. More detailed information about the School's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2024:

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

Amounts available for appropriation in the general fund are approximately \$5,400,000, an increase of 5% from the final 2023 amount of \$5,135,230. Budgeted expenditures are expected to be approximately \$6,013,000, an increase of 5% from the final 2023 amount of \$5,704,990. The School has added no major new programs to the fiscal 2024 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to decrease by the close of fiscal 2024.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 44440 Spring Creek Road, Paisley, Florida 32767.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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

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

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 on pages 1 – 7, the budgetary comparison information on pages 38 – 39, the pension information on pages 40 – 41 and the other postemployment benefit information on page 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Orlando, Florida
November 6, 2023

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

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,343,672
Accounts receivable	323,895
Prepaid expenses	49,934
Capital assets, net	939,862
Total assets	2,657,363
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	1,658,800
Total assets and deferred outflows of resources	\$ 4,316,163
LIABILITIES	
Accounts payable and accrued expenses	\$ 493,013
Due to the District School Board of Lake County, Florida	44,006
Long-term liabilities:	
Due within one year	447,732
Due in more than one year	4,148,556
Total liabilities	5,133,307
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	307,878
NET POSITION	
Net investment in capital assets	259,923
Restricted for:	
Terminal employee benefits	30,000
Food service	221,295
Student activities	94,894
Unrestricted	(1,731,134)
Total net position	(1,125,022)
Total liabilities, deferred inflows of resources and net position	\$ 4,316,163

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

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 4,409,688	\$ -	\$ 978,554	\$ -	\$ (3,431,134)	\$ (3,431,134)
Student support services	280,156	-	41,445	-	(238,711)	(238,711)
Instructional media	71,747	-	-	-	(71,747)	(71,747)
Instruction and curriculum development	91,503	-	-	-	(91,503)	(91,503)
Instructional staff training	48,020	-	40,543	-	(7,477)	(7,477)
Board	56,135	-	-	-	(56,135)	(56,135)
General administration	96,252	-	-	-	(96,252)	(96,252)
School administration	825,025	-	36	-	(824,989)	(824,989)
Facilities acquisition and construction	10,750	-	-	-	(10,750)	(10,750)
Food services	1,347,814	253,090	1,050,319	-	(44,405)	(44,405)
Pupil transportation services	407,750	-	10,927	-	(396,823)	(396,823)
Operation and maintenance of plant	470,076	-	73,029	-	(397,047)	(397,047)
Community services	134,157	-	134,157	-	-	-
Interest	13,622	-	-	-	(13,622)	(13,622)
Total primary government	<u>\$ 8,262,695</u>	<u>\$ 253,090</u>	<u>\$ 2,329,010</u>	<u>\$ -</u>	<u>(5,680,595)</u>	<u>(5,680,595)</u>
General revenues:						
Federal sources passed through local school district					28,315	28,315
State and local sources					5,010,184	5,010,184
Contributions and other revenue					244,911	244,911
Total general revenues					<u>5,283,410</u>	<u>5,283,410</u>
Change in net position					(397,185)	(397,185)
Net position at beginning of year					(727,837)	(727,837)
Net position at end of year					<u>\$ (1,125,022)</u>	<u>\$ (1,125,022)</u>

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,005,483	\$ 338,189	\$ 1,343,672
Accounts receivable	22,014	301,881	323,895
Prepaid expenses	49,934	-	49,934
Due from special revenue fund	301,881	-	301,881
Total assets	<u>\$ 1,379,312</u>	<u>\$ 640,070</u>	<u>\$ 2,019,382</u>
 LIABILITIES			
Accounts payable and accrued expenditures	\$ 493,013	\$ -	\$ 493,013
Due to the District School Board of Lake County, Florida	44,006	-	44,006
Due to general fund	-	301,881	301,881
Total liabilities	<u>537,019</u>	<u>301,881</u>	<u>838,900</u>
 FUND BALANCES			
Non-spendable:			
Prepaid expenses	49,934	-	49,934
Endowment fund principal	-	22,000	22,000
Restricted for:			
Terminal employee benefits	30,000	-	30,000
Food service	-	221,295	221,295
Student activities	-	94,894	94,894
Unassigned	762,359	-	762,359
Total fund balances	<u>842,293</u>	<u>338,189</u>	<u>1,180,482</u>
Total liabilities and fund balances	<u>\$ 1,379,312</u>	<u>\$ 640,070</u>	<u>\$ 2,019,382</u>

