



Bay Haven Charter Academy, Inc.

FINANCIAL STATEMENTS

June 30, 2023

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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 and the major fund of Bay Haven Charter Academy, Inc. (Company), as of and for the year ended June 30, 2023, and the related notes to the 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 and the major fund of the Company, as of June 30, 2023, and, the respective changes in financial position and the respective 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. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance for accounting and financial reporting related to subscription-based information technology arrangements (SBITA). The standard establishes that an entity should recognize a right-to-use subscription asset and a corresponding subscription liability for SBITAs. Implementation of this standard had a \$95,618 effect on beginning fund balance or 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 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, 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 Company's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
November 30, 2023

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 \$23,148,393 (total net position). Of this amount, \$8,547,402 is unrestricted net position of governmental activities. Total net position also includes \$11,143,773 net investment in capital assets in the governmental activities.
- Total net position increased by \$1,217,647 during the year ended June 30, 2023.
- As of June 30, 2023, the General Fund unassigned fund balance was \$17,606,605 or 55% of total General Fund expenditures for the year.
- Governmental activities' total revenues increased 4% to \$34,036,867, while governmental activities' total expenses increased 14%, excluding the extraordinary item reported in the prior year, to \$32,819,220.

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 *government-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 *government-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 2023, the Company is able to report positive balances in all categories of net position, and for the government as a whole.

Net Position Governmental Activities		2022 (as restated)	
<i>June 30,</i>	2023		
Current and other assets	\$ 24,749,455	\$	22,730,523
Capital assets, net	42,549,843		43,693,070
Total assets	67,299,298		66,423,593
Deferred outflows of resources	6,252,110		5,252,574
Current liabilities	1,316,574		1,329,389
Noncurrent liabilities	48,114,999		40,982,658
Total liabilities	49,431,573		42,312,047
Deferred inflows of resources	971,442		7,433,374
Net position			
Net investment in capital assets	11,143,773		11,453,275
Restricted	3,457,218		3,186,863
Unrestricted	8,547,402		7,290,608
Total net position	\$ 23,148,393	\$	21,930,746

Net investment in capital assets (e.g., land, buildings, and equipment), represents 48% 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, \$3,457,218 (15%), represents resources that are subject to restrictions on how they may be used. The balance of unrestricted net position \$8,547,402, 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.

**Changes in Net Position
Governmental Activities**

<i>Year Ended June 30,</i>	2023	2022
Revenues		
Intergovernmental	\$ 26,110,605	\$ 24,911,564
Charges for services	2,173,581	1,602,117
Operating contributions and grants	3,460,572	2,929,080
Capital contributions and grants	35,487	790,746
Other revenue from local sources	1,676,173	1,517,888
Donations	366,326	163,523
Gain on disposal of capital assets	-	2,183
Sale of surplus assets	94	1,650
Miscellaneous	79,170	82,245
Insurance recoveries	3,583	771,741
Interest income	131,276	6,414
Total revenues	34,036,867	32,779,151
Expenses		
Instructional services	18,559,110	15,146,792
Support services	9,890,550	9,322,208
Depreciation and amortization	2,787,161	2,640,447
Interest	1,582,399	1,611,445
Total expenses	32,819,220	28,720,892
Increase in net position before extraordinary item	1,217,647	4,058,259
Extraordinary item	-	(3,381,724)
Increase in net position	\$ 1,217,647	\$ 676,535

For the year ended June 30, 2023, governmental activities' revenues exceeded expenses by \$1,217,647. Total revenues increased \$1,257,716 over the previous year. Revenues increased primarily as a result of an increase in amounts received from Bay County District School Board from the Florida Education Finance Program and the half cent sales tax funds. Total expenses increased \$4,098,328 from the previous year, excluding the extraordinary item in the prior year, mainly due to an increase in instructional expenses.

Intergovernmental receipts generated 77% of the revenues for governmental activities. Most of the governmental resources were expended for instructional services (57%) and support services (30%).

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, 2023, total assets were \$24,738,029 and total liabilities were \$781,818. At the end of fiscal year 2023, unassigned fund balance of the General Fund was \$17,606,605.

