Bay Haven Charter Academy, Inc.

FINANCIAL STATEMENTS

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Haven Charter Academy, Inc.
Panama City, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the major fund of Bay Haven Charter Academy, Inc. (Company), as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the Company'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, the discretely presented component unit, and the major fund of the Company, as of June 30, 2022, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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.

Change in Accounting Principle

As described in note 1, the Company has implemented GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As such a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. Implementation of this standard had no effect on beginning fund balance and an insignificant effect on beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Auditors' 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 auditors' 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 Company'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 Company'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 management's discussion and analysis on pages 4 through 10, and the schedules of defined benefit pension plans on pages 53 through 56, 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 Company's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 are 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 15, 2022, on our consideration of the Company'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 Company'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 Company's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
November 15, 2022

Management's Discussion and Analysis

Management's discussion and analysis provides an easily readable analysis of Bay Haven Charter Academy, Inc.'s (Company) financial activities. The analysis provides summary financial information for the Company and should be read in conjunction with the Company's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the Company exceeded total liabilities and deferred inflows of resources by $21,835,128 (total net position). Of this amount, $7,290,608 is unrestricted net position of governmental activities. Total net position also includes $11,357,657 net investment in capital assets in the governmental activities.

- Total net position increased by $676,535 during the year ended June 30, 2022.

- As of June 30, 2022, the general fund unassigned fund balance was $16,022,153 or 52% of total general fund expenditures for the year.

- Governmental activities' total revenues increased 8% to $32,779,151, while governmental activities' total expenses decreased 1% to $28,720,892. The Company also reported an extraordinary loss of $3,381,724 related to a claim associated with damages from Hurricane Michael.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Company's basic financial statements. The Company's basic financial statements are comprised of three components: 1) *government-wide financial statements,* 2) *fund financial statements,* and 3) *notes to financial statements.* The g*overnment-wide financial statements* present an overall picture of the Company's financial position and results of operations. The *fund financial statements* present financial information for the Company's major fund. The *notes to financial statements* provide additional information concerning the Company's finances that may not otherwise be disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The g*overnment-wide financial statements* include the *statement of net position* and the *statement of activities*. These statements are designed to provide readers with a broad overview of the Company's financial position in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities as well as the change in net position. Governmental activities are the activities where the Company's programs and services are reported including, but not limited to, instruction, operation and maintenance of plants and facilities, pupil transportation, extracurricular activities, capital outlay, debt service, and other support services. The Company does not have any business-type activities.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Company, with the difference between them reported as *net position*. Increases or decreases in net position over time may serve as a useful indicator of the Company's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenses of the Company and the preschools and the change in net position for the fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will result in cash flows in future fiscal periods (e.g., uncollected fees).

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the Company to account for revenues that are restricted to certain uses or to comply with legal requirements. The major category of funds in the Company's *fund financial statements* includes: governmental funds.

Fund financial statements provide financial information for the Company's major fund and more detailed information about the Company's activities along with detailed information about the preschools. Governmental fund financial statements provide information on the *current* assets and liabilities of the fund, changes in *current* financial resources (revenues and expenditures), and *current* available resources.

Fund financial statements for the governmental fund includes a balance sheet and a statement of revenues, expenditures and changes in fund balance. The Company's general fund also includes a statement of revenues and expenditures - budget and actual.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the Company's financial position. Categorized by governmental activities and component units, the government-wide financial statements provide an overall picture of the Company's financial standing. The government-wide financial statements, which are comparable to private-sector companies, provide a good understanding of the Company's overall financial health and present the means used to pay for various activities, or functions provided by the Company. All assets and deferred outflows of resources of the Company, including buildings and land are reported in the statement of net position**,** as well as all liabilities and deferred inflows of resources, including outstanding principal on bonds and other long-term debt. The statement of activities includes depreciation on all long lived assets of the Company. The *fund financial statements* provide a presentation of the Company's major fund. In the case of the governmental fund, outlays for long lived assets are reported as expenditures and long-term liabilities, such as revenue bonds, are included as other financing sources in the fund financial statements in the year the liabilities are incurred. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the Company. Additional information about the accounting practices of the Company, investments of the Company, and long-term debt are just a few of the items included in the notes to financial statements.

Financial Analysis of the Company

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Company. At the end of the fiscal year 2022, the Company is able to report positive balances in all categories of net position, and for the government as a whole. The balances reported for fiscal year 2021, have been adjusted for implementation of GASB Statement No. 87, *Leases*.

Net Position
Governmental Activities

June 30,	**2022**	**2021**
Current and other assets	$ 22,730,523	$ 24,360,054
Capital assets, net	43,597,452	42,797,198
Total assets	66,327,975	67,157,252
Deferred outflows of resources	5,252,574	5,488,890
Current liabilities	1,329,389	1,711,522
Noncurrent liabilities	40,982,658	49,234,081
Total liabilities	42,312,047	50,945,603
Deferred inflows of resources	7,433,374	541,945
Net position		
Net investment in capital assets	11,357,657	10,225,869
Restricted	3,186,863	2,374,472
Unrestricted	7,290,608	8,558,253
Total net position	$ 21,835,128	$ 21,158,594

Net investment in capital assets (e.g., land, buildings, and equipment), represents 52% of the Company's net position. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. It should be noted, that although the Company's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Company's net position, $3,186,863 (15%), represents resources that are subject to restrictions on how they may be used. The balance of unrestricted net position $7,290,608, may be used to help meet the Company's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The balances reported for fiscal year 2021, have been adjusted for implementation of GASB Statement No. 87, *Leases*.

Changes in Net Position
Governmental Activities

Year Ended June 30,	**2022**	**2021**
Revenues		
Intergovernmental	$ 24,911,564	$ 24,843,824
Charges for services	1,602,117	1,209,826
Operating contributions and grants	2,929,080	1,926,128
Capital contributions and grants	790,746	998,762
Other revenue from local sources	1,517,888	706,150
Donations	163,523	147,142
Gain on disposal of capital assets	2,183	7,851
Sale of surplus assets	1,650	-
Miscellaneous	82,245	13,481
Insurance recoveries	771,741	468,410
Interest income	6,414	6,180
Total revenues	32,779,151	30,327,754
Expenses		
Instructional services	15,146,792	15,919,480
Support services	9,322,208	8,973,042
Depreciation and amortization	2,640,447	2,205,280
Interest	1,611,445	1,606,469
Debt services fees	-	337,216
Total expenses	28,720,892	29,041,487
Increase in net position before extraordinary item	4,058,259	1,286,267
Extraordinary item	(3,381,724)	-
Increase in net position	$ 676,535	$ 1,286,267

For the year ended June 30, 2022, governmental activities' revenues exceeded expenses by $676,535. Total revenues increased $2,451,397 over the previous year. Revenues increased primarily as a result of an increase in insurance proceeds related to Hurricane Michael as well as an increase in half cent sales tax funds and additional funds due to Covid-19 received from the Bay County District School Board. Total expenses decreased $320,595 from the previous year. Expenses decreased primarily as a result of a decrease in debt service fees.

Intergovernmental receipts generated 76% of the revenues for governmental activities. Most of the governmental resources were expended for instructional services (53%) and support services (32%).

Financial Analysis of the Company's Funds

Governmental Funds

General Fund

The main operating fund of the Company is the general fund. As of June 30, 2022, total assets were $22,719,097 and total liabilities were $720,057. At the end of fiscal year 2022, unassigned fund balance of the general fund was $16,022,153.

Analysis of General Fund Budget Variations

For the year ended June 30, 2022, the general fund appropriations budget exceeded actual expenditures by 5% and revenues were less than the final budget by 2%.