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

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

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

JUNE 30, 2023

Total fund balances - governmental funds	\$	1,180,482
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,720,326 and the accumulated depreciation is \$780,464.		939,862
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:

Compensated absences		(357,746)
Line of credit		(100,000)
Lease liabilities		(579,939)

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

Deferred outflows of resources		1,658,800
Net pension liability		(3,371,254)
Other postemployment benefits obligation		(187,349)
Deferred inflows of resources		(307,878)

Total net position - governmental activities	\$	<u>(1,125,022)</u>
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The accompanying notes to financial statements are an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal sources passed through state	\$ -	\$ 1,050,319	\$ 1,050,319
Federal sources passed through local school district	-	1,307,006	1,307,006
State and local sources	5,010,184	-	5,010,184
Contributions and other revenue	125,046	386,506	511,552
Total revenues	<u>5,135,230</u>	<u>2,743,831</u>	<u>7,879,061</u>
EXPENDITURES			
Current:			
Instruction	3,205,760	978,554	4,184,314
Student support services	238,711	41,445	280,156
Instructional media	71,747	-	71,747
Instruction and curriculum development	91,503	-	91,503
Instructional staff training	7,477	40,543	48,020
Board	56,135	-	56,135
General administration	96,252	-	96,252
School administration	733,938	36	733,974
Facilities acquisition and construction	419,364	-	419,364
Food services	-	1,332,536	1,332,536
Pupil transportation services	307,551	10,927	318,478
Operation and maintenance of plant	366,182	73,029	439,211
Community services	-	134,157	134,157
Debt service:			
Principal	51,102	-	51,102
Interest	13,622	-	13,622
Capital outlay	45,646	153,810	199,456
Total expenditures	<u>5,704,990</u>	<u>2,765,037</u>	<u>8,470,027</u>
Excess (deficiency) of revenues over expenditures	<u>(569,760)</u>	<u>(21,206)</u>	<u>(590,966)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from line of credit	100,000	-	100,000
Proceeds from lease liabilities	394,579	-	394,579
Operating transfers in	8,662	-	8,662
Operating transfers out	-	(8,662)	(8,662)
Total other financing sources (uses)	<u>503,241</u>	<u>(8,662)</u>	<u>494,579</u>
Net changes in fund balances	(66,519)	(29,868)	(96,387)
Fund balances at beginning of year	908,812	368,057	1,276,869
Fund balances at end of year	<u>\$ 842,293</u>	<u>\$ 338,189</u>	<u>\$ 1,180,482</u>

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net changes in fund balances - total governmental funds \$ (96,387)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$608,070) exceed depreciation expense (\$145,846) in the current period. 462,224

In the statement of activities, the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed. (13,551)

Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (178,786)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Proceeds from line of credit (100,000)
Proceeds from lease liabilities (394,579)

Principal payments on lease liabilities are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 51,102

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

Change in net pension liability, deferred outflows and deferred inflows (129,517)
Change in other post employment benefits obligation, deferred outflows and deferred inflows 2,309

Change in net position of governmental activities \$ (397,185)

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Spring Creek Charter School, Inc., (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than fifteen members. Effective July 1, 1998, the School converted from a traditional public school to a public charter school.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2037 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation

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

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. 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. 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.

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

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

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

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

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

Governmental Funds:

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

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

For purposes of these statements, the general and special revenue funds are considered major funds. There are no other governmental funds.

