Bay Haven Charter Academy, Inc.

FINANCIAL STATEMENTS

June 30, 2024

Table of Contents

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INDEPENDENT AUDITOR'S 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, 2024, 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, 2024, and, the respective changes in financial position 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 Auditor's 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison information and the schedules of defined benefit pension plans on pages 49 through 52, 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 December 16, 2024, 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.

Panama City Beach, Florida
December 16, 2024

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 $25,905,640 (total net position). Of this amount, $8,421,100 is unrestricted net position of governmental activities. Total net position also includes $14,188,260 net investment in capital assets in the governmental activities.

- Total net position increased by $2,757,247 during the year ended June 30, 2024.

- As of June 30, 2024, the General Fund unassigned fund balance was $20,160,231 or 55% of total General Fund expenditures for the year.

- Governmental activities' total revenues, including insurance recoveries, increased 16% to $39,636,041, while governmental activities' total expenses increased 12% to $36,878,794.

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 schedule 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 2024, 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

June 30,		**2024**		**2023**
Current and other assets	$	28,637,050	$	24,749,455
Capital assets, net		44,947,020		42,549,843
Total assets		73,584,070		67,299,298
Deferred outflows of resources		5,874,097		6,252,110
Current liabilities		2,164,312		1,316,574
Noncurrent liabilities		50,265,140		48,114,999
Total liabilities		52,429,452		49,431,573
Deferred inflows of resources		1,123,075		971,442
Net position				
Net investment in capital assets		14,188,260		11,143,773
Restricted		3,296,280		3,457,218
Unrestricted		8,421,100		8,547,402
Total net position	$	25,905,640	$	23,148,393

Net investment in capital assets (e.g., land, buildings, and equipment), represents 55% 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, $3,296,280 (13%), represents resources that are subject to restrictions on how they may be used. The balance of unrestricted net position $8,421,100 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

Year Ended June 30,	**2024**	**2023**
Revenues		
Intergovernmental	$ 32,248,856	$ 26,110,605
Charges for services	2,358,733	2,173,581
Operating contributions and grants	3,195,023	3,460,572
Capital contributions and grants	5,287	35,487
Other revenue from local sources	1,106,686	1,676,173
Donations	193,212	366,326
Sale of surplus assets	-	94
Miscellaneous	73,251	79,170
Insurance recoveries	222,063	3,583
Interest income	232,930	131,276
Total revenues	39,636,041	34,036,867
Expenses		
Instructional services	20,928,765	18,559,110
Support services	11,705,907	9,890,550
Depreciation and amortization	2,695,536	2,787,161
Interest	1,548,586	1,582,399
Total expenses	36,878,794	32,819,220
Increase in net position	$ 2,757,247	$ 1,217,647

For the year ended June 30, 2024, governmental activities' revenues exceeded expenses by $2,757,247. Total revenues increased $5,599,174 over the previous year. Revenues increased primarily as a result of an increase in the half cent sales tax funds. Total expenses increased $4,059,574 from the previous year mainly due to an increase in instructional expenses.

Intergovernmental receipts generated 81% of the revenues for governmental activities. Most of the governmental resources were expended for instructional services (57%) and support services (32%).

Financial Analysis of the Company's Funds

Governmental Funds

General Fund

The main operating fund of the Company is the General Fund. As of June 30, 2024, total assets were $28,625,624 and total liabilities were $1,637,113. At the end of fiscal year 2024, unassigned fund balance of the General Fund was $20,160,231.

Analysis of General Fund Budget Variations

For the year ended June 30, 2024, the General Fund final appropriations budget exceeded actual expenditures by 15% and actual revenues were less than the final budget by 9%.

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, 2024, was $44,947,020 (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,	2024	2023
Land	$ 2,612,870	$ 2,612,870
Construction in progress	4,588,404	577,724
Buildings	28,292,010	29,474,768
Improvements other than buildings	6,540,657	6,496,477
Computers	800,326	1,153,332
Furniture, fixtures and equipment	2,038,400	2,089,883
Intangible right-to-use assets	70,531	95,069
Intangible right-to-use subscription assets	3,822	49,720
Total	$ 44,947,020	$ 42,549,843

Additional information about the Company's capital assets can be found in note 2 of the notes to financial statements.