Analysis of General Fund Budget Variations

For the year ended June 30, 2023, the General Fund appropriations budget exceeded actual expenditures by 8% and revenues were less than the final budget by 4%.

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, 2023, was \$42,549,843 (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,	2023	2022 (as restated)
Land	\$ 2,612,870	\$ 2,612,870
Construction in progress	577,724	328,497
Buildings	29,474,768	30,539,249
Improvements other than buildings	6,496,477	6,283,050
Computers	1,153,332	1,303,159
Furniture, fixtures and equipment	2,089,883	2,346,432
Intangible right-to-use assets	95,069	184,195
Intangible right-to-use subscription assets	49,720	95,618
Total	\$ 42,549,843	\$ 43,693,070

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 2023, the Company had total bond debt outstanding in the amount of \$33,210,000, which is shown on the financial statements net of \$401,341 in premiums and discounts.

Outstanding Bond Debt Payable Governmental Activities

June 30,	2023	2022
Revenue bonds payable	\$ 32,808,659	\$ 33,403,404

At the end of fiscal year 2023, the Company had total debt outstanding for a financed purchase liability in the amount of \$244,165.

Outstanding Financed Purchase Liability Governmental Activities

June 30,	2023	2022
Financed purchase liability	\$ 244,165	\$ 350,982

At the end of fiscal year 2023, the Company had total debt outstanding for a lease liability in the amount of \$97,885.

Outstanding Lease Liability Governmental Activities

June 30,	2023	2022
Lease liability	\$ 97,885	\$ 362,809

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 2024, 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 and new state educational standards
- Increased technology costs due to the need of student instruction both in and out of the classroom
- Increased instructional costs due to increased demand for dual enrollment courses over advanced placement courses
- 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, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 19,367,459
Investments	794,399
Restricted investments	3,328,071
Accounts receivable, net	936,127
Prepays	302,185
Inventory	9,788
Other assets	11,426
Capital assets, net	
Non-depreciable	3,190,594
Depreciable, net	39,214,460
Right-to-use lease assets, net	95,069
Right-to-use subscription assets, net	49,720
Total assets	67,299,298
Deferred outflows of resources	
Deferred outflows related to pensions	6,158,280
Deferred outflows from loss on bond refunding	93,830
Total deferred outflows of resources	6,252,110
Total assets and deferred outflows of resources	73,551,408
Liabilities	
Accounts payable and accrued expenses	300,250
Accrued salaries and benefits	76,468
Unearned revenue	405,100
Interest payable	511,073
Non-current liabilities	
Due within one year	
Lease liability, current portion	23,683
Financed purchase liability, current portion	113,405
Accrued compensated absences, current portion	38,423
Revenue bonds, current portion	635,000
Due in more than one year	
Lease liability, net of current portion	74,202
Financed purchase liability, net of current portion	130,760

(Continued)

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

Bay Haven Charter Academy, Inc.
Statement of Net Position (Continued)
June 30, 2023

	Governmental Activities
Accrued compensated absences, net of current portion	\$ 235,658
Net pension liability	14,713,892
Revenue bonds, net of current portion and discount/premium	32,173,659
Total liabilities	49,431,573
Deferred inflows of resources	
Deferred inflows related to pensions	971,442
Total deferred inflows of resources	971,442
Total liabilities and deferred inflows of resources	50,403,015
Net position	
Net investment in capital assets	11,143,773
Restricted	3,457,218
Unrestricted	8,547,402
Total net position	\$ 23,148,393

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

Bay Haven Charter Academy, Inc.
Statement of Activities
Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes
					in Net Position
					Primary Government
					Governmental Activities
Governmental activities					
Instructional services	\$ 18,559,110	\$ 854,193	\$ 2,264,559	\$ 9,977	\$ (15,430,381)
Support services	9,890,550	1,319,388	1,196,013	25,510	(7,349,639)
Depreciation and amortization	2,787,161	-	-	-	(2,787,161)
Interest on long-term debt	1,582,399	-	-	-	(1,582,399)
Total primary government	\$ 32,819,220	\$ 2,173,581	\$ 3,460,572	\$ 35,487	(27,149,580)
General revenues					
					26,110,605
					1,676,173
					366,326
					94
					3,583
					79,170
					28,235,951