Basis of Accounting

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The government-wide fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

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

Budgetary Basis Accounting

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

Cash and Cash Equivalents

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

Receivables

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

Capital Assets and Depreciation

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 7.

Long-Term Liabilities

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

Fund Balance Spending Policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the governing body or to an official to which the governing body delegates the authority. Under the School's charter, the School is required to develop a fund balance reserve of \$30,000 for terminal employee benefits. The School is also required to maintain a minimum fund balance within the general fund at the percentage of the total annual operating fund revenues from the general fund that is equal to the percentage defined by the School Board's policies for the school district. The School is in compliance with these requirements as of June 30, 2023.

Revenue Sources

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

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

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events through November 6, 2023, the date these financial statements were available to be issued.

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$301,881 in amounts due from governmental agencies and \$22,014 in other receivables from third parties. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 301,881	\$ -
Special revenue fund	-	301,881
Total interfund	<u>\$ 301,881</u>	<u>\$ 301,881</u>

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

A summary of transfers between funds for the year ended June 30, 2023 is shown below:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General fund	\$ 8,662	\$ -
Special revenue fund	-	8,662
Total interfund	<u>\$ 8,662</u>	<u>\$ 8,662</u>

The general purpose for transfers is to move funds for the payment of equipment and other costs.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

4 CHANGES IN CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 408,614	\$ -	\$ 408,614
Total capital assets not being depreciated	-	408,614	-	408,614
Capital assets being depreciated:				
Furniture, fixtures and equipment	226,206	199,456	(35,570)	390,092
Motor vehicles	921,620	-	-	921,620
Total capital assets being depreciated	1,147,826	199,456	(35,570)	1,311,712
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(139,312)	(56,574)	22,019	(173,867)
Motor vehicles	(517,325)	(89,272)	-	(606,597)
Total accumulated depreciation	(656,637)	(145,846)	22,019	(780,464)
Capital assets being depreciated, net	491,189	53,610	(13,551)	531,248
Governmental activities capital assets, net	\$ 491,189	\$ 462,224	\$ (13,551)	\$ 939,862

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 48,093
School administration	8,481
Pupil transportation services	89,272
Total governmental activities depreciation expense	\$ 145,846

5 DUE TO THE SCHOOL BOARD

The amount due to the School Board as of June 30, 2023 of \$44,006 includes expenses/expenditures for various fees and services.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

6 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable as of June 30, 2023 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

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

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

Employee Benefit Plans

The School sponsors a 403(b) defined contribution plan and a 457(b) deferred compensation plan (the "Plans"). The Plans operate under Section 403(b) and Section 457(b) of the Internal Revenue Code. Substantially all employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plans. Under the terms of the Plans, employer contributions shall be made in accordance with any applicable collective bargaining agreements or employment contracts as shall be determined from time to time by the Board of Directors. No employer contributions were made to the Plans during 2023.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

7 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 178,960	\$ 178,786	\$ -	\$ 357,746	\$ 357,746
Line of credit	-	100,000	-	100,000	-
Lease liabilities	236,462	394,579	(51,102)	579,939	89,986
Net pension liability	1,373,429	1,997,825	-	3,371,254	-
Other postemployment benefits obligation	204,844	-	(17,495)	187,349	-
Governmental activities, long-term liabilities	<u>\$ 1,993,695</u>	<u>\$2,671,190</u>	<u>\$ (68,597)</u>	<u>\$ 4,596,288</u>	<u>\$ 447,732</u>

Line of Credit

The School entered into a line of credit agreement (the "Line") with a bank for \$500,000. As of June 30, 2023, the School had \$100,000 outstanding on the Line. The agreement states that beginning July 2023, 12 interest-only payments are due on the outstanding balance at an interest rate of 5%. Beginning in July 2024, the Line requires 35 consecutive principal and interest payments of \$15,002. The Line matures in June 2027.