Debt Management

At the end of fiscal year 2024, the Company had total bond debt outstanding in the amount of $32,575,000, which is shown on the financial statements net of $386,087 in premiums and discounts.

Outstanding Bond Debt Payable
Governmental Activities

June 30,	2024	2023
Revenue bonds payable	$ 32,188,913	$ 32,808,659

At the end of fiscal year 2024, the Company had total debt outstanding for a financed purchase liability in the amount of $130,761.

Outstanding Financed Purchase Liability
Governmental Activities

June 30,	2024	2023
Financed purchase liability	$ 130,761	$ 244,165

At the end of fiscal year 2024, the Company had total debt outstanding for a lease liability in the amount of $74,203.

Outstanding Lease Liability
Governmental Activities

June 30,	2024	2023
Lease liability	$ 74,203	$ 97,885

More detail on the Company’s liabilities is presented in note 2 of the notes to financial statements.

Economic Factors and Next Year’s Budget

In setting the budget for FY 2025, the Company considered a number of issues, among them:

- Increased curriculum costs due to the need to address new state educational standards and general increase in costs
- 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 and to remain competitive in local environment
- Increased maintenance costs due to aging of facility
- Increased salary and benefit costs due to higher salary and rising FRS, both statutory requirements
- Increased ½ cent sales tax funding
- Increased salary costs in order to remain competitive in local environment
- Increase in positions to address student needs
- New legislation that allows charter schools to received a share of local capital improvement dollars

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, 2024	Governmental Activities
Assets	
Cash and cash equivalents	$ 21,072,256
Investments	940,904
Restricted investments	3,057,455
Accounts receivable, net	3,086,694
Prepaids	458,121
Inventory	10,194
Other assets	11,426
Capital assets, net	
Non-depreciable	7,201,274
Depreciable, net	37,671,393
Right-to-use lease assets, net	70,531
Right-to-use subscription assets, net	3,822
Total assets	73,584,070
Deferred outflows of resources	
Deferred outflows related to pensions	5,785,479
Deferred outflows from loss on bond refunding	88,618
Total deferred outflows of resources	5,874,097
Total assets and deferred outflows of resources	79,458,167
Liabilities	
Accounts payable and accrued expenses	1,113,551
Accrued salaries and benefits	89,194
Unearned revenue	434,368
Interest payable	502,844
Non-current liabilities	
Due within one year	
Lease liability	24,355
Financed purchase liability	120,400
Compensated absences	46,396
Revenue bonds	660,000
Due in more than one year	
Lease liability	49,848
Financed purchase liability	10,361

(Continued)

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

June 30, 2024		Governmental Activities
Compensated absences	$	340,442
Net pension liability		17,508,780
Revenue bonds, net of discount/premium		31,528,913
Total liabilities		52,429,452
Deferred inflows of resources		
Deferred inflows related to pensions		1,123,075
Total deferred inflows of resources		1,123,075
Total liabilities and deferred inflows of resources		53,552,527
Net position		
Net investment in capital assets		14,188,260
Restricted		3,296,280
Unrestricted		8,421,100
Total net position	$	25,905,640

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

For the year ended June 30, 2024

			Program Revenues		Net (Expenses) Revenues and Changes in Net Position — Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Instructional services	$ 20,928,765	$ 877,549	$ 2,227,430	$ -	$ (17,823,786)
Support services	11,705,907	1,481,184	967,593	5,287	(9,251,843)
Depreciation and amortization	2,695,536	-	-	-	(2,695,536)
Interest on long-term debt	1,548,586	-	-	-	(1,548,586)
Total primary government	$ 36,878,794	$ 2,358,733	$ 3,195,023	$ 5,287	(31,319,751)