(Continued)

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

Bay Haven Charter Academy, Inc.
Statement of Activities (Continued)
Year Ended June 30, 2023

	Net (Expenses) Revenues and Changes in Net Position
	Primary Government
Interest income	\$ 131,276
Total general revenues and interest	28,367,227
Change in net position	1,217,647
Net position - beginning (as originally reported)	21,835,128
Restatement adjustment	95,618
Net position - beginning (as restated)	21,930,746
Net position - ending	\$ 23,148,393

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

Bay Haven Charter Academy, Inc.
Balance Sheet – Governmental Fund
June 30, 2023

	General Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 19,367,459
Investments	794,399
Restricted investments	3,328,071
Accounts receivable, net	936,127
Prepays	302,185
Inventory	9,788
<hr/>	
Total assets	<hr/> 24,738,029
<hr/>	
Liabilities	
Accounts payable and accrued expenses	300,250
Accrued salaries and benefits	76,468
Unearned revenue	405,100
<hr/>	
Total liabilities	<hr/> 781,818
<hr/>	
Fund balance	
Nonspendable	311,973
Restricted	5,619,100
Assigned	418,533
Unassigned	17,606,605
<hr/>	
Total fund balance	<hr/> 23,956,211
<hr/>	
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.	42,561,269
Deferred outflows and inflows of resources are not financial resources or liabilities and therefore are not reported in the funds.	5,280,668
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.	(48,649,755)
<hr/>	
Net position of governmental activities	<hr/> <hr/> \$ 23,148,393

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

Bay Haven Charter Academy, Inc.
Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2023

	General Fund
Revenues	
Intergovernmental	\$ 29,606,664
Charges for services	682,165
Before and aftercare fees	775,991
Lunchroom fees	543,397
Other fees	172,028
Other revenue from local sources	1,676,173
Donations	366,326
Interest	131,276
Miscellaneous	79,170
Total revenues	34,033,190
Expenditures	
Instructional	
Regular instruction	15,082,327
Exceptional instruction	1,837,687
Prekindergarten instruction	464,937
Other instruction	922,615
Support services	
Pupil services	872,590
Instructional media services	55,147
Instructional staff training services	117,157
Instructional related technology	171,103
Board services	197,030
General administrative services	1,500,183
Facilities acquisition and construction	55,623
School administrative services	2,263,417
Fiscal services	52,955
Food services	920,608
Pupil transportation services	302,364
Plant operations	2,301,045
Maintenance services	523,195
Community services	418,774
Capital outlay	
Site, building and equipment	1,643,934

(Continued)

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

Bay Haven Charter Academy, Inc.
Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Fund (Continued)
Year Ended June 30, 2023

	General Fund
Debt service	
Principal and interest	\$ 2,377,005
Total expenditures	32,079,696
Excess of revenues over expenditures	1,953,494
Other financing sources	
Insurance recoveries	3,583
Sale of surplus assets	94
Total other financing sources	3,677
Net change in fund balance	1,957,171
Fund balance	
Beginning of year	21,999,040
End of year	\$ 23,956,211

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

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, 2023

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

Net change in fund balance - total governmental fund (page 17)	\$ 1,957,171
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.	(1,143,227)
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 activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	794,606
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).	(390,903)
Change in net position of governmental activities (page 14)	\$ 1,217,647

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

Bay Haven Charter Academy, Inc.
Statement of Revenues and Expenditures –
Budget and Actual – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 30,001,915	\$ 30,001,915	\$ 29,606,664	\$ (395,251)
Charges for services	743,189	743,189	682,165	(61,024)
Before and aftercare fees	851,765	851,765	775,991	(75,774)
Lunchroom fees	412,035	412,035	543,397	131,362
Other fees	233,834	233,834	172,028	(61,806)
Other revenue from local sources	3,305,992	3,305,992	1,676,173	(1,629,819)
Donations	30,879	30,879	366,326	335,447
Interest	6,202	6,202	131,276	125,074
Miscellaneous	-	-	79,170	79,170
Total revenues	35,585,811	35,585,811	34,033,190	(1,552,621)
Expenditures				
Instructional	19,843,453	19,843,453	18,307,566	1,535,887
Support services	10,040,672	10,040,672	9,751,191	289,481
Capital outlay	2,514,445	2,514,445	1,643,934	870,511
Debt service	2,293,037	2,293,037	2,377,005	(83,968)
Total expenditures	34,691,607	34,691,607	32,079,696	2,611,911
Excess of revenues over expenditures	894,204	894,204	1,953,494	1,059,290
Other financing sources (uses)				
Insurance recoveries	-	-	3,583	3,583
Sale of surplus assets	-	-	94	94
Total other financing sources (uses)	-	-	3,677	3,677
Net change in fund balance	\$ 894,204	\$ 894,204	\$ 1,957,171	\$ 1,062,967