In conjunction with the Line, the school entered into a guaranty agreement with Building Hope services in June 2023. Building Hope agreed to serve as a guarantor for the Line up to \$500,000 for a 1% commitment fee of \$5,000 due on or before the effective date of the agreement and a prorated 1% fee of the outstanding guaranteed obligation on the effective date of the agreement for the first year and on January 1st of each subsequent year. Any fees not paid by the School on the due date shall bear interest at 6% annually and shall accrue until paid.

Lease Liabilities

The School leases a portion of its equipment and buildings under lease agreements that expire between 2025 and 2028. The equipment and building leases require monthly payments of principal and interest at rates between 4.2% and 7.7%.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Leased assets as of June 30, 2023 consist of the following:

	Governmental Activities
Furniture, fixtures and equipment	\$ 36,731
Motor vehicles	327,459
Modular buildings	408,614
Less accumulated depreciation	(113,419)
	\$ 659,385

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 89,986	\$ 44,129	\$ 134,115
2025	126,396	30,849	157,245
2026	170,380	18,425	188,805
2027	83,228	11,832	95,060
2028	87,111	5,409	92,520
2029	22,838	292	23,130
	\$ 579,939	\$ 110,936	\$ 690,875

8 PENSION PLANS

Pension Plan Descriptions

The Florida Department of Management Services, Division of Retirement (“Division”), is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (“System”). The School participates in two defined benefit plans administered by the Division. The Division issued a publicly-available, audited annual comprehensive financial report (“ACFR”) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online or by contacting the Division.

The Florida Retirement System (“FRS”) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (“DROP”) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported by the School is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3%	11.91%
Florida Retirement System, Reemployed Retiree	(B)	(B)

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

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

Assumptions and Other Inputs

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability if the discount rate was 1% lower or 1% higher than the current discount rate as of June 30, 2022:

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%	2.54%	3.54%	4.54%
\$ 4,179,859	\$ 2,416,895	\$ 942,853	\$ 1,091,862	\$ 954,359	\$ 840,573

The Pension Plans' Fiduciary Net Positions

Detailed information about the pension plans' fiduciary net positions is available in the System's separately issued ACFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2022, are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
Total pension liability	\$ 217,434,441	\$ 11,126,966
Plan fiduciary net position	(180,226,405)	(535,369)
Net pension liability	<u>\$ 37,208,036</u>	<u>\$ 10,591,597</u>
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%

The total pension liability for the FRS Pension Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

As of June 30, 2023, the School reported a liability of \$3,371,254 for its proportionate share of the net pension liabilities. The School's proportionate share was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ended June 30, 2013 through June 30, 2022, for employers that were members of the FRS and HIS during those fiscal years. The proportion calculated based on contributions for each of the fiscal years was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The School's proportions are as follows:

	FRS	HIS
June 30, 2022	0.0065%	0.0090%
June 30, 2021	0.0057%	0.0077%
Change	0.0008%	0.0013%

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

Employer contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense. The average expected remaining service life of all employees provided with pensions through the pension plans as of June 30, 2022, was 5.5 years for FRS and 6.4 years for HIS.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

For the year ended June 30, 2023, the School recognized pension expense of \$129,517. As of June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 143,757	\$ 4,199
Changes of assumptions	352,355	147,638
Net differences between projected and actual earnings on pension plan investments	160,969	-
Changes in proportion and differences between School contributions and proportionate share of contributions	587,544	51,545
School contributions subsequent to the measurement date	<u>394,795</u>	<u>-</u>
Total	<u>\$ 1,639,420</u>	<u>\$ 203,382</u>

Deferred outflows of resources related to the School's contributions paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Reporting Period Ended June 30:</u>	<u>Amount</u>
2024	\$ 251,532
2025	99,458
2026	(68,550)
2027	671,946
2028	70,657
Thereafter	16,200