General revenues	
Intergovernmental revenue	32,248,856
Other revenue from local sources	1,106,686
Donations	193,212
Insurance recoveries	222,063
Interest income	232,930
Miscellaneous	73,251
Total general revenues	34,076,998
Change in net position	2,757,247
Net position - beginning of year	23,148,393
Net position - ending	$ 25,905,640

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

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

June 30, 2024	General Fund
Assets	
Cash and cash equivalents	$ 21,072,256
Investments	940,904
Restricted investments	3,057,455
Accounts receivable, net	3,086,694
Prepaids	458,121
Inventory	10,194
Total assets	28,625,624
Liabilities	
Accounts payable and accrued expenses	1,113,551
Accrued salaries and benefits	89,194
Unearned revenue	434,368
Total liabilities	1,637,113
Fund balance	
Nonspendable	468,315
Restricted	5,345,623
Assigned	1,014,342
Unassigned	20,160,231
Total fund balance	26,988,511
Total liabilities and fund balance	28,625,624

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

Bay Haven Charter Academy, Inc.
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2024

Total fund balances - governmental funds		$ 26,988,511
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 66,132,984	
Less accumulated depreciation and amortization	(21,185,964)	44,947,020
Deferred outflow of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		5,785,479
Deferred inflow of resources related to pensions are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(1,123,075)
Deferred inflow of resources related to deferred loss from bond refunding is not expensed in governmental funds; however, they are reported as deferred outflows of resources and amortized over the life of the debt in the statement of net position under full accrual accounting.		88,618
Long-term assets related to utility deposits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		11,426
Long-term liabilities, including net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	$ (17,508,780)	
Lease liability	(74,203)	
Financed purchase liability	(130,761)	
Revenue bond	(32,188,913)	
Compensated absences	(386,838)	
Accrued interest	(502,844)	(50,792,339)
Net position of governmental activities		$ 25,905,640

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 Funds

For the year ended June 30, 2024	General Fund
Revenues	
Intergovernmental	$ 35,449,166
Charges for services	716,136
Before and aftercare fees	868,160
Lunchroom fees	613,024
Other fees	161,413
Other revenue from local sources	1,106,686
Donations	193,212
Interest	232,930
Miscellaneous	73,251
Total revenues	39,413,978
Expenditures	
Instructional	
Regular instruction	15,476,504
Exceptional instruction	1,605,240
Prekindergarten instruction	440,525
Other instruction	884,296
Support services	
Pupil services	843,281
Instructional media services	49,151
Instructional staff training services	130,768
Instructional related technology	112,300
Board services	642,398
General administrative services	1,794,613
Facilities acquisition and construction	55,431
School administrative services	2,227,527
Fiscal services	33,341
Food services	920,228
Pupil transportation services	239,221
Plant operations	2,564,363
Maintenance services	712,925
Community services	470,480
Capital outlay	
Site, building and equipment	5,092,713

(Continued)

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

For the year ended June 30, 2024	General Fund
Debt service	
Principal and interest	$ 2,308,436
Total expenditures	36,603,741
Excess of revenues over expenditures	2,810,237
Other financing sources	
Insurance recoveries	222,063
Total other financing sources	222,063
Net change in fund balance	3,032,300
Fund balance beginning of year	21,999,040
Fund balance end of year	$ 26,988,511

Bay Haven Charter Academy, Inc.
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the year ended June 30,		2024
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds		$ 3,032,300
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation and amortization in the current period.		
Capital outlay	5,092,713	
Depreciation and amortization expense	(2,695,536)	2,397,177
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal payments	772,088	
Change in accrued interest	8,229	
Amortization of bond discounts/premiums	(20,467)	759,850
Compensated absences are reported in the statement of acivities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governemntal funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.		(112,758)
Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activites, but does not require the use of current financial resources: therefore, is not reported as an expenditure in governemntal funds.		(3,319,322)
Change in net position of governmental activities		$ 2,757,247

The accompanying notes are an integral part of these 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 Company, Bay Haven Charter Academy Middle Company, North Bay Haven Charter Elementary Company, North Bay Haven Charter Middle Company 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.