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

Bay Haven Charter Academy, Inc. **Notes to Financial Statements**

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. 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.

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 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.

Bay Haven Charter Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Company 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 leases are reported as other financing sources.

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.

Bay Haven Charter Academy, Inc.

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Budgets are adopted for the General Fund.

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 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 150: *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.

Bay Haven Charter Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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, 2023.

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:

Bond and 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 lease obligations.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. athletic fields and outside structures), right-to-use assets, and right-to-use subscription assets 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

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Capital assets (continued)

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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.

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 the 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 financial 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

Bay Haven Charter Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Deferred outflows/inflows of resources (continued)

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.

Leases

Lease contracts that provide the Company with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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.

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.

Bay Haven Charter Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 each School’s charter. 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. FDOE 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). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- 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)

Bay Haven Charter Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

- 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 \$66,026.

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, 2023. The Company's federal income tax returns for 2020, 2021, and 2022 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. Estimates that are particularly susceptible to significant change in the near term are related to pension liabilities and related deferred inflows and outflows of resources and depreciation of capital assets.

Bay Haven Charter Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through November 30, 2023, 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

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 9.

The Governmental Accounting Standards Board (GASB) has issued the following statements that will become effective in future years.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The School is evaluating the requirements of the above statements and their 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 (\$23,956,211) on the governmental funds balance sheet differs from the net position of governmental activities (\$23,148,393) 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	<u>\$ 11,426</u>
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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	\$ 61,244,702
Accumulated depreciation and amortization	<u>(18,694,859)</u>
Capital assets, net of accumulated depreciation and amortization	<u>\$ 42,549,843</u>

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

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

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.

Revenue bonds payable	\$ (33,210,000)
Financed purchase liability	(244,165)
Lease liability	(97,885)
Accrued compensated absences	(274,081)
Net pension liability	(14,713,892)
Premium/discount on bonds payable	401,341
Total long-term liabilities	<u>\$ (48,138,682)</u>

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	<u>\$ (511,073)</u>
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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	<u>\$ 93,830</u>
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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	\$ 6,158,280
Deferred inflows of resources	(971,442)
Deferred inflows and outflows of resources related to pensions	<u>\$ 5,186,838</u>

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

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

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	\$ 1,643,934
Depreciation and amortization expense	(2,787,161)
Net adjustment to decrease net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	\$ (1,143,227)

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	\$ 106,155
Pension expense	(497,058)
Net adjustment to decrease net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	\$ (390,903)

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	\$ 807,042
Amortization of bond premium/discount	(15,257)
Change in accrued interest	8,034
Amortization of loss on bond refunding	(5,213)
Net adjustment to increase net change in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ 794,606

Bay Haven Charter Academy, Inc. Notes to Financial Statements

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, 2023, the Company's investment total was \$4,122,470. 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 150: *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, 2023, there were no withdrawal limitations or maximum transaction amounts, or any other requirements that serve to limit the Company's access to 100 percent of their investments' account value. The credit rating of the investments is AAAM with a weighted average maturity of 37 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.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

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 150: *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 150: *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, 2023, the Company had investments of \$3,622,469, which were uninsured. However, all cash deposits were collateralized through Florida’s multiple institution collateralized pool.

Restricted Investments

At June 30, 2023, the Company had \$3,328,071 in restricted investments for sinking fund and reserve requirements related to their outstanding debt.