Capital Assets Activity

The following schedule provides a summary of the Company's capital assets. The Company's total investment in capital assets as of June 30, 2022, was $43,597,452 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, improvements, computers, furniture, fixtures and equipment, and intangible right-to-use assets.

Capital Assets (Net of Accumulated Depreciation and Amortization) Governmental Activities

June 30,	**2022**	**2021**
Land	$ 2,612,870	$ 2,612,870
Construction in progress	328,497	268,944
Buildings	30,539,249	31,137,899
Improvements other than buildings	6,283,050	5,561,052
Computers	1,303,159	947,254
Furniture, fixtures and equipment	2,346,432	2,100,199
Intangible right-to-use assets	184,195	168,980
Total	$ 43,597,452	$ 42,797,198

Additional information about the Company's capital assets can be found in note 3 of the notes to financial statements.

Debt Management

At the end of fiscal year 2022, the Company had total bond debt outstanding in the amount of $33,820,000, which is shown on the financial statements net of $416,596 in premiums and discounts.

Outstanding Bond Debt Payable
Governmental Activities

June 30,	2022	2021
Revenue bonds payable	$ 33,403,404	$ 33,658,150

At the end of fiscal year 2022, the Company had total debt outstanding for a financed purchase liability in the amount of $350,982.

Outstanding Financed Purchase Liability
Governmental Activities

June 30,	2022	2021
Financed purchase liability	$ 350,982	$ 451,593

At the end of fiscal year 2022, the Company had total debt outstanding for a lease liability in the amount of $188,109.

Outstanding Lease Liability
Governmental Activities

June 30,	2022	2021
Lease liability	$ 188,109	$ 174,700

More detail on the Company's liabilities is presented in note 3 of the notes to financial statements.

Economic Factors and Next Year's Budget

In setting the budget for FY 2023, the School considered a number of issues, among them:

- Increased curriculum costs due to the need to address learning loss because of the Covid-19 pandemic
- Increased technology costs due to the need of student instruction both in and out of the classroom
- Increased professional development to address the needs of the educators in the classroom
- Increased facility costs in order to meet the needs of the students
- Increased maintenance costs due to aging of facility

- Increased salary and benefit costs due to higher salary and rising FRS, both statutory requirements
- Increased CARES Act Funding
- Increased ½ cent sales tax funding
- Increased salary costs due to increase in positions funded by the CARES Act

Contacting the Company's Finance Department

This financial report is designed to provide a general overview of Bay Haven Charter Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Bay Haven Charter Academy, Inc.'s Finance Department, 2501 Hawks Landing Blvd, Panama City, Florida 32405. You may visit the Company's website at http://www.bayhaven.org.

Bay Haven Charter Academy, Inc.
Statement of Net Position
June 30, 2022

	Governmental Activities	Component Unit
Assets		
Cash and cash equivalents	$ 17,559,647	$ 95,854
Investments	842,624	-
Restricted investments	3,230,580	-
Accounts receivable, net	859,256	-
Prepaids	216,537	-
Inventory	10,453	-
Other assets	11,426	-
Capital assets, net	43,597,452	-
Total assets	66,327,975	95,854
Deferred outflows of resources		
Deferred outflows related to pensions	5,153,530	-
Deferred outflows from loss on bond refunding	99,044	-
Total deferred outflows of resources	5,252,574	-
Total assets and deferred outflows of resources	71,580,549	95,854
Liabilities		
Accounts payable and accrued expenses	340,686	-
Accrued salaries and benefits	52,618	-
Unearned revenue	326,753	-
Interest payable	519,107	-
Long-term liabilities		
Due within one year		
Lease liability, current portion	90,225	-
Financed purchase liability, current portion	106,817	-
Accrued compensated absences, current portion	255,734	-
Revenue bonds, current portion	610,000	-
Due in more than one year		
Lease liability, net of current portion	97,884	-
Financed purchase liability, net of current portion	244,165	-
Accrued compensated absences, net of current portion	124,502	-
Net pension liability	6,750,152	-
Revenue bonds, net of current portion and discount/premium	32,793,404	-
Total liabilities	42,312,047	-

(Continued)

See accompanying notes.

	Governmental Activities	Component Unit
Deferred inflows of resources		
Deferred inflows related to pensions	$ 7,433,374	$ -
Total deferred inflows of resources	7,433,374	-
Total liabilities and deferred inflows of resources	49,745,421	-
Net position		
Net investment in capital assets	11,357,657	-
Restricted	3,186,863	95,854
Unrestricted	7,290,608	-
Total net position	$ 21,835,128	$ 95,854

See accompanying notes.

Bay Haven Charter Academy, Inc.
Statement of Activities
Year Ended June 30, 2022

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
					Primary Government	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities						
Instructional services	$ 15,146,792	$ 835,678	$ 868,628	$ 380,499	$ (13,061,987)	$ -
Support services	9,322,208	766,439	2,060,452	410,247	(6,085,070)	-
Depreciation and amortization	2,640,447	-	-	-	(2,640,447)	-
Interest on long-term debt	1,611,445	-	-	-	(1,611,445)	-
Total primary government	$ 28,720,892	$ 1,602,117	$ 2,929,080	$ 790,746	(23,398,949)	-
Component unit	$ 30,654	$ -	$ -	$ -	-	(30,654)
General revenues						
Intergovernmental revenue					24,911,564	-
Other revenue from local sources					1,517,888	-
Donations					163,523	21,885
Sale of surplus assets					1,650	-
Gain on disposal of capital assets					2,183	-
Insurance recoveries					771,741	-
Miscellaneous					82,245	-
Total general revenues					27,450,794	21,885

(Continued)

See accompanying notes.

Bay Haven Charter Academy, Inc.
Statement of Activities (Continued)
Year Ended June 30, 2022

	Net (Expenses) Revenues and Changes in Net Position	
	Primary Government	**Component Unit**
Interest income	$ 6,414	$ 49
Total general revenues and interest	27,457,208	21,934
Extraordinary item	(3,381,724)	-
Total general revenues, interest and extraordinary iten	24,075,484	21,934
Change in net position	676,535	(8,720)
Net position - beginning (as originally reported)	21,164,314	104,574
Restatement adjustment	(5,721)	-
Net position - beginning (as restated)	21,158,593	104,574
Net position - ending	$ 21,835,128	$ 95,854

See accompanying notes.

Bay Haven Charter Academy, Inc.
Balance Sheet – Governmental Fund
June 30, 2022

	General Fund
Assets	
Cash and cash equivalents	$ 17,559,647
Investments	842,624
Restricted investments	3,230,580
Accounts receivable, net	859,256
Prepaids	216,537
Inventory	10,453
Total assets	22,719,097
Liabilities	
Accounts payable and accrued expenses	340,686
Accrued salaries and benefits	52,618
Unearned revenue	326,753
Total liabilities	720,057
Fund balance	
Nonspendable	226,990
Restricted	5,309,626
Assigned	440,271
Unassigned	16,022,153
Total fund balance	21,999,040
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and other noncurrent assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,608,878
Deferred outflows and inflows of resources are not financial resources or liabilities and therefore are not reported in the funds.	(2,180,800)
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	(41,591,990)
Net position of governmental activities	$ 21,835,128

See accompanying notes.