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 and timing 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.

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 in all budgeted funds 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 I50: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the Company's position in investments is equal to the value of the pooled shares.

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, 2024.

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 debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds obligations.

Capital assets

Capital assets, which include property, plant, equipment, right-to-use lease assets, right-to-use subscription assets and infrastructure assets (e.g. athletic fields and outside structures), are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Company as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of one year), but only those infrastructure projects that cost more than $750 are reported as capital assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital assets (continued)

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:

Capital asset classes	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 will sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Company has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred amount on refunding and the deferred outflows related to pensions, both* reported in the government-wide statement of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) 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.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Company has one (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASBC 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 GASBC Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are expensed during the current period. The face amount of debt issued, and repayments are reported as other financing sources. Premiums received on debt issuances and 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 right to use 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 right to use 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. Right to use 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and classification of net position and fund balance

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. 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 GASBC Section 1800, *Classification and Terminology* 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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and classification of net position and fund balance (continued)

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)
- 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)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

State revenue funding is recorded as intergovernmental revenue. An administrative fee retained by the District is recorded as an other Company 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 the encumbrances under authority provided in the subsequent year's budget. At year-end encumbrances in the General Fund totaled $629,944.

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, 2024. The Company's federal income tax returns for 2021, 2022, and 2023 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2024, See Note 8 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

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 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). There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows.

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 Company is evaluating the requirements of the above statements and their impact on reporting.

Note 2: 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, 2024, the Company's investment total was $3,998,359. The fair value of the Company's position in the pool is equal to the value of the pooled shares or net asset value. Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2024, 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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

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

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

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Company's investment policy does not address concentration risk. As of June 30, 2024, the Company had investments of $3,498,359, which were uninsured. However, all cash deposits were collateralized through Florida's multiple institution collateralized pool.

Restricted Investments

At June 30, 2024, the Company had $3,057,455 in restricted investments for sinking fund and reserve requirements related to their outstanding debt.

Accounts Receivable, Net

As of June 30, 2024, 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	$ 3,086,394	$ 3,086,394
Other	300	300
Total accounts receivable	3,086,694	3,086,694
Allowance for doubtful accounts	-	-
Accounts receivable, net	$ 3,086,694	$ 3,086,694

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital assets balances and activity for the year ended June 30, 2024 are as follows:

For the year ended June 30, 2024	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	$ 2,612,870	$ -	$ -	$ 2,612,870
Construction in process	577,724	4,010,680	-	4,588,404
Capital assets, not being depreciated	3,190,594	4,010,680	-	7,201,274
Capital assets, being depreciated				
Buildings	39,927,344	-	-	39,927,344
Improvements other than buildings	9,607,227	663,560	-	10,270,787
Furniture, fixtures and equipment	5,074,590	344,099	-	5,418,689
Computers	3,017,943	74,374	-	3,092,317
Capital assets, being depreciated	57,627,104	1,082,033	-	58,709,137
Less accumulated depreciation for				
Buildings	(10,452,576)	(1,182,758)	-	(11,635,334)
Improvements other than buildings	(3,110,750)	(619,380)	-	(3,730,130)
Furniture, fixtures and equipment	(2,984,707)	(395,582)	-	(3,380,289)
Computers	(1,864,611)	(427,380)	-	(2,291,991)
Total accumulated depreciation	(18,412,644)	(2,625,100)	-	(21,037,744)
Total capital assets being depreciated, net	39,214,460	(1,543,067)	-	37,671,393
Right-to-use lease assets, being amortized				
Leased portables	182,031	-	(182,031)	-
Leased equipment	$ 149,355	$ -	$ (22,400)	$ 126,955
Less accumulated amortization	(236,317)	(24,538)	204,431	(56,424)
Right-to-use lease assets, being amortized	95,069	(24,538)	-	70,531