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

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

Employees Covered by Benefit Terms

As of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	2
Total	4

Total OPEB Liability

The School's total OPEB liability of \$187,349 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation	2.25%
Salary increases	Salary increase rates used in the July 1, 2021 actuarial valuation of the Florida Retirement System; 3.4% - 7.8%, including inflation.
Discount rate	3.69%

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Healthcare cost trend rates	6.0% for 2022 (-8.8% in the first year for actual premiums), followed by 5.75% for 2023 and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.99% in 2040.
Retirement age	Retirement rates used in the July 1, 2021 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used in the July 1, 2021 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018

The discount rate was based on the municipal bond rate of 3.69% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date).

The actuarial assumptions used in the actuarial valuation were the same as those employed in the July 1, 2021 actuarial valuation of the FRS Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB actuarial valuation. These include assumed rates of future termination, mortality, disability and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2021 actuarial valuation of FRS Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Pension Plan.

Changes in the Total OPEB Liability

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

	<u>Amounts</u>
Balance at June 30, 2022	\$ 204,844
Service cost	14,593
Interest	4,130
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(27,581)
Benefit payments	<u>(8,637)</u>
Net changes	<u>(17,495)</u>
Balance at June 30, 2023	<u>\$ 187,349</u>

There were no benefit changes during the year.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The following changes in actuarial assumptions or other inputs occurred in 2023:

- The discount rate changed from 1.92% as of the beginning of the measurement period to 3.69% as of June 30, 2022.

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

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2022:

School's Proportionate Share of OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
2.69%	3.69%	4.69%
\$ 202,428	\$ 187,349	\$ 173,520

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

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2022:

School's Proportionate Share of Healthcare Cost Trend Rates		
1% Decrease	Current Rates	1% Increase
2.75%	3.75%	4.75%
\$ 168,102	\$ 187,349	\$ 209,944

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the School recognized OPEB income of \$2,309. As of June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,125	\$ 3,173
Changes of assumptions or other inputs	7,265	101,323
Benefits subsequent to the measurement date	<u>9,990</u>	<u>-</u>
Total	<u>\$ 19,380</u>	<u>\$ 104,496</u>

Deferred outflows of resources related to the School's benefits paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the other postemployment benefits obligation in the reporting period ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Reporting Period Ended June 30:</u>	<u>Amount</u>
2024	\$ (11,042)
2025	(11,042)
2026	(11,042)
2027	(11,042)
2028	(10,899)
Thereafter	(40,039)

10 RESTRICTED NET POSITION AND FUND BALANCE

Restricted net position and fund balance represents amounts that have been collected or received by the School for specific purposes and are restricted as to the use of such funds. Included in restricted net position and fund balance is \$30,000 held for terminal leave reserve, \$221,295 held for the food service program and \$94,894 held for student activities.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

11 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

Florida Education Finance Program	\$ 2,778,473
Class size reduction	568,558
Discretionary local effort	292,106
Additional millage	251,565
ESE guaranteed allocation	205,834
Transportation	202,669
Teacher salary increase allocation	138,937
Supplemental academic instruction	132,471
Pre-K Early Learning Coalition	126,033
Discretionary millage funds	122,957
Instructional materials	47,940
Safe schools	38,931
Funds compression allocation	31,777
Reading allocation	31,198
Mental health allocation	27,103
Teacher lead	13,632
	<hr/>
Total	<u>\$ 5,010,184</u>

The administration fee paid to the School Board during 2023 totaled approximately \$96,000, which is included in general administration expense/expenditure in the accompanying financial statements.

12 CAMPUS FACILITY

Title to the school building and facilities and other capital assets acquired prior to July 1, 1998 remains with the School Board. Florida Statutes provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the School Board to the charter school or to the parents and teachers who organize the charter school. In management's opinion, the value of facilities utilized by the School is significant; therefore, any substantial changes in Florida Statutes related to facilities used by conversion schools could have a material effect on the School's operations.