	General Fund
Revenues	
Intergovernmental	$ 29,247,074
Charges for services	686,454
Before and aftercare fees	620,250
Lunchroom fees	146,189
Other fees	149,224
Other revenue from local sources	1,517,888
Donations	109,523
Interest	6,414
Miscellaneous	82,245
Total revenues	32,565,261
Expenditures	
Instructional	
Regular instruction	13,163,358
Exceptional instruction	1,177,786
Prekindergarten instruction	351,845
Other instruction	951,757
Support services	
Pupil services	790,734
Instructional media services	73,318
Instructional staff training services	336,732
Instructional related technology	320,165
Board services	176,772
General administrative services	1,587,055
Facilities acquisition and construction	58,131
School administrative services	1,993,416
Fiscal services	26,294
Food services	1,020,665
Pupil transportation services	303,344
Plant operations	2,052,561
Maintenance services	465,310
Community services	316,474
Capital outlay	
Site, building and equipment	3,413,959

(Continued)

Bay Haven Charter Academy, Inc.
Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Fund (Continued)
Year Ended June 30, 2022

	General Fund
Debt service	
Principal and interest	$ 2,049,532
Total expenditures	30,629,208
Excess of revenues over expenditures	1,936,053
Other financing sources	
Insurance recoveries	771,741
Sale of surplus assets	1,650
Proceeds from debt	126,955
Total other financing sources	900,346
Extraordinary item	(3,381,724)
Net change in fund balance	(545,325)
Fund balance	
Beginning of year	22,544,365
End of year	$ 21,999,040

See accompanying notes.

Bay Haven Charter Academy, Inc.
Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental fund (page 17)	$ (545,325)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.	773,512
Certain grant receivables were recognized as revenues in the government-wide statements in the prior year but recognition was deferred in the governmental funds.	(615,684)
The net effect of miscellaneous noncash transactions involving capital assets (e.g. sales, trade-ins, adjustments, donations, and impairments) is to decrease net position.	56,183
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of actitivites. This amount is the net effect of these differences in the treatment of long-term debt and related items.	311,132
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (i.e. compensated absences and pension expense).	696,717
Change in net position of governmental activities (page 14)	$ 676,535

See accompanying notes.

Bay Haven Charter Academy, Inc.
Statement of Revenues and Expenditures – Budget and Actual – General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 27,950,648	$ 27,950,648	$ 29,247,074	$ 1,296,426
Charges for services	632,584	632,584	686,454	53,870
Before and aftercare fees	464,140	464,140	620,250	156,110
Lunchroom fees	234,245	234,245	146,189	(88,056)
Other fees	94,092	94,092	149,224	55,132
Other revenue from local sources	1,158,388	1,158,388	1,517,888	359,500
Donations	25,214	25,214	109,523	84,309
Interest	4,258	4,258	6,414	2,156
Miscellaneous	2,546,735	2,546,735	82,245	(2,464,490)
Total revenues	33,110,304	33,110,304	32,565,261	(545,043)
Expenditures				
Instructional	17,707,706	17,707,706	15,644,746	2,062,960
Support services	9,019,021	9,019,021	9,520,971	(501,950)
Capital outlay	3,262,579	3,262,579	3,413,959	(151,380)
Debt service	2,243,019	2,243,019	2,049,532	193,487
Total expenditures	32,232,325	32,232,325	30,629,208	1,603,117
Excess of revenues over expenditures	877,979	877,979	1,936,053	1,058,074
Other financing sources (uses)				
Insurance recoveries	-	-	771,741	771,741
Sale of capital assets	-	-	1,650	1,650
Proceeds from debt	-	-	126,955	126,955
Total other financing sources (uses)	-	-	900,346	900,346
Extraordinary item	-	-	(3,381,724)	(3,381,724)
Net change in fund balance	$ 877,979	$ 877,979	$ (545,325)	$ (1,423,304)

See accompanying notes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bay Haven Charter Academy, Inc. (Company), was organized in April 2001 as a Florida nonprofit corporation. The Company consists of five individual charter schools (schools). The individual schools are granted charters from Bay County District School Board (District) to operate public schools, grades kindergarten through 12th within the District. Each of the five charters expire in March 2029. The District has the option to renew the charters or to terminate them upon expiration, or before their expiration date, based on circumstances defined in the agreement.

Reporting Entity

The Company and the schools: Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School and North Bay Haven Charter Career Academy, all have a common board of directors and common management. The schools are component units of the District.

These financial statements include only the balances and activity of Bay Haven Charter Academy, Inc. and its component unit, entities for which the Company is considered to be financially accountable or for which the nature and significance of the relationship with the primary government are such that their exclusion would cause the Company's financial statements to be misleading or incomplete. They are not intended to be a complete presentation of the financial position or the changes in financial position of Bay County District School Board in conformity with accounting principles generally accepted in the United States of America (GAAP). The accounting policies of the Company and the schools conform to GAAP, as applicable to governmental units and charter schools in the State of Florida.

In evaluating the Company as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board Codification.

Discretely Presented Component Unit – Bay Haven Charter Academy Foundation, Inc.

Bay Haven Charter Academy Foundation, Inc. (Foundation) was formed as an educational support organization to solicit tax deductible contributions for construction of the school building and subsequent capital outlay projects for Bay Haven Charter Academy, Inc. The Foundation is operated solely for the benefit of the schools. The Foundation is presented as a governmental fund type with fiscal year end of June 30. Due to the nature and significance of the Foundation's relationship with the Company, exclusion of the Foundation's financial operations would render the Company's financial statements incomplete or misleading. The Foundation is disclosed using the discrete presentation method to emphasize that it is a legally separate entity from the Company.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the general fund which is the only governmental fund. The Company does not have any proprietary funds or fiduciary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, insurance recoveries, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues (other than insurance recoveries and grants) to be available if they are collected within 60 days of the end of the current fiscal period. The Company considers insurance recoveries and grants available if approved by the third party within 90 days of the end of the current fiscal period and collected within one year of year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intergovernmental revenues (except grants) and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants and insurance recoveries are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Company.

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for the governmental fund.

As discussed earlier, the Company has one discretely presented component unit. While the Foundation is considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the Company's funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented when applicable. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Company reports the following major governmental fund:

The *general fund* is the Company's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Budgetary Information

Budgetary basis of accounting

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

Appropriations lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and cash equivalents

The Company's cash and cash equivalents include demand deposits and short-term highly liquid debt instruments with original maturities of three months or less.

Investments

The Company's investments meet the specified criteria in GASB Codification Section I50: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the Company's position in investments is equal to the value of the pooled shares.

Receivables and payables

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. There was no allowance for uncollectible amounts considered necessary at June 30, 2022.

Unearned revenue **–** Unearned revenue represents amounts received before eligibility requirements have been met.

Inventory and prepaids

Inventory is stated at net realizable value determined by using the first-in/first-out method and consists of food service supplies. The cost of such inventory is recorded as an expenditure/expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The cost of prepaids are recorded as an expenditure/expense when consumed rather than when purchased.

Restricted assets

Certain assets of the Company are classified as restricted assets on the statement of net position and governmental fund balance sheet because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond and capital lease debt service accounts – includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. athletic fields and outside structures), are reported in the governmental activities column in the government-wide financial statements. Capital assets, are typically defined by the Company as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Company has chosen to include all such items regardless of their acquisition date or amount. The Company was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Company constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method generally over the following estimated useful lives:

Buildings	40	Years
Furniture, fixtures and equipment	5 - 10	Years
Computers	3 - 5	Years
Improvements other than buildings	5 - 40	Years

Lease assets – lessee

The Company has recorded intangible right-to-use lease assets. The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus ancillary charges necessary to place the lease into service, when applicable. Lease assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position sometimes reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has two items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to pensions* and *the deferred outflows from loss on bond refunding,* which are reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows from loss on bond refunding results from the difference in the carrying value of refunded bond and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bond.

In addition to liabilities, the statement of net position sometimes reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Company has one item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Accrued compensated absences

The Company's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the Company and, accordingly upon separation from service, no monetary obligation exists.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease obligations

Obligations arising from leases are reported as long-term liabilities.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Categories and classification of fund equity

Net position flow assumption – Sometimes the Company will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Company's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions – Sometimes the Company will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Company's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Company itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Company's highest level of decision-making authority, which is the board of directors. Once a commitment is made, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Company for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund.