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

For the year ended June 30, 2024	Beginning Balance	Additions	Deletions	Ending Balance
Right-to-use subscription assets, being amortized				
Subscription-based information technology	$ 95,618	$ -	$ -	$ 95,618
Less accumulated amortization for right-to-use subscription assets				
Subscription-based information technology	(45,898)	(45,898)	-	(91,796)
Less accumulated amortization Right-to-use subscription assets being amortized, net	49,720	(45,898)	-	3,822
Governmental activities capital	$ 42,549,843	$ 2,397,177	$ -	$ 44,947,020

Depreciation and amortization expense of $2,695,536 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 –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 Company 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 Company 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 Company operating funds appropriated each year to the District for operation of the schools and any additional revenues generated by the

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities – 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, 2024 total $11,451,876. For the year ended June 30, 2024, principal and interest payments on the bond required 6% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were $782,656 and $17,040,857 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, 2024 are as follows:

For the years ending June 30,	Principal	Interest	Total
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	420,000	248,438	668,438
2030-2034	2,335,000	990,094	3,325,094
2035-2039	2,815,000	508,782	3,323,782
2040-2041	1,265,000	47,906	1,312,906
Total	8,510,000	2,941,877	11,451,877
Current portion	(475,000)	(310,219)	(785,219)
Payable after one year	$ 8,035,000	$ 2,631,658	$ 10,666,658

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, 2024 are as follows:

For the years ending June 30,	Principal	Interest	Total
2025	$ 120,400	$ 4,570	$ 124,970
2026	10,361	4	10,365
Total	130,761	4,574	135,335
Current portion	(120,400)	(4,570)	(124,970)
Payable after one year	$ 10,361	$ 4	$ 10,365

Note 2: 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 Company 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 Company 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, 2024 total $38,085,550. For the year ended June 30, 2024, principal and interest payments on the bond required 5% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were $1,066,500 and $22,413,121 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, 2024 are as follows:

For the years ending June 30,	Principal	Interest	Amortization of Discounts	Total
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	245,000	943,375	(16,825)	1,171,550
2030-2034	1,440,000	4,513,000	(84,125)	5,868,875
2035-2039	1,825,000	4,107,375	(84,125)	5,848,250
2040-2044	5,000,000	3,393,500	(84,125)	8,309,375
2045-2049	10,480,000	1,557,750	(84,125)	11,953,625
Total	19,690,000	18,395,550	(420,625)	37,664,925
Current portion	(80,000)	(982,500)	16,825	(1,045,675)
Payable after one year	$ 19,610,000	$ 17,413,050	$ (403,800)	$ 36,619,250

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

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 Company to the North Bay Haven Elementary Relocation Site (the "North Bay Haven Elementary Relocation Project"), and (ii) fund a required deposit to the Reserve Account in the Bond Fund. The bonds bear interest at varying rates from 3.625% to 5% and the bonds are set to mature starting September 1, 2026 and the last bonds will mature September 1, 2046. The bonds are in parity with the Company's other bonds and are secured by a lien on the land on which the schools sit and all assets thereon and a pledge of all capital funds and charter Company 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, 2024 total $7,344,103. For the year ended June 30, 2024, principal and interest payments on the bond were 4% of pledged revenues. Principal and interest payments paid and pledged revenues for the year were $306,719 and $8,172,430, 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, 2024 are as follows:

For the years ending June 30,	Principal	Interest	Amortization of Premiums	Total
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	120,000	185,050	1,569	306,619
2030-2034	690,000	834,500	7,845	1,532,345
2035-2039	880,000	649,575	7,845	1,537,420
2040-2044	1,120,000	412,844	7,845	1,540,689
2045-2047	1,125,000	99,431	3,158	1,227,589
Total	4,375,000	2,969,103	34,538	7,378,641
Current portion	(105,000)	(203,003)	(1,569)	(309,572)
Payable after one year	$ 4,270,000	$ 2,766,100	$ 32,969	$ 7,069,069

Leases

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, 2024 was $27,192.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Leases (continued)

The future minimum lease obligations and the minimum lease payments on the leases as of June 30, 2024, were as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 24,355	$ 2,838	$ 27,193
2026	25,473	1,721	27,194
2027	24,375	551	24,926
Total	$ 74,203	$ 5,110	$ 79,313