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 4,803,164	\$ 5,010,185	\$ 5,010,184	\$ (1)
Contributions and other revenue	586,303	112,242	125,046	12,804
Total revenues	<u>5,389,467</u>	<u>5,122,427</u>	<u>5,135,230</u>	<u>12,803</u>
EXPENDITURES				
Current:				
Instruction	3,053,450	3,218,613	3,205,760	12,853
Student support services	254,278	238,710	238,711	(1)
Instructional media	71,463	71,745	71,747	(2)
Instruction and curriculum development	78,255	91,503	91,503	-
Instructional staff training	18,078	7,477	7,477	-
Board	56,065	56,134	56,135	(1)
General administration	97,000	96,252	96,252	-
School administration	587,179	747,375	733,938	13,437
Facilities acquisition and construction	-	48,714	419,364	(370,650)
Pupil transportation services	379,957	364,535	307,551	56,984
Operation and maintenance of plant	473,379	349,902	366,182	(16,280)
Debt service:				
Principal	-	-	51,102	(51,102)
Interest	-	-	13,622	(13,622)
Other capital outlay	-	-	45,646	(45,646)
Total expenditures	<u>5,069,104</u>	<u>5,290,960</u>	<u>5,704,990</u>	<u>(414,030)</u>
Excess (deficiency) of revenues over expenditures	<u>320,363</u>	<u>(168,533)</u>	<u>(569,760)</u>	<u>(401,227)</u>
OTHER FINANCING SOURCES				
Proceeds from line of credit	-	-	100,000	100,000
Proceeds from lease liabilities	-	-	394,579	394,579
Operating transfers in	-	-	8,662	8,662
Total other financing sources	<u>-</u>	<u>-</u>	<u>503,241</u>	<u>503,241</u>
Net change in fund balance	320,363	(168,533)	(66,519)	102,014
Fund balance at beginning of year	908,812	908,812	908,812	-
Fund balance at end of year	<u>\$ 1,229,175</u>	<u>\$ 740,279</u>	<u>\$ 842,293</u>	<u>\$ 102,014</u>

See independent auditor's report.

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget-</u>
			<u>Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Federal sources passed through state	\$1,530,000	\$1,129,539	\$1,050,319	\$ (79,220)
Federal sources passed through local school district	565,130	1,232,442	1,307,006	74,564
Contributions and other revenue	80,000	253,090	386,506	133,416
Total revenues	<u>2,175,130</u>	<u>2,615,071</u>	<u>2,743,831</u>	<u>128,760</u>
EXPENDITURES				
Current:				
Instruction	573,220	1,053,125	978,554	74,571
Student support services	12,456	41,446	41,445	1
Instruction and curriculum development	278,031	-	-	-
Instructional staff training	140,555	40,542	40,543	(1)
School administration	-	79,256	36	79,220
Food services	1,389,437	1,332,550	1,332,536	14
Pupil transportation services	8,020	10,927	10,927	-
Operation and maintenance of plant	50,911	73,029	73,029	-
Community services	1,619	-	134,157	(134,157)
Capital outlay	-	-	153,810	(153,810)
Total expenditures	<u>2,454,249</u>	<u>2,630,875</u>	<u>2,765,037</u>	<u>(134,162)</u>
Excess of revenues over expenditures	<u>(279,119)</u>	<u>(15,804)</u>	<u>(21,206)</u>	<u>(5,402)</u>
OTHER FINANCING SOURCES				
Operating transfers out	-	-	(8,662)	(8,662)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(8,662)</u>	<u>(8,662)</u>
Net change in fund balance	(279,119)	(15,804)	(29,868)	(14,064)
Fund balance at beginning of year	<u>368,057</u>	<u>368,057</u>	<u>368,057</u>	<u>-</u>
Fund balance at end of year	<u>\$ 88,938</u>	<u>\$ 352,253</u>	<u>\$ 338,189</u>	<u>\$ (14,064)</u>