Revenues and Expenditures/Expenses

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

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Company is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the Company during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the Company's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Attendance and membership documentation (Rule 6A-1.044 FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503 FAC)
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503 FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411 FAC)
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC)

State revenue funding is recorded as intergovernmental revenue. An administrative fee retained by the District is recorded as an other school administrative expense. This funding is received on a pro rata basis over a twelve month period and is adjusted for changes in the full-time equivalent (FTE) student population. Revenues that are earned but not available are reported as deferred inflows of resources until such time as they become available.

The Company receives federal awards for the enhancement of various educational programs. Federal awards are 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. At year-end encumbrances in the general fund totaled $60,153.

Income Taxes

Bay Haven Charter Academy, Inc. (Company) is responsible for the income taxes of the schools under its control. The Company is a nonprofit corporation whose revenue is derived primarily from its five charter schools. The Company is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements. The Company has no unrelated business taxable income for the year ended June 30, 2022. The Company's federal income tax returns for 2019, 2020, and 2021 are subject to examination by the Internal Revenue Service. Tax returns are generally subject to examination for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through November 15, 2022, the date that the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

During fiscal year 2022, the Company implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This statement increases the usefulness of the Company's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease. As of July 1, 2021, the Company had one lease that qualified for reporting. As such, the following restatement is reported:

		Net Position
Net position - beginning (as originally reported)	$	21,164,314
Restatement adjustment		
Intangible right-to-use asset, net of accumulated amortization		168,979
Lease liability		(174,700)
Net restatement adjustment		(5,721)
Net position - beginning (as restated)	$	21,158,593

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates*, also became effective this year but had no effect on the Company's financial statements.

GASB has issued the following statement that will become effective in future years.

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA). The objectives of this statement (1) define a SBITA; (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

The Company is evaluating the requirements of the above statement and its impact on reporting.

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is an explanation of differences between the general fund balance sheet and statement of net position.

The total fund balance of the Company's general fund ($21,999,040) on the governmental funds balance sheet differs from the net position of governmental activities ($21,835,128) reported in the statement of net position. This difference results primarily from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet. Details of this difference are as follows:

Other Assets

Long-term assets related to utility deposits are not reported as fund assets. All assets are reported in the statement of net position.

Utility deposits	$ 11,426

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets of the Company.

Cost of capital assets	$ 59,648,858
Accumulated depreciation and amortization	(16,051,406)
Capital assets, net of accumulated depreciation and amortization	$ 43,597,452

Long-term Debt

Long-term liabilities applicable to the Company's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position.

Bonds payable	$ (33,820,000)
Financed purchase liability	(350,982)
Lease liability	(188,109)
Accrued compensated absences	(380,236)
Net pension liability	(6,750,152)
Premium/discount on bonds payable	416,596
Total long-term liabilities	$ (41,072,883)

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Interest on Long-term Liabilities

Interest due on long-term liabilities applicable to the Company's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position.

Interest payable	$	(519,107)

Deferred Outflows of Resources from Loss on Bond Refunding

The deferred loss from bond refunding is not expensed in the government-wide statements but is reported as deferred outflows of resources and amortized over the life of the debt.

Deferred outflows from loss on bond refunding	$	99,044

Deferred Inflows and Outflows of Resources Related to Pensions

Deferred inflows and outflows of resources related to the net pension liability applicable to the Company's governmental activities are not reported in the fund financial statements. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are reported in the statement of net position.

Deferred outflows of resources	$	5,153,530
Deferred inflows of resources		(7,433,374)
Deferred inflows and outflows of resources related to pensions	$	(2,279,844)

The following is an explanation of differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities.

The statement of activities and governmental fund revenues, expenditures and changes in fund balance includes a reconciliation between net change in fund balance - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation is governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. The details of this difference are as follows:

Capital outlay	$	3,413,959
Depreciation and amortization expense		(2,640,447)
Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	$	773,512

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation is some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of this difference are as follows:

Compensated absences	$	(41,533)
Pension expense		738,250
Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	$	696,717

Certain grants were recognized as revenue in the government-wide statements in the prior year but reported in the governmental funds in the current year, as they were not considered available as of June 30, 2021.

Grant revenue		
Net adjustment to decrease net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	$	(615,684)

Another element of that reconciliation is the net effect of miscellaneous noncash transactions involving capital assets (e.g. sales, trade-ins, adjustments, donations, and impairments) that do not effect current financial resources is not reported in the governmental funds. The details of this difference are as follows:

Donated assets	$	54,000
Gain on disposal of capital assets		2,183
Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	$	56,183

Another element of that reconciliation is the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the statement of net position reports interest accrued on long-term debt, whereas only the current interest expense is reported in the general fund. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Principal payments	$	454,717
Amortization of bond premium/discount		(15,255)
Change in accrued interest		3,836
Debt proceeds		(126,955)
Amortization of loss on bond refunding		(5,211)
Net adjustment to increase net change in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	311,132

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Up to $250,000 of the Company's bank balances, per financial institution, are covered by federal depository insurance (FDIC). Monies invested in amounts greater than the FDIC coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Company pursuant to Section 280.08, Florida Statutes.

The Company does not have an investment policy. Florida Statutes, Section 218.415, authorizes the Company to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- Interest bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02
- Direct obligations of the U.S. Treasury

The Company's investments are held by a Securities Investor Protection Corporation (SIPC) member which insures the Company's balances up to $500,000 with a $250,000 limit on cash. The Company's investments are included in the Company's investments in government money market funds, with a single brokerage firm, which qualifies as an external investment pool. At June 30, 2022, the Company's investment total was $4,073,204. The fair value of the Company's position in the pool is equal to the value of the pooled shares or net asset value. Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2022, there were no withdrawal limitations or maximum transaction amounts, or any other requirements that serve to limit the School's access to 100 percent of their account value. The credit rating of the investments is AAAm with a weighted average maturity of 39 days.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Company places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Company will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Company follows Florida Statutes 218.415(17) as their investment policy which limits interest rate risk by allowing only certain investments.

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The Company follows Florida Statutes 218.415(17) as their investment policy which limits investments to securities with specific ranking criteria.

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Company's investment policy does not address concentration risk. As of June 30, 2022, the Company had investments of $3,573,205 which were uninsured. However, all cash deposits were collateralized through Florida's multiple institution collateralized pool.

Restricted Investments

At June 30, 2022, the Company had $3,230,580 in restricted investments for sinking fund and reserve requirements related to their outstanding debt.

Accounts Receivable, Net

As of June 30, 2022, the Company's accounts receivable, net of the allowance for doubtful accounts, is summarized as follows:

	General Fund Accounts Receivable	Governmental Activities' Accounts Receivable
District revenues	$ 776,974	$ 776,974
Employee deduction	58,755	58,755
Food service	13,255	13,255
Other	10,272	10,272
Total accounts receivable	859,256	859,256
Allowance for doubtful accounts	-	-
Accounts receivable, net	$ 859,256	$ 859,256

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital assets balances and activity for the year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Nondepreciable capital assets					
Land	$ 2,612,870	$ -	$ -	$ -	$ 2,612,870
Construction in process	268,944	59,553	-	-	328,497
Total nondepreciable capital assets	2,881,814	59,553	-	-	2,941,367
Depreciable capital assets					
Buildings	39,252,804	556,267	-	-	39,809,071
Improvements other than buildings	7,402,268	1,313,381	-	-	8,715,649
Furniture, fixtures and equipment	4,319,612	631,847	-	-	4,951,459
Computers	2,119,970	779,956	-	-	2,899,926
Total capital assets	53,094,654	3,281,451	-	-	56,376,105
Less accumulated depreciation					
Buildings	(8,114,905)	(1,154,917)	-	-	(9,269,822)
Improvements other than buildings	(1,841,216)	(591,383)	-	-	(2,432,599)
Furniture, fixtures and equipment	(2,219,413)	(385,614)	-	-	(2,605,027)
Computers	(1,172,716)	(424,051)	-	-	(1,596,767)
Total accumulated depreciation	(13,348,250)	(2,555,965)	-	-	(15,904,215)
Total depreciable capital assets, net of accumulated depreciation	39,746,404	725,486	-	-	40,471,890
Intangible right-to-use assets					
Leased portable	182,031	-	-	-	182,031
Leased equipment	112,786	126,955	(90,386)	-	149,355

(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Less accumulated amortization	$ (125,837)	$ (84,482)	$ 63,128	$ -	$ (147,191)
Net intangible right-to-use assets	168,980	42,473	(27,258)	-	184,195
Total capital assets, net of accumulated depreciation and amortization	$ 42,797,198	$ 827,512	$ (27,258)	$ -	$ 43,597,452

Depreciation and amortization expense of $2,640,447 was charged to governmental activities. Depreciation expense was not allocated to specific functions as their capital assets essentially serve all functions.