Short-term Debt

At June 30, 2024, 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 November 2024, has an interest rate of 0.25% below the lender's prime rate, which was 8.50% at June 30, 2024, and is secured by a second lien on assignments and pledged revenues. The second line of credit, which matures in May 2025, has an interest rate 1% above the lender's prime rate, which was 8.50% at June 30, 2024, and is secured by a money market account with a balance of $361,026. During the year, there were no proceeds or repayments on the lines of credit and the balance outstanding at June 30, 2024 was $0.

Compensated Absences

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

- Twelve-month employees: All exempt twelve-month employees are able to carryover and accrue up to a maximum of 40 hours of current year vacation time each year. If the employee has been employed by the Company at least five years they may sell back their unused vacation time over the maximum allowed rollover hours for that particular benefit period. No employee is permitted to carry over more than 240 accrued hours of vacation to the next benefit period. After five years of service, upon termination of employment, these employees are eligible to receive pay for accrued unused vacation time.
- Ten-month employees: All ten-month employees are able to carryover and accrue up to a maximum of 16 hours of current year personal leave time. All unused personal leave in excess of 16 hours for that benefit period will be paid out at the employee's rate of pay at the end of the contract. No ten-month employee is permitted to carry over more than 22 accrued personal leave days to the next benefit period.

As of June 30, 2024, the Company had $386,838 in compensated absences, of which $46,396 was estimated to be current and $340,442 was long-term.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Financed purchase liability	$ 244,165	$ -	$ (113,404)	$ 130,761	$ 120,400
Revenue bonds - direct borrowings	32,808,659	-	(619,746)	32,188,913	660,000
Lease liability	97,885	-	(23,682)	74,203	24,355
Compensated absences	274,081	112,757	-	386,838	46,396
Net pension liability	14,713,892	2,794,888	-	17,508,780	-
Governmental activity long-term liabilities	$ 48,138,682	$2,907,645	$ (756,832)	$ 50,289,495	$ 851,151

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 $3,296,280 and $5,345,623, respectively. Of these amounts $1,954,009 restricted by enabling legislation. The following is a description of reported restrictions at June 30, 2024.

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 $2,555,970 and $506,627, respectively. The difference is $1,546,499 of the restricted fund balance related to net investment in capital assets and $502,844 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 $549,367.

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, both fund balance and net position, is $1,954,009.

Restricted Company activities – This restriction was established based on third party restrictions associated with funds received by various Company activity groups that can only be used by the group who raised the funds. The amount restricted for Company activities, both fund balance and net position, is $286,277.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balance Assignments and Nonspendable Balances

The governmental fund balance sheet reports a nonspendable balance of $468,315. This is made up of $458,121 in prepaids and $10,194 in inventory.

The governmental fund balance sheet reports an assigned balance of $1,014,342. This is made up of $629,944 in assigned purchased orders and $384,398 in funds assigned to Company activities.

Net Investment in Capital Assets

The elements of net investment in capital assets as of June 30, 2024 were: capital assets (net of accumulated depreciation and amortization) of $44,947,020, less long-term liabilities for revenue bonds and financed purchase liabilities of $32,319,674 and lease liability of $74,203, plus reserve cash financed by debt of $1,546,499, and deferred loss from bond refunding of $88,618.

Note 3: 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 School are eligible to enroll as members of the state-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of FRS, which includes its financial statements, required supplementary information, actuarial reports, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com).

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

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.

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'

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided (continued)

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:

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

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

Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month, pursuant to Section

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided (continued)

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 2023-2024 fiscal year were as follows:

	Percentage of Gross Salary	
	Employee	**Employer (1)**
Regular class	3.00%	13.57%
DROP plan participants	0.00%	21.13%
FRS, reemployed retiree	note (2)	note (2)

Notes:

1) Employer rates include 2.00 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, 2024, the contribution rate was 2.00 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, 2024, were $1,423,719 to FRS and $340,770 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, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023 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.