See independent auditor's report.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0065%	0.0057%	0.0053%	0.0058%	0.0052%	0.0061%	0.0069%	0.0069%	0.0067%	
School's proportionate share of the net pension liability (asset)	\$ 2,416,895	\$ 432,576	\$ 2,288,200	\$ 1,984,614	\$ 1,570,769	\$ 1,802,419	\$ 1,738,319	\$ 892,447	\$ 411,705	
School's covered-employee payroll	\$ 2,408,568	\$ 2,365,885	\$ 1,718,066	\$ 2,030,009	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905	
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100%	18%	133%	98%	74%	63%	70%	38%	18%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	83%	96%	79%	83%	84%	84%	85%	92%	96%	
Retiree Health Insurance Subsidy (HIS) Program										
School's proportion of the net pension liability (asset)	0.0090%	0.0077%	0.0077%	0.0083%	0.0074%	0.0087%	0.0099%	0.0092%	0.0089%	
School's proportionate share of the net pension liability (asset)	\$ 954,359	\$ 940,853	\$ 937,016	\$ 930,377	\$ 784,852	\$ 930,427	\$ 1,149,969	\$ 936,305	\$ 830,851	
School's covered-employee payroll	\$ 2,948,024	\$ 2,775,277	\$ 2,163,314	\$ 2,495,088	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905	
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32%	34%	43%	37%	37%	33%	46%	40%	36%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	5%	4%	3%	3%	2%	2%	1%	1%	1%	

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

See independent auditor's report.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 327,109	\$ 277,180	\$ 243,977	\$ 189,648	\$ 157,012	\$ 167,356	\$ 181,731	\$ 156,436	\$ 168,458	\$ 147,802
Contributions in relation to the contractually required contribution	<u>327,109</u>	<u>277,180</u>	<u>243,977</u>	<u>189,648</u>	<u>157,012</u>	<u>167,356</u>	<u>181,731</u>	<u>156,436</u>	<u>168,458</u>	<u>147,802</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 2,898,596	\$ 2,408,568	\$ 2,365,885	\$ 1,718,066	\$ 2,030,009	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905
Contributions as a percentage of covered-employee payroll	11%	12%	10%	11%	8%	8%	6%	6%	7%	6%
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 67,686	\$ 54,521	\$ 50,378	\$ 47,812	\$ 40,572	\$ 45,283	\$ 52,759	\$ 35,096	\$ 35,095	\$ 30,440
Contributions in relation to the contractually required contribution	<u>67,686</u>	<u>54,521</u>	<u>50,378</u>	<u>47,812</u>	<u>40,572</u>	<u>45,283</u>	<u>52,759</u>	<u>35,096</u>	<u>35,095</u>	<u>30,440</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 4,094,288	\$ 2,948,024	\$ 2,775,277	\$ 2,163,314	\$ 2,495,088	\$ 2,123,429	\$ 2,856,229	\$ 2,479,446	\$ 2,355,854	\$ 2,321,905
Contributions as a percentage of covered-employee payroll	2%	2%	2%	2%	2%	2%	2%	1%	1%	1%

See independent auditor's report.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 14,593	\$ (4,234)	\$ 1,385	\$ 2,547	\$ (13,011)	\$ 70,252				
Interest	4,130	6,325	8,141	11,255	11,185	10,446				
Changes of benefit terms	-	-	-	-	-	-				
Differences between expected and actual experience	-	(3,794)	-	24,162	-	-				
Changes in assumptions or other inputs	(27,581)	(46,070)	10,518	(74,134)	(1,685)	(20,744)				
Benefit payments	(8,637)	(19,587)	(13,131)	(13,827)	(16,824)	(23,653)				
Net change in total OPEB liability	(17,495)	(67,360)	6,913	(49,997)	(20,335)	36,301				
Total OPEB liability - beginning	204,844	272,204	265,291	315,288	335,623	299,322				
Total OPEB liability - ending	<u>\$ 187,349</u>	<u>\$ 204,844</u>	<u>\$ 272,204</u>	<u>\$ 265,291</u>	<u>\$ 315,288</u>	<u>\$ 335,623</u>				
School's covered-employee payroll	\$ 2,651,574	\$ 2,574,354	\$ 2,455,998	\$ 2,545,101	\$ 2,388,359	\$ 2,536,168				
Total OPEB liability as a percentage of covered-employee payroll	7%	8%	11%	10%	13%	13%				