Long-term Debt and Liabilities – Direct Borrowings

On July 1, 2004, Bay County issued $11,600,000 Educational Facilities Revenue Bonds, series 2004 for Bay Haven Charter Academy, Inc. The bonds were issued for the purpose of: (i) paying the costs to acquire and construct a school facility and (ii) paying the costs and expenses related to the issuance of the bonds. The bonds bear interest at the Weekly Rate. Amortization is forecasted using an average interest rate of 4.5%.

On September 14, 2010 Bay Haven Charter Academy, Inc. refinanced its outstanding 2004 bonds in the amount of $11,755,000 at a rate starting at 3.5% increasing over the life of the bond to 6.0% that matures September 1, 2040. The bonds are secured by a lien on the land on which the schools sit and all assets thereon and a pledge of all capital funds and charter school operating funds appropriated each year to the District for operation of the Company and any additional revenues generated by the operation of the schools or leasing of the schools.

On October 1, 2020 Bay Haven Charter Academy, Inc. refinanced its outstanding 2010 bonds in the amount of $9,510,000 at a rate starting at 3.0%. The bonds are secured by a lien on the land on which the schools sit and all assets thereon and a pledge of all capital funds and charter school operating funds appropriated each year to the District for operation of the schools and any additional revenues generated by the operation of the schools or leasing of the schools. The remaining principal and interest payments on this debt as of June 30, 2022 total $13,018,971. For the year ended June 30, 2022, principal and interest payments on the bond required 4% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were $459,656 and $12,655,655 respectively.

In the event of default occurring and continuing, the trustee may declare the principal of all bonds to be due and payable immediately.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities – Direct Borrowings (Continued)

Future debt service requirements on the revenue bonds at June 30, 2022 are as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 440,000	$ 344,438	$ 784,438
2024	455,000	327,656	782,656
2025	475,000	310,219	785,219
2026	405,000	293,719	698,719
2027	390,000	278,813	668,813
2028-2032	2,175,000	1,159,219	3,334,219
2033-2037	2,610,000	712,125	3,322,125
2038-2041	2,455,000	187,782	2,642,782
Total	$ 9,405,000	$ 3,613,971	$ 13,018,971

On December 3, 2004, Bay Haven Charter Academy, Inc. entered into a financed purchase liability with Geo-Energy for a geothermal heating and air conditioning system. Of the financed purchase agreement 65% is allocated to the School. Payments began on August 1, 2005, with monthly payments due in the amount of $10,414 for 240 months, which includes interest of 6%. $6,769 of the monthly payments are allocated to the School. In the event of default, or the Academy enters bankruptcy or insolvency proceedings, Geo-Energy can declare the entire amount hereunder immediately due and payable without notice or demand to the Academy.

Future debt service requirements on the financed purchase liability at June 30, 2022 are as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 106,817	$ 18,153	$ 124,970
2024	113,405	11,565	124,970
2025	120,400	4,570	124,970
2026	10,360	4	10,364
Total	$ 350,982	$ 34,292	$ 385,274

On April 17, 2013, Bay County issued $19,800,000 Educational Facilities Revenue Bonds, series 2013A and $465,000 Taxable Educational Facilities Revenue Bonds, series 2013B for Bay Haven Charter Academy, Inc. The bonds were issued in order to: (i) finance, acquire and construct new facilities for the North Bay Haven Charter Middle School and the North Bay Haven Charter Career Academy (the "North Bay Haven Relocation Project"), (ii) refund the outstanding principal amount of a taxable land loan incurred by the Company with Branch Banking and Trust Company for purposes of financing the related land acquisition, (iii) fund general working capital needs of the Company, (iv) fund the reserve requirement to the reserve account in the bond fund, (v) fund capitalized interest with respect to the Series 2013 Bonds, and (vi) pay a portion of certain

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities – Direct Borrowings (Continued)

expenses incurred. The bonds bear interest at a rate of 5% for the 2013A series and 5% on the 2013B series and the bonds are set to mature starting September 1, 2033 and the last bonds will mature September 1, 2048. The bonds are secured by a lien on the land on which the schools sit and all assets thereon and a pledge of all capital funds and charter school operating funds appropriated each year to the District for operation of the schools and any additional revenues generated by the operation of the schools or leasing of the schools. The remaining principal and interest payments on the Company's debt as of June 30, 2022 total $40,219,628. For the year ended June 30, 2022, principal and interest payments on the bond required 5% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were $1,064,720 and $19,932,156 respectively.

In the event of default occurring and continuing, the trustee may declare the principal of all bonds to be due and payable immediately.

Future debt service requirements on the revenue bonds payable at June 30, 2022 are as follows:

Year ending June 30,	Principal	Interest	Amortization of Discounts	Total
2023	$ 75,000	$ 990,578	$ (16,825)	$ 1,048,753
2024	80,000	988,500	(16,825)	1,051,675
2025	80,000	982,500	(16,825)	1,045,675
2026	170,000	976,250	(16,825)	1,129,425
2027	220,000	966,500	(16,825)	1,169,675
2028-2032	1,300,000	4,650,050	(84,125)	5,865,925
2033-2037	1,655,000	4,281,125	(84,125)	5,852,000
2038-2042	2,965,000	3,790,625	(84,125)	6,671,500
2043-2047	7,620,000	2,410,750	(84,125)	9,946,625
2048-2049	5,680,000	337,750	(33,650)	5,984,100
Total	$ 19,845,000	$ 20,374,628	$ (454,275)	$ 39,765,353

On October 1, 2016, Bay County issued $5,000,000 Educational Facilities Revenue Bonds, series 2016 for Bay Haven Charter Academy, Inc. The bonds were issued in order to: (i) finance, acquire and construct new facilities for the relocation of the North Bay Haven Charter Elementary School to the North Bay Haven Elementary Relocation Site (the "North Bay Haven Elementary Relocation Project"), and (ii) fund a required deposit to the Reserve Account in the Bond Fund. The bonds bear interest at varying rates from 3.625% to 5% and the bonds are set to mature starting September 1, 2026 and the last bonds will mature September 1, 2046. The bonds are in parity with the Company's other bonds and are secured by a lien on the land on which the schools sit and all assets thereon and a pledge of all capital funds and charter school operating funds appropriated each year to the District for operation of the schools and any additional revenues generated by the operation of the schools or leasing of the schools. The remaining principal and interest payments on this debt as of June 30, 2022 total $7,956,074. For the year ended June 30, 2022, principal and interest payments on the bond were 4% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were $308,697 and $7,214,499, respectively.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities – Direct Borrowings (Continued)

In the event of default occurring and continuing, the trustee may declare the principal of all bonds to be due and payable immediately.