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities and Pension Expense (continued)

Year ended June 30, 2024	FRS	HIS
Net pension liability	$ 10,917,591	$ 6,591,189
Proportion at:		
Current measurement date	0.027398890%	0.041502744%
Prior measurement date	0.028025320%	0.040468171%
Pension expense (benefit)	$ 1,756,138	$ 331,995

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2024, 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)	$ 1,025,068	$ -
Effect of assumptions changes or inputs	711,699	-
Net difference between projected and actual investment earnings	455,948	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,004,670	338,213
Contributions subsequent to the measurement date	1,423,719	-
Total	$ 4,621,104	$ 338,213

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	$ 96,490	$ 15,471
Effect of assumptions changes or inputs	173,280	571,149
Net difference between projected and actual investment earnings	3,404	-

(Continued)

Note 3: 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	$ 550,431	$ 198,241
Contributions subsequent to the measurement date	340,770	-
Total	$ 1,164,375	$ 784,862

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, 2025. 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
2024	$ 547,191	$ 31,897
2025	135,753	47,759
2026	1,964,507	30,521
2027	173,024	(46,594)
2028	38,697	(25,960)
Thereafter	-	1,120
Total	$ 2,859,172	$ 38,743

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2023. 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%	3.65%

Note 3: 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, 2023 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 2023:

- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.
- HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

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%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	100%			

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.

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate (continued)

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Company's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

FRS Net Pension Liability		
1 % Decrease	Current Discount Rate	1 % Increase
5.70%	6.70%	7.70%
$ 15,739,019	$ 10,917,591	$ 3,754,644

HIS Net Pension Liability		
1 % Decrease	Current Discount Rate	1 % Increase
2.65%	3.65%	4.65%
$ 6,809,724	$ 6,591,189	$ 5,272,139

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, 2024, the Company reported no payable to either pension plan.

Note 4: 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

Note 4: DEFINED CONTRIBUTION PLAN (Continued)

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:

	Percentage of Gross Salary	
	Employee	Employer
FRS, Regular	3.00%	8.30%

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 $482,865 for the fiscal year ended June 30, 2024.

Note 5: CAPITAL APPROPRIATIONS FUNDING

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

Note 5: CAPITAL APPROPRIATIONS FUNDING (Continued)

district. For the year ended June 30, 2024, the schools' CSCO award totaled $1,950,164. CSCO funds of $1,950,164 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 Company agreements, ownership of the assets would revert to the District.

Note 6: 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.

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, 2024.

Note 7: COMMITMENTS AND CONTINGENCIES

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

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

Note 7: COMMITMENTS AND CONTINGENCIES (Continued)

The Company has active construction projects as of June 30, 2024. At year-end, the Company's commitments with contractors are as follows:

	Total Contract Commitments	Remaining Commitments as of June 30, 2024
North Bay Haven doors and windows project as well as retaining wall project and tennis court repir project	$ 501,487	$ 185,709
BHCA 4th 5th Grade Building	9,115,351	6,253,141
Total	$ 9,616,839	$ 6,438,850

Note 8: SUBSEQUENT EVENTS

In October 2024, the Company settled an ongoing dispute related to damages from Hurricane Michael and received $1.7 million, to be allocated between the schools, before reduction for attorney's fees to be taken for the settlement amount.

REQUIRED SUPPLEMENTARY INFORMATION

Bay Haven Charter Academy, Inc.
Statement of Revenues, Expenditures
Budget and Actual – General Fund