Accounts Receivable, Net

As of June 30, 2023, 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	\$ 913,522	\$ 913,522
Food service	21,889	21,889
Other	716	716
Total accounts receivable	936,127	936,127
Allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 936,127	\$ 936,127

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital assets balances and activity for the year ended June 30, 2023 are as follows:

	Balance June 30, 2022 (as restated)	Additions	Deletions	Transfers	Balance June 30, 2023
Nondepreciable capital assets					
Land	\$ 2,612,870	\$ -	\$ -	\$ -	\$ 2,612,870
Construction in process	328,497	367,500	-	(118,273)	577,724
Total nondepreciable capital assets	<u>2,941,367</u>	<u>367,500</u>	<u>-</u>	<u>(118,273)</u>	<u>3,190,594</u>
Depreciable capital assets					
Buildings	39,809,071	-	-	118,273	39,927,344
Improvements other than buildings	8,715,649	891,578	-	-	9,607,227
Furniture, fixtures and equipment	4,951,459	133,450	(10,319)	-	5,074,590
Computers	2,899,926	251,406	(133,389)	-	3,017,943
Total capital assets	<u>56,376,105</u>	<u>1,276,434</u>	<u>(143,708)</u>	<u>118,273</u>	<u>57,627,104</u>
Less accumulated depreciation					
Buildings	(9,269,822)	(1,182,754)	-	-	(10,452,576)
Improvements other than buildings	(2,432,599)	(678,151)	-	-	(3,110,750)
Furniture, fixtures and equipment	(2,605,027)	(389,999)	10,319	-	(2,984,707)
Computers	(1,596,767)	(401,233)	133,389	-	(1,864,611)
Total accumulated depreciation	<u>(15,904,215)</u>	<u>(2,652,137)</u>	<u>143,708</u>	<u>-</u>	<u>(18,412,644)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>40,471,890</u>	<u>(1,375,703)</u>	<u>-</u>	<u>118,273</u>	<u>39,214,460</u>
Intangible right-to-use assets					
Leased portables	182,031	-	-	-	182,031

(Continued)

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Balance				
	June 30, 2022				Balance
	(as restated)	Additions	Deletions	Transfers	June 30, 2023
Leased equipment	\$ 149,355	\$ -	\$ -	\$ -	\$ 149,355
Less accumulated amortization	(147,191)	(89,126)	-	-	(236,317)
Net intangible right-to-use assets	<u>184,195</u>	<u>(89,126)</u>	<u>-</u>	<u>-</u>	<u>95,069</u>
Intangible right-to-use subscription assets					
Subscription-based information technology arrangements	95,618	-	-	-	95,618
Less accumulated amortization	-	(45,898)	-	-	(45,898)
Net intangible right-to-use subscription assets	<u>95,618</u>	<u>(45,898)</u>	<u>-</u>	<u>-</u>	<u>49,720</u>
Total capital assets, net of accumulated depreciation and amortization	<u>\$ 43,693,070</u>	<u>\$ (1,143,227)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,549,843</u>

Depreciation and amortization expense of \$2,787,161 was charged to governmental activities. Depreciation expense and amortization expense were not allocated to specific functions as their capital assets essentially serve all functions.

Long-term Debt and Liabilities – Defeased Debt – 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 bore interest at the Weekly Rate. Amortization was 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 matured September 1, 2040. The bonds were 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

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

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

operation of the schools or leasing of the schools. The remaining principal and interest payments on this debt as of June 30, 2023 total \$12,234,533. For the year ended June 30, 2023, principal and interest payments on the bond required 6% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were \$784,435 and \$13,662,383 respectively.

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

Debt service requirements to maturity on the revenue bonds at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Total
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	405,000	263,906	668,906
2029-2033	2,255,000	1,076,156	3,331,156
2034-2038	2,710,000	612,376	3,322,376
2039-2041	1,870,000	106,688	1,976,688
Total	\$ 8,965,000	\$ 3,269,533	\$ 12,234,533

Long-term Debt and Liabilities – Direct Borrowings

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. Payments began on August 1, 2005, with monthly payments due in the amount of \$10,414 for 240 months, which includes interest of 6%. In the event of default, or the Company enters bankruptcy or insolvency proceedings, Geo-Energy can declare the entire amount hereunder immediately due and payable without notice or demand to the Company.