Future debt service requirements on the revenue bonds at June 30, 2022 are as follows:

Year ending June 30,	Principal	Interest	Amortization of Premiums	Total
2023	$ 95,000	$ 210,253	$ 1,569	$ 306,822
2024	100,000	206,719	1,569	308,288
2025	105,000	203,003	1,569	309,572
2026	110,000	199,106	1,569	310,675
2027	110,000	195,119	1,569	306,688
2028-2032	625,000	895,624	7,845	1,528,469
2033-2037	805,000	729,375	7,845	1,542,220
2038-2042	1,015,000	514,594	7,845	1,537,439
2043-2047	1,605,000	232,281	6,299	1,843,580
Total	$ 4,570,000	$ 3,386,074	$ 37,679	$ 7,993,753

Leases

The School has entered into agreements to lease copiers and portable classrooms. The lease agreements have been recorded at the present value of the future lease payments as of the date of their inception or, for leases existing prior to the implementation of GASB 87, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021.

Lease agreement details for the year ended June 30, 2022 are as follows:

	Net Book Value	Lease Liability
Portable classrooms lease was executed by the Company in April 2018. The lease began July 2020 with expected termination in June 2023, and requires 36 monthly payments of $5,400. There are no variable components of the lease agreement. The lease liability was measured at the discount rate of 4.32%.	$ 60,677	$ 63,310

(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Leases (Continued)

	Net Book Value	Lease Liability
Copier lease was executed by the Company in April 2018. The lease began May 2018 with expected termination in August 2023, and requires 63 monthly payments of $398. There are no variable components of the lease agreement. The lease liability was measured at the discount rate of 4.32%.	$ 4,622	$ 5,046
Copier lease was executed by the Company in June 2018. The lease began August 2018 with expected termination in November 2023, and required 63 monthly payments of $1,606. There are no variable components of the lease agreement. The lease liability was measured at the discount rate of 4.32%. During fiscal year 2022, this lease was cancelled prematurely and replaced with the following new lease.		
Copier lease agreement was executed by the Company in August 2021 . The lease term began in March 2022 with expected termination in June 2027, and requires 63 monthly payments of $2,266. There are no variable components of the lease agreement. The lease liability was measured at the discount rate of 4.50%.	118,896	119,753
Total	$ 184,195	$ 188,109

The future minimum lease obligations and the minimum lease payments on the lease as of June 30, 2022, were as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 90,225	$ 6,546	$ 96,771
2024	23,683	3,910	27,593
2025	24,355	2,838	27,193
2026	25,473	1,721	27,194
2027	24,373	551	24,924
Total	$ 188,109	$ 15,566	$ 203,675

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Short-term Debt

At June 30, 2022, Bay Haven Charter Academy, Inc. has two lines of credit for a total of $750,000. Both lines have variable interest rates. The first line of credit which matured in August 2022, has an interest rate of 0.25% under the lender's prime rate, which was 6% at June 30, 2022, and is secured by a second lien on assignments and pledged revenues. The second line of credit, which matures in May 2023 has an interest rate 1% above the lender's prime rate, which was 6.25% at June 30, 2022, and is secured by a money market account with a balance of $351,319. During the year, there were no proceeds or repayments on the lines of credit and the balance outstanding at June 30, 2022 was $0.

Accrued Compensated Absences

The Company's policy is to grant paid absences for vacation and sick leave. Employees are encouraged to use vacation time in the benefit period in which it is earned. There are two categories of employees, twelve-month employees and ten-month employees.

- Twelve-month employees: All exempt twelve-month employees are able to carryover and accrue up to a maximum of 40 hours of current year vacation time each year. If the employee has been employed by the Company at least five years they may sell back their unused vacation time over the maximum allowed rollover hours for that particular benefit period. No employee is permitted to carry over more than 240 accrued hours of vacation to the next benefit period. After five years of service, upon termination of employment, these employees are eligible to receive pay for accrued unused vacation time.

- Ten-month employees: All ten-month employees are able to carryover and accrue up to a maximum of 16 hours of current year personal leave time. All unused personal leave in excess of 16 hours for that benefit period will be paid out at the employee's rate of pay at the end of the contract. No ten-month employee is permitted to carry over more than 22 accrued personal leave days to the next benefit period.

As of June 30, 2022, the Company had $380,236 in accrued compensated absences, of which $255,734 was estimated to be current and $124,502 was long-term.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Financed purchase liability	$ 451,593	$ -	$ (100,611)	$ 350,982	$ 106,817
Revenue bonds - direct borrowings	33,658,150	-	(254,746)	33,403,404	610,000

(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease liability	$ 174,700	$ 126,955	$ (113,546)	$ 188,109	$ 90,225
Accrued compensated absences	338,703	41,533	-	380,236	255,734
Net pension liability	14,610,935	-	(7,860,783)	6,750,152	-
Total governmental activity long-term liabilities	$ 49,234,081	$ 168,488	$ (8,329,686)	$ 41,072,883	$ 1,062,776

Fund Balance and Net Position Restrictions

The statement of net position and governmental fund balance sheet report a restricted net position and fund balance of $3,186,863 and $5,309,626, respectively. Of these amounts $1,574,699 is restricted by enabling legislation. The following is a description of reported restrictions at June 30, 2022.

Restricted debt service – This restriction was established in conjunction with the issuance of debt and funded by initial deposits from the proceeds of such debt and by transfers from operating funds into sinking funds. The amount restricted for debt service for fund balance and net position are $2,631,691 and $508,928, respectively. The difference is $1,603,656 of the restricted fund balance related to net investment in capital assets and $519,107 of accrued interest on the statement of net position.

Restricted insurance proceeds – This restriction was established based on debt agreements which require all insurance proceeds in excess of $50,000 for encumbered property be paid directly to the Trustee and then paid out similar to the original project proceeds through requisitions. The amount restricted for insurance proceeds for fund balance restricted and net position are $842,653.

Restricted food service – This restriction was established based on 7 CFR Section 210.14 which requires that revenues received by food service be used only for the operation or improvement of the food service program. The amount restricted for food service is $1,574,699.

Restricted school activities – This restriction was established based on third party restrictions associated with funds received by various school activity groups that can only be used by the group who raised the funds. The amount restricted for school activities is $260,583.

Fund Balance Assignments and Nonspendable Balances

The governmental fund balance sheet reports a nonspendable balance of $226,990. This is made up of $216,537 in prepaids and $10,453 in inventory.

The governmental fund balance sheet reports an assigned balance of $440,271. This is made up of $60,153 in assigned purchased orders and $380,118 in funds assigned to school activities.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment in Capital Assets

The elements of net investment in capital assets as of June 30, 2022 were; capital assets (net of accumulated depreciation and amortization) of $43,597,452, less long-term liabilities for revenue bonds and financed purchase liabilities of $33,754,386 and lease liability of $188,109, plus reserve cash financed by debt of $1,603,656, and deferred loss from bond refunding of $99,044.

Note 4: DEFINED BENEFIT PENSION PLANS

General Information

The Florida Retirement System (FRS) was created pursuant to Chapter 121, Florida Statutes, in order to provide a defined benefit pension plan for participating public employees. FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan (the FRS Investment Plan) alternative to the defined benefit plan for FRS members. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of state-administered retirement systems in paying health insurance costs.

Essentially all regular employees of the Company are eligible to enroll as members of the state-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com).