For the year ended June 30, 2024	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 41,143,366	$ 40,356,687	$ 35,449,166	$ (4,907,521)
Charges for services	680,000	680,000	716,136	36,136
Before and aftercare fees	779,619	779,619	868,160	88,541
Lunchroom fees	547,370	547,370	613,024	65,654
Other fees	253,800	253,800	161,413	(92,387)
Other revenue from local sources	1,026,161	1,026,161	1,106,686	80,525
Donations	46,758	46,758	193,212	146,454
Interest	19,400	19,400	232,930	213,530
Miscellaneous	-	-	73,251	73,251
Total revenues	44,496,474	43,709,795	39,413,978	(4,295,817)
Expenditures				
Instructional	19,842,386	19,498,778	18,406,565	1,092,213
Support services	10,716,534	10,591,386	10,796,027	(204,641)
Capital outlay	10,757,362	10,457,362	5,092,713	5,364,649
Debt service	2,293,038	2,293,038	2,308,436	(15,398)
Total expenditures	43,609,320	42,840,564	36,603,741	6,236,823
Excess of revenues over expenditures	887,154	869,231	2,810,237	1,941,006
Other financing sources (uses)				
Insurance recoveries	-	-	222,063	222,063
Total other financing sources (uses)	-	-	222,063	222,063
Net change in fund balance	$ 887,154	$ 869,231	$ 3,032,300	$ 2,163,069

Notes to schedule:

(1) Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

(Continued)

Notes to schedule: (Continued)

(2) The Company adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

a) An operating budget is adopted and maintained by the governing board of the Company pursuant to the requirements of Florida Statutes.

b) Copies of the budget are made available on the Company's website as required by Florida Statutes.

c) Formal budgetary integration is employed as a management control device during the year for the General Fund.

d) Budgets are legally adopted on a basis consistent with GAAP.

e) The schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final amended budget.

Bay Haven Charter Academy, Inc.
Schedule of the Company's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Company's proportion of the net pension liability	0.0273989%	0.0280253%	0.0265721%	0.0231230%	0.0222316%	0.0229118%	0.0226247%	0.0223144%	0.0225878%	0.0194227%
Company's proportionate share of the net pension liability	$ 10,917,591	$ 10,427,669	$ 2,007,218	$ 10,021,849	$ 7,656,241	$ 6,903,464	$ 6,692,244	$ 5,634,403	$ 2,917,514	$ 1,185,073
Company's covered payroll (2)	$ 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
Company's proportionate share of the net pension liability as a percentage of its covered payroll	66.40%	70.70%	14.66%	76.77%	62.91%	57.05%	57.41%	50.03%	28.29%	13.41%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Company's proportion of the net pension liability	0.0415027%	0.0404682%	0.0386657%	0.0375852%	0.0363784%	0.0369236%	0.0363967%	0.0364814%	0.0339923%	0.0297337%
Company's proportionate share of the net pension liability	$ 6,591,189	$ 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
Company's covered payroll (2)	$ 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
Company's proportionate share of the net pension liability as a percentage of its covered payroll	40.09%	29.06%	34.63%	35.15%	33.44%	32.30%	33.38%	37.75%	33.61%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the prior fiscal year.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

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

Florida Retirement System	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,423,719	$ 1,318,063	$ 1,195,891	$ 1,012,281	$ 768,275	$ 689,339	$ 652,969	$ 588,977	$ 544,172	$ 550,709
Contributions in relation to the contractually required contribution	(1,423,719)	(1,318,063)	(1,195,891)	(1,012,281)	(768,275)	(689,339)	(652,969)	(588,977)	(544,172)	(550,709)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Company's covered payroll	$ 17,076,550	$ 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
Contributions as a percentage of covered payroll	8.34%	8.02%	8.11%	7.39%	5.89%	5.66%	5.40%	5.05%	4.83%	5.34%

Health Insurance Subsidy Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 340,770	$ 273,012	$ 244,867	$ 227,278	$ 216,586	$ 202,006	$ 200,237	$ 192,622	$ 186,990	$ 129,940
Contributions in relation to the contractually required contribution	(340,770)	(273,012)	(244,867)	(227,278)	(216,586)	(202,006)	(200,237)	(192,622)	(186,990)	(129,940)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Company's covered payroll	$ 17,076,550	$ 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
Contributions as a percentage of covered payroll	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.65%	1.65%	1.66%	1.26%

Notes to schedules:
(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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

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, 2024, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated December 16, 2024.

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.

Panama City Beach, Florida
December 16, 2024