Debt service requirements to maturity on the financed purchase liability at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 113,405	\$ 11,565	\$ 124,970
2025	120,400	4,570	124,970
2026	10,360	4	10,364
Total	\$ 244,165	\$ 16,139	\$ 260,304

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

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

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 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, 2023 total \$39,238,800. For the year ended June 30, 2023, principal and interest payments on the bond required 5% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were \$1,064,250 and \$20,410,901 respectively.

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

Debt service requirements to maturity on the revenue bonds payable at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Amortization of Discounts	Total
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	230,000	955,300	(16,825)	1,168,475
2029-2033	1,370,000	4,583,250	(84,125)	5,869,125
2034-2038	1,735,000	4,281,125	(84,125)	5,932,000
2039-2043	3,960,000	3,617,500	(84,125)	7,493,375
2044-2048	8,010,000	2,020,000	(84,125)	9,945,875
2049	3,915,000	97,875	(16,825)	3,996,050
Total	\$ 19,770,000	\$ 19,468,800	\$ (437,450)	\$ 38,801,350

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

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

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

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, 2023 total \$7,650,822. For the year ended June 30, 2023, principal and interest payments on the bond were 4% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were \$305,253 and \$7,452,237, respectively.

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

Debt service requirements to maturity on the revenue bonds at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Amortization of Premiums	Total
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	115,000	190,475	1,569	307,044
2029-2033	655,000	865,875	7,845	1,528,720
2034-2038	845,000	690,394	7,845	1,543,239
2039-2043	1,065,000	465,031	7,845	1,537,876
2044-2047	1,370,000	160,100	4,729	1,534,829
Total	\$ 4,475,000	\$ 3,175,822	\$ 36,109	\$ 7,686,931

Leases

The Company entered into lease agreements to obtain the right-to-use copiers in April 2018, which began in May of 2018. The lease has a 63-month term with monthly payments of \$398 ending in August 2023. The lease liability was measured at the discount rate of 4.32%. The total annual rental for the copiers that the Company paid for the fiscal year ended June 30, 2023 was \$4,776.

The Company entered into lease agreements to obtain the right-to-use copiers in August 2021, which began in March of 2022. The lease has a 63-month term with monthly payments of \$2,266 ending in June 2027. The lease liability was measured at the discount rate of 4.5%. The total annual rental for the copiers that the Company paid for the fiscal year ended June 30, 2023 was \$27,192.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Leases (Continued)

The Company entered into lease agreements to obtain the right-to-use portable classrooms in April 2020, which began in July of 2020. The lease has a 36-month term with monthly payments of \$5,400 ending in June 2023. The lease liability was measured at the discount rate of 4.32%. The total annual rental for the portable classrooms that the Company paid for the fiscal year ended June 30, 2023 was \$64,800.

The future minimum lease obligations and the minimum lease payments on the leases as of June 30, 2023, were as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 23,683	\$ 3,910	\$ 27,593
2025	24,355	2,838	27,193
2026	25,473	1,721	27,194
2027	24,374	551	24,925
Total	\$ 97,885	\$ 9,020	\$ 106,905

Short-term Debt

At June 30, 2023, 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 2023, has an interest rate of 0.25% below the lender's prime rate, which was 8.25% at June 30, 2023, and is secured by a second lien on assignments and pledged revenues. The second line of credit, which matures in May 2024, has an interest rate 1% above the lender's prime rate, which was 8.25% at June 30, 2023, and is secured by a money market account with a balance of \$353,161. During the year, there were no proceeds or repayments on the lines of credit and the balance outstanding at June 30, 2023 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.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Accrued Compensated Absences (Continued)

- 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, 2023, the Company had \$274,081 in accrued compensated absences, of which \$38,423 was estimated to be current and \$235,658 was long-term.