Florida Retirement System Pension Plan

Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- Regular – Members of FRS who do not qualify for membership in the other classes
- Drop – Members of FRS who have effectively retired and continue covered employment for up to five years
- Reemployed – Members of FRS who are employed after previous retirement under FRS

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP program, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

Class, initial enrollment, and retirement age/years of service	Percent Value
Regular members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Health Insurance Subsidy Program

Plan Description

The Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-2022 fiscal year were as follows:

	Percentage of Gross Salary	
	Employee	**Employer (1)**
Regular class	3.00%	10.82%
DROP plan participants	0.00%	18.34%
FRS, reemployed retiree	note (2)	note (2)

Notes:

1) Employer rates include 1.66 percent for HIS. Employer rates, other than for DROP participants, include 0.06 percent for administrative/educational fees.
2) Contribution rates are dependent upon retirement class in which reemployed.

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

HIS is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Company's contributions for the year ended June 30, 2022, were $1,195,891 to FRS and $244,867 to HIS.

Pension Liabilities and Pension Expense

The Company reports a liability for its proportionate share of net pension liabilities. Net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2021 for FRS and an actuarial valuation date July 1, 2020 for HIS. The Company's proportions of the net pension liability was based on the Company's actuarially determined share of contributions to the pension plans, relative to the contributions of all participating entities.

Year ended June 30, 2022	**FRS**	**HIS**
Net pension liability	$ 2,007,218	$ 4,742,934
Proportion at:		
Current measurement date	0.026572078%	0.038665741%
Prior measurement date	0.023123000%	0.037585152%
Pension expense (benefit)	$ (267,984)	$ 421,079

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2022, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Effect of economic/demographic gains or losses (difference between expected and actual experience)	$ 344,040	$ -
Effect of assumptions changes or inputs	1,373,438	-

(Continued)

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 7,002,681
Changes in proportion and differences between contributions and proportionate share of contributions	1,101,146	107,613
Contributions subsequent to the measurement date	1,195,891	-
Total	$ 4,014,515	$ 7,110,294

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	$ 158,711	$ 1,987
Effect of assumptions changes or inputs	372,688	195,421
Net difference between projected and actual investment earnings	4,944	-
Changes in proportion and differences between contributions and proportionate share of contributions	357,805	125,672
Contributions subsequent to the measurement date	244,867	-
Total	$ 1,139,015	$ 323,080

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Measurement period ending June 30,	FRS Expense	HIS Expense
2022	$ (711,542)	$ 171,529
2023	(868,252)	71,282
2024	(1,228,417)	97,338
2025	(1,627,263)	111,729
2026	143,804	95,995
Thereafter	-	23,195
Total	$ (4,291,670)	$ 571,068

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2021. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2020. The total pension liability for each of the plans was determined using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	**HIS**
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the PUB-2010 based table projected generationally with Scale MP-2018. The actuarial assumptions used in the FRS valuation dated July 1, 2021 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. No experience study has been completed for the HIS valuation, as it is on a pay-as-you-go basis, but the actuarial assumptions used for the valuation were based on certain results from the most recent experience study for FRS.

The following changes in key actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	100%			

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.8%. FRS' 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 HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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 Company's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

FRS Net Pension Liability			HIS Net Pension Liability		
	Current			Current	
1 % Decrease	Discount Rate	1 % Increase	1 % Decrease	Discount Rate	1 % Increase
5.80%	6.80%	7.80%	1.16%	2.16%	3.16%
$ 7,510,131	$ 2,007,218	$ (3,194,543)	$ 5,158,913	$ 4,742,934	$ 3,891,679

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the Pension Plan

As of June 30, 2022, the Company reported no payable to either pension plan.

Note 5: DEFINED CONTRIBUTION PLAN

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida's Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in

Note 5: DEFINED CONTRIBUTION PLAN (Continued)

part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates, based on salary and membership class, as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-2022 fiscal year were as follows:

	Percentage of Gross Salary	
	Employee	**Employer**
FRS, Regular	3.00%	3.30%

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Company.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Company's Investment Plan pension expense totaled $141,481 for the fiscal year ended June 30, 2022.

Note 6: CAPITAL APPROPRIATIONS FUNDING

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the schools. In each year that funds are appropriated by the State for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the schools' allocation are transferred to the schools once a CSCO Plan has been provided to and approved by the sponsoring

Note 6: CAPITAL APPROPRIATIONS FUNDING (Continued)

district. For the year ended June 30, 2022, the schools' CSCO award totaled $1,759,013. CSCO funds of $1,759,013 have been recognized in the accompanying statement of revenues, expenditures and changes in fund balance that relate to various capital expenditures, repairs and maintenance. If the CSCO funds are used to acquire tangible property assets, Bay County District School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreements, ownership of the assets would revert to the District.

Note 7: RISK MANAGEMENT

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no claims in excess of insurance coverage limits during the past three years.

The Company purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the Company faces under Florida statutes. Coverage for general liability claims is a maximum of $1,000,000 and coverage for umbrella liability claims is a maximum of $9,000,000.

The commercial insurance carried is a claims incurred policy for which the Company is covered for claims originating against the Company during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The Company has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended June 30, 2022.

Note 8: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Company is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Company, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Company or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Company expects such amounts not recorded, if any, to be immaterial.

Note 8: COMMITMENTS AND CONTINGENCIES (Continued)

The Company has active construction projects as of June 30, 2022. At year-end, the Company's commitments with contractors are as follows:

	Total Contract Commitments	Remaining Commitments as of June 30, 2022
PE Pavillion	$ 171,125	$ 43,661
Marine science and administration building	275,000	72,881
Total	$ 446,125	$ 116,542

Note 9: EXTRAORDINARY ITEM

The Company reported an extraordinary item in the current year of $3,381,724 for a judgment against the Company related to unpaid invoices from a third party related to damages from Hurricane Michael. These invoices were in dispute and, therefore unpaid, due to claims of overbilling and billing errors identified by the School and their insurance carrier. A judgment was finalized during the current year that required the Company to pay the third party. The Company is currently in litigation against the insurance carrier in an attempt to obtain reimbursement for the invoice paid through the judgment.

REQUIRED SUPPLEMENTARY INFORMATION

Bay Haven Charter Academy, Inc.
Schedule of the Company's Proportionate Share of the Net Pension Liability – Florida Retirement System
Last 10 Fiscal Years

June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *
Company's proportion of the net pension liability	0.0265721%	0.0231230%	0.0222316%	0.0229118%	0.0226247%	0.0223144%	0.0225878%	0.0194227%	N/A	N/A
Company's proportionate share of the net pension liability	$ 2,007,218	$ 10,021,849	$ 7,656,241	$ 6,901,168	$ 6,694,540	$ 5,634,403	$ 2,917,514	$ 1,185,073	N/A	N/A
Company's covered payroll	$ 13,694,614	$ 13,053,885	$ 12,170,995	$ 12,100,420	$ 11,657,264	$ 11,262,064	$ 10,313,124	$ 8,834,316	N/A	N/A
Company's proportionate share of the net pension liability as a percentage of its covered payroll	14.66%	76.77%	62.91%	57.03%	57.43%	50.03%	28.29%	13.41%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A

* Information for 2012 and 2013 is N/A because comparable information is not available at this time.

See independent auditors' report.

Bay Haven Charter Academy, Inc.
Schedule of the Company's Contributions – Florida Retirement System
Last 10 Fiscal Years

Year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Contractually required contribution	$ 1,195,891	$ 1,012,281	$ 768,275	$ 689,339	$ 652,969	$ 588,977	$ 544,172	$ 550,709	$ 425,440	N/A
Contributions in relation to the contractually required contribution	(1,195,891)	(1,012,281)	(768,275)	(689,339)	(652,969)	(588,977)	(544,172)	(550,709)	(425,440)	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
Company's covered payroll	$14,748,371	$13,694,614	$13,053,885	$12,170,995	$12,100,420	$11,657,264	$11,262,064	$10,313,124	$ 8,834,316	
Contributions as a percentage of covered payroll	8.11%	7.39%	5.89%	5.66%	5.40%	5.05%	4.83%	5.34%	4.82%	N/A

* Information for 2013 is N/A because comparable information is not available at this time.