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

See independent auditor's report.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / School Breakfast Program	10.553	7/1/22 - 6/30/23 (1) \$	253,046
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program	10.555	7/1/22 - 6/30/23 (1)	766,937
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / After School Snack Program	10.555	7/1/22 - 6/30/23 (1)	30,336
Total Child Nutrition Cluster			1,050,319
United States Department of Education / Florida Department of Education / Lake County School District / Title I Grants to Local Educational Agencies	84.010	7/1/22 - 6/30/23	368,458
United States Department of Education / Florida Department of Education / Lake County School District / Special Education-Grants to States (IDEA, Part B)	84.027	7/1/22 - 6/30/23	112,525
United States Department of Education / Florida Department of Education / Lake County School District / Special Education-Grants to States (IDEA, Part B) (ARPA - IDEA K-12 and Preschool Entitlements)	84.027	7/1/22 - 6/30/23	22,692
Total Special Education Cluster (IDEA)			135,217
United States Department of Education / Florida Department of Education / Lake County School District / Career and Technical Education - Basic Grants to States (Perkins)	84.048	7/1/22 - 6/30/23	900
United States Department of Education / Florida Department of Education / Lake County School District / Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	84.367A	7/1/22 - 6/30/23	19,091
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund)	84.425D	7/1/21 - 9/30/23 (2)	728

See accompanying note to schedule of expenditures of federal awards.

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

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Lump Sum)	84.425D	7/1/21 - 9/30/23 (2)	96,491
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Reading)	84.425D	7/1/21 - 9/30/23 (2)	6,352
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan Act [ARPA])	84.425D	7/1/21 - 11/30/24 (2)	521,080
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund - ARPA High-Impact Reading Interventions and Targeted Supports - HIITS)	84.425U	7/1/21 - 9/30/23 (2)	37,815
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund - ARPA Supplemental Programs)	84.425U	7/1/21 - 9/30/23 (2)	40,019
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund - ARPA Afterschool)	84.425U	7/1/21 - 9/30/23 (2)	1,635
Total Education Stabilization Funds			704,120
Federal Communications Commission / E-Rate Program	32.004	7/1/22 - 6/30/23	79,220
Total Expenditures of Federal Awards			\$ 2,357,325

(1) Of this amount, \$417,796 in expenditures were incurred by other schools participating in the program. Payment of the reimbursement requests was passed through Spring Creek Charter School from the United States Department of Agriculture.

(2) Represents COVID-19 funds

See accompanying note to schedule of expenditures of federal awards.

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

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended June 30, 2023, the School did not elect to use the 10% de minimis indirect cost rate.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Spring Creek Charter School, Inc., (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 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 November 6, 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKHM, P.A.

Orlando, Florida
November 6, 2023

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Spring Creek Charter School, Inc.’s, (the “School”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2023. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

PURPOSE OF THIS REPORT

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



Orlando, Florida
November 6, 2023

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

Federal Assistance Listing Number	Grant Period	Name of Federal Program or Cluster
10.553, 10.555	7/1/22 – 6/30/23	Child Nutrition Cluster

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

None

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

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

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

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and each major fund of Spring Creek Charter School, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2023, and have issued our report thereon dated November 6, 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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.850, Rules of the Auditor General.

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 6, 2023, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

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

FINANCIAL CONDITION AND MANAGEMENT

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one



or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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



Orlando, Florida
November 6, 2023