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Financed purchase liability	\$ 350,982	\$ -	\$ (106,817)	\$ 244,165	\$ 113,405
Revenue bonds -					
direct borrowings	33,403,404	-	(594,745)	32,808,659	635,000
Lease liability	188,109	-	(90,224)	97,885	23,683
Accrued compensated absences	380,236	-	(106,155)	274,081	38,423
Net pension liability	6,750,152	7,963,740	-	14,713,892	-
Total governmental activity long-term liabilities	\$ 41,072,883	\$ 7,963,740	\$ (897,941)	\$ 48,138,682	\$ 810,511

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 \$3,457,218 and \$5,619,100, respectively. Of these amounts \$1,817,980 is restricted by enabling legislation. The following is a description of reported restrictions at June 30, 2023.

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 \$2,711,637 and \$549,755, respectively. The difference is \$1,650,809 of the restricted fund balance related to net investment in capital assets and \$511,073 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 \$794,399.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balance and Net Position Restrictions (continued)

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 \$1,817,980.

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 \$295,084.

Fund Balance Assignments and Nonspendable Balances

The governmental fund balance sheet reports a nonspendable balance of \$311,973. This is made up of \$302,185 in prepaids and \$9,788 in inventory.

The governmental fund balance sheet reports an assigned balance of \$418,533. This is made up of \$66,026 in assigned purchased orders and \$352,507 in funds assigned to school activities.

Net Investment in Capital Assets

The elements of net investment in capital assets as of June 30, 2023 were: capital assets (net of accumulated depreciation and amortization) of \$42,549,843, less long-term liabilities for revenue bonds and financed purchase liabilities of \$33,052,824 and lease liability of \$97,885, plus reserve cash financed by debt of \$1,650,809, and deferred loss from bond refunding of \$93,830.

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

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

General Information (continued)

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

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.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

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 credits, 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:

<u>Class, initial enrollment, and retirement age/years of service</u>	<u>Percent Value</u>
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

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.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided

For the fiscal year ended June 30, 2022, 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 2022-2023 fiscal year were as follows:

	Percentage of Gross Salary	
	Employee	Employer (1)
Regular class	3.00%	11.91%
DROP plan participants	0.00%	18.60%
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.

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, 2023, 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, 2023, were \$1,318,063 to FRS and \$273,012 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, 2022, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2022 for FRS and an actuarial valuation dated July 1, 2022 for HIS. The Company's proportions of the net pension liability were based on the Company's actuarially determined share of contributions to the pension plans, relative to the contributions of all participating entities.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities and Pension Expense (continued)

Year ended June 30, 2023	FRS	HIS
Net pension liability	\$ 10,427,669	\$ 4,286,223
Proportion at:		
Current measurement date	0.028025320%	0.040468171%
Prior measurement date	0.026572078%	0.038665741%
Pension expense (benefit)	\$ 1,756,138	\$ 331,995

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2023, 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)	\$ 495,254	\$ -
Effect of assumptions changes or inputs	1,284,211	-
Net difference between projected and actual investment earnings	688,538	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,230,992	130,461
Contributions subsequent to the measurement date	1,318,063	-
Total	\$ 5,017,058	\$ 130,461

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	\$ 130,097	\$ 18,860
Effect of assumptions changes or inputs	245,689	663,076
Net difference between projected and actual investment earnings	6,206	-

(Continued)

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions (continued)

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 486,218	\$ 159,044
Contributions subsequent to the measurement date	273,012	-
Total	\$ 1,141,222	\$ 840,981

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, 2024. 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
2023	\$ 886,575	\$ 1,789
2024	507,140	29,318
2025	86,163	44,643
2026	1,958,621	27,954
2027	130,035	(47,837)
Thereafter	-	(28,638)
Total	\$ 3,568,534	\$ 27,229

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2022. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2022. 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	6.70%	N/A
Discount rate	6.70%	3.54%

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions (continued)

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, 2022 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 2022:

- FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability was decreased from 6.80% to 6.70%.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

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%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	<u>100%</u>			

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.7%. 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 3.54% 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.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

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
5.70%	6.70%	7.70%	2.54%	3.54%	4.54%
\$ 14,879,359	\$ 10,427,669	\$ 3,356,345	\$ 4,554,440	\$ 4,286,223	\$ 3,506,249

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, 2023, 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 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 2022-2023 fiscal year were as follows:

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 5: DEFINED CONTRIBUTION PLAN (Continued)

	Percentage of Gross Salary	
	Employee	Employer
FRS, Regular	3.00%	6.30%

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, 2023, 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 \$322,023 for the fiscal year ended June 30, 2023.