See independent auditors' report.

Bay Haven Charter Academy, Inc.
Schedule of the Company's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program
Last 10 Fiscal Years

June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *
Company's proportion of the net pension liability	0.0386657%	0.0375852%	0.0363784%	0.0369236%	0.0363967%	0.0364814%	0.0339923%	0.0297337%	N/A	N/A
Company's proportionate share of the net pension liability	$ 4,742,934	$ 4,589,086	$ 4,070,376	$ 3,908,041	$ 3,891,707	$ 4,251,758	$ 3,466,683	$ 2,780,181	N/A	N/A
Company's covered payroll	$ 13,694,614	$ 13,053,885	$ 12,170,995	$ 12,100,420	$ 11,657,264	$ 11,262,064	$ 10,313,124	$ 8,834,316	N/A	N/A
Company's proportionate share of the net pension liability as a percentage of its covered payroll	34.63%	35.15%	33.44%	32.30%	33.38%	37.75%	33.61%	31.47%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A

* Information for 2012 and 2013 is N/A because comparable information is not available at this time.

See independent auditors' report.

Bay Haven Charter Academy, Inc.
Schedule of the Company's Contributions – Health Insurance Subsidy Program
Last 10 Fiscal Years

Year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Contractually required contribution	$ 244,867	$ 227,278	$ 216,586	$ 202,006	$ 200,237	$ 192,622	$ 186,990	$ 129,940	$ 101,858	N/A
Contributions in relation to the contractually required contribution	(244,867)	(227,278)	(216,586)	(202,006)	(200,237)	(192,622)	(186,990)	(129,940)	(101,858)	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
Company's covered payroll	$14,748,371	$13,694,614	$13,053,885	$12,170,995	$12,100,420	$11,657,264	$11,262,064	$10,313,124	$ 8,834,316	
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.65%	1.65%	1.66%	1.26%	1.15%	N/A

* Information for 2013 is N/A because comparable information is not available at this time.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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INDEPENDENT AUDITORS' 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*

Board of Directors
Bay Haven Charter Academy, Inc.
Panama City, 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, the aggregate discretely presented component unit, and each major fund of Bay Haven Charter Academy, Inc. (Company), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company'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 Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
November 15, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Bay Haven Charter Academy, Inc.
Panama City, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bay Haven Charter Academy Inc.'s (Company) 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 Company's major federal programs for the year ended June 30, 2022. The Company's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the 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, 2022.

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 Company 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 the Company'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 Company's federal programs.

Auditors' 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 Company'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 Company'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 Company'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 Company'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 Company'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-101 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Company's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Company's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
November 15, 2022

Bay Haven Charter Academy, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Awards Programs	Assistance Listing Number	Contract/ Grant Number	Passed through to Subrecipients	Expenditures
United States Department of Agriculture				
Indirect				
Child Nutrition Cluster				
Passed through State of Florida Department of Agriculture and Consumer Services				
School Breakfast Program	10.553	N/A	$ -	$ 178,541
National School Lunch Program	10.555	N/A	-	1,014,452
Covid-19 School Programs				
Emergency Operational Costs Reimbursement Program (NSLP)	10.555	N/A	-	131,795
Total Child Nutrition Cluster			-	1,324,788
Total United States Department of Agriculture			-	1,324,788
United States Department of Health and Human Services				
Indirect				
Child Care and Development Fund Cluster				
Passed through Early Learning Coalition of Northwest Florida				
Child Care and Development Block Grant	93.575	N/A	-	66,955
Total Child Care and Development Fund Cluster			-	66,955
Total United States Department of Health and Human Services			-	66,955
Total expenditures of federal awards			$ -	$ 1,391,743

See notes to schedule of expenditures of federal awards.

1. Basis of presentation - The accompanying schedule of expenditures of federal awards (schedule) includes the federal awards activity of Bay Haven Charter Academy, Inc. (Company) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Company, it is not intended to, and does not, present the financial position, changes in financial position, or cash flows of the Company.

2. Summary of significant accounting policies - Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect cost rate - The Company has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

4. Noncash assistance – The Company has no other types of noncash federal assistance to be reported that includes, donated food, endowments, insurance, noncash assistance, personal protective equipment, other donated property, or free rent.

5. Loan/loan guarantee outstanding balances – The Company has no loans to be reported related to federal assistance.

6. Included in the National School Lunch Program is $131,795 of funding for Emergency Operational Cost Reimbursements for March - May 2020 applied against 2021 food service expenses.

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of Auditors' report issued	Unmodified
2. Internal control financial reporting	
a. Material weaknesses identified?	No
b. Significant deficiencies noted not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs	
a. Material weaknesses identified?	No
b. Significant deficiencies noted not considered to be material weaknesses?	Yes
3. Any audit findings disclosed that are required to be reporting in accordance with 2CFR section 200.516(a)?	Yes
4. Identification of major programs	

Assistance Listing Number	Major Federal Program
10.553 and 10.555	Child Nutrition Cluster

5. Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
6. Auditee qualified as low-risk auditee under 2 CFR 200.520?	Yes

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2022-101 Lack of Appropriate Internal Controls Related to Procurement Requirements

Assistance Listing Number: 10.555
Name of Federal Agency: United States Department of Agriculture
Program Title: National School Lunch Program
Compliance Requirement: Procurement
Pass-through Entity: State of Florida Department of Agriculture and Consumer Services
Federal Grant/Contract Number and Grant Year: N/A (2022)
Finding Type: Significant Deficiency in Internal Control
Known Questioned Costs: $0

Condition: The Company did not obtain the necessary number of quotes for purchases over the small purchase threshold as required. The Company also does not have a process in place to verify vendors are not suspended or debarred when they are determined to be "covered transactions."

Criteria: 2 CFR section 200.303 requires that nonfederal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. Also, 2 CFR section 200.320(a)(2) requires that if the small purchases procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the nonfederal entity. Finally, 2 CFR 180 Subpart C requires that the nonfederal entity determine if a vendor is excluded or disqualified (i.e. suspended or debarred) before entering into a covered transaction.

Cause: Staff responsible for obtaining the quotes were told to do so by management but quotes were not obtained and management did not realize this until requested for the audit. The Company staff were not aware of the requirements associated with suspension and debarment affecting purchases over $25,000.

Effect: The Company may not comply with procurement compliance requirements and may purchase something from a suspended or debarred vendor. This could lead to questioned costs for the grant.

Recommendation: We recommend that the Company implement appropriate review procedures to verify staff obtain quotes prior to approval of the purchase. CRI also recommends implementing procedures to verify and document vendors are not suspended or debarred prior to purchase when transactions are considered "covered transactions."

Views of Responsible Officials and Planned Corrective Actions: The Company will implement additional procedures to make sure suspension and debarment requirements are considered as well as additional oversight procedures to verify quotes are being obtained when required. The Company has reprimanded the staff who was told to obtain the quotes and procurement procedures were taken away from the staff in the future.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no prior audit findings related to federal awards to be reported.

BAY HAVEN CHARTER ACADEMY, INC.
2501 Hawks Landing Blvd.
Panama City, FL 32405
850-248-3500

Bay Haven Charter Academy, Inc.

Management's Corrective Action Plan

For Fiscal Year Ended June 30, 2022

Finding Number: 2022-01

Planned Correction Action: Management will implement additional procedures to make sure suspension and debarment requirements are considered as well as additional oversight procedures to verify quotes are being obtained when required. Management reprimanded the staff who was told to obtain quotes and procurement procedures were taken away from the staff in the future.

Anticipated Completion Date: 11/16/2022

Responsible Contact Person(s): Kelly Phelan, Larry Bolinger, Laura Adams