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 district. For the year ended June 30, 2023, the schools' CSCO award totaled \$1,782,353. CSCO funds of \$1,782,353 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.

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

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, 2023.

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.

The Company has active construction projects as of June 30, 2023. At year-end, the Company's commitments with contractors are as follows:

	Total Contract Commitments	Remaining Commitments as of June 30, 2023
Haven fencing project	\$ 191,505	\$ 41,054
North Bay Haven lighting field project	649,500	282,000
North Bay Haven hurricane repair project	302,981	302,981
North Bay Haven Elementary retained wall	90,714	90,714
Additional 4th and 5th grade building	550,000	151,700
Total	\$ 1,784,700	\$ 868,449

Bay Haven Charter Academy, Inc.
Notes to Financial Statements

Note 9: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2023, the School implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In accordance with generally accepted accounting principles, the implementation of this Statement for the School requires the restatement of the June 30, 2022, net position to record the cumulative effect of recording right-to-use subscription assets less accumulated amortization as of June 30, 2022. The subscription assets were fully paid in a previous year resulting in no subscription liability as of June 30, 2022.

	Net Position
Net position - beginning (as originally reported)	\$ 21,835,128
Restatement adjustment	
Intangible right-to-use subscription assets	95,618
Net restatement adjustment	95,618
Net position - beginning (as restated)	\$ 21,930,746

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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Company's proportion of the net pension liability	0.0280253%	0.0265721%	0.0231230%	0.0222316%	0.0229118%	0.0226247%	0.0223144%	0.0225878%	0.0194227%	N/A
Company's proportionate share of the net pension liability	\$10,427,669	\$ 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
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	N/A
Company's proportionate share of the net pension liability as a percentage of its covered payroll	70.70%	14.66%	76.77%	62.91%	57.03%	57.43%	50.03%	28.29%	13.41%	N/A
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	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 Contributions –
Florida Retirement System
Last 10 Fiscal Years

Year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,318,063	\$ 1,195,891	\$ 1,012,281	\$ 768,275	\$ 689,339	\$ 652,969	\$ 588,977	\$ 544,172	\$ 550,709	\$ 425,440
Contributions in relation to the contractually required contribution	(1,318,063)	(1,195,891)	(1,012,281)	(768,275)	(689,339)	(652,969)	(588,977)	(544,172)	(550,709)	(425,440)
Contribution deficiency/ (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Company's covered payroll	\$ 16,442,293	\$ 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	8.02%	8.11%	7.39%	5.89%	5.66%	5.40%	5.05%	4.83%	5.34%	4.82%

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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Company's proportion of the net pension liability	0.0404682%	0.0386657%	0.0375852%	0.0363784%	0.0369236%	0.0363967%	0.0364814%	0.0339923%	0.0297337%	N/A
Company's proportionate share of the net pension liability	\$ 4,286,223	\$ 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
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	N/A
Company's proportionate share of the net pension liability as a percentage of its covered payroll	29.06%	34.63%	35.15%	33.44%	32.30%	33.38%	37.75%	33.61%	31.47%	N/A
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	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 Contributions –
Health Insurance Subsidy Program
Last 10 Fiscal Years

Year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 273,012	\$ 244,867	\$ 227,278	\$ 216,586	\$ 202,006	\$ 200,237	\$ 192,622	\$ 186,990	\$ 129,940	\$ 101,858
Contributions in relation to the contractually required contribution	(273,012)	(244,867)	(227,278)	(216,586)	(202,006)	(200,237)	(192,622)	(186,990)	(129,940)	(101,858)
Contribution deficiency/ (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Company's covered payroll	\$ 16,442,293	\$ 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%	1.66%	1.65%	1.65%	1.66%	1.26%	1.15%

See independent auditors' report.

**REPORTS ON INTERNAL CONTROL
AND COMPLIANCE MATTERS**

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 and each major fund of Bay Haven Charter Academy, Inc. (Company), as of and for the year ended June 30, 2023, 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 30, 2023.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Panama City Beach, Florida

November 30, 2023