



**Jefferson County Middle**  
(A charter school under Somerset Academy, Inc.)  
W/L # 0021  
(A Charter School and Component Unit  
of the School Board of Jefferson County, Florida)  
Monticello, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2022

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Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)  
W/L #0021  
50 David Road  
Monticello, Florida 32344

2021-2022

BOARD OF DIRECTORS

Todd German, Treasurer and Board Chair (Florida)  
Ana Diaz, Secretary and Vice Chair  
David Concepcion, Director  
Dr. Bernard Kimmel, Director  
Brian M. Cox, Director (Texas)

SCHOOL ADMINISTRATION

Cory Oliver, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President  
Suzette Ruiz, Vice-President



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Jefferson County Middle  
Monticello, Florida

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson County Middle (the “School”), a charter school under Somerset Academy, Inc. as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson County Middle as of June 30, 2022, and the respective changes in financial position 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 (GAAS) 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 Somerset Academy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### ***Emphasis of a Matter – Charter School contract termination***

As described in Note 1, the School's charter agreement terminated on June 30, 2022 and its operations will revert back to the District. As a result, the School's assets, liabilities and net position will transfer to the District. A liability to the District reflecting this is presented in these financial statements. Accordingly, the School will no longer present stand-alone financial statements. Our opinion is not modified with respect to this matter.

#### ***Emphasis of a Matter – Presentation***

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Jefferson County Middle that is attributable to the transactions of the School and is not intended to be a complete presentation of Somerset Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Somerset Academy, Inc. as of June 30, 2022 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 5 through 9 and 30 through 31 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 March 1, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
March 1, 2023

**Management's Discussion and Analysis**  
Jefferson County Middle  
(A Charter school Under Somerset Academy, Inc.)  
June 30, 2022

The corporate officers of Jefferson County Middle have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2022.

**Financial Highlights**

1. The net position of the School at June 30, 2022 was \$0 due to the transfer of remaining net position to the District pursuant to the termination of the Charter contract.
2. At year-end, the School had current assets on hand of \$965,816.
3. The School had an increase in its net position of \$378,628 for the year ended June 30, 2022.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 - 11 of this report.

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

*Notes to Financial Statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16 - 29 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$0 at the close of the fiscal year. A summary of the School's net position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Cash	\$ 773,371	\$ 5,216
Investments	190,000	354,000
Other accounts receivable	2,445	4,313
Prepaid expenses	-	28,060
Due from other agencies	-	383,811
Due from other divisions of Somerset Academy, Inc.	-	63,730
Capital assets, net	273,196	394,207
<b>Total Assets</b>	<b>1,239,012</b>	<b>1,233,337</b>
<b>Deferred outflows of resources</b>	-	-
Salaries and wages payable	-	73,930
Accounts payable	188,976	139,648
Due to other division of Somerset Academy, Inc.	178,110	309,682
Term loan payable	-	41,779
Due to District	871,926	-
<b>Total Liabilities</b>	<b>1,239,012</b>	<b>565,039</b>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets	-	352,428
Unrestricted	-	315,870
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 668,298</b>

At the end of the current fiscal year, the School reflected zero balance in its net position due to the transfer of all remaining net position to the District pursuant to the termination of the Charter contract.



A summary and analysis of the School's revenues and expenses for the year ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 758,324	\$ 584,464
Local capital improvement revenue	253,675	270,841
Lunch Program fees	3,165	929
General Revenues		
Local Sources(FTE and other non specific revenues)	2,023,485	2,627,460
Interest and Other Revenues	<u>454,558</u>	<u>18,519</u>
<b>Total Revenues</b>	<u>\$ 3,493,207</u>	<u>\$ 3,502,213</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 1,439,167	\$ 1,427,505
Student support services	15,645	65,231
Instructional staff training	2,211	-
Board	37,235	15,174
School administration	299,553	341,697
Facilities acquisition and construction	8,679	8,679
Fiscal services	62,222	39,758
Food services	134,451	134,730
Central services	82,887	81,133
Student transportation services	129,375	88,241
Operation of plant	681,308	689,776
Maintenance of plant	194,620	8,862
Administrative technology services	19,656	16,548
Interest	<u>7,570</u>	<u>10,566</u>
<b>Total Expenses</b>	<u>3,114,579</u>	<u>2,927,900</u>
Change in Net Position	378,628	574,313
Net Position at Beginning of Year	<u>668,298</u>	<u>93,985</u>
Net asset transfer to District	<u>(1,046,926)</u>	<u>-</u>
Net Position at End of Year	<u>\$ -</u>	<u>\$ 668,298</u>

At the end of the School's fiscal year, revenues decreased by \$9,006 and expenses increased by \$186,679 resulting in an increase in net position of \$378,628.

#### **School Location and Lease of Facility**

The School leases its facilities (shared with other schools). The facility is located at 50 David Road, Monticello, FL 32344.

### **Capital Improvement Requirements**

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

### **School Enrollment**

This past year, the School had approximately 180 students enrolled in grades sixth through eighth.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing needs. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature. At the end of the fiscal year, the School's governmental general fund reported ending fund balance of zero due to the transfer of remaining fund balance to the District.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2022 amounts to \$273,196 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture, fixtures and computer equipment. As of June 30, 2022, the School had no long term debt relating to capital assets.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
<b>Program Revenues</b>			
Local capital outlay improvement revenue	\$ 254,751	\$ 254,751	\$ 253,675
Federal sources	749,946	751,655	758,324
Lunch program fees	2,500	2,500	3,165
<b>General Revenues</b>			
FTE and other nonspecific revenues	2,157,474	2,195,411	2,206,021
Charges and other revenues	23,815	26,654	27,972
Total Revenues	<u>\$ 3,188,486</u>	<u>\$ 3,230,971</u>	<u>\$ 3,249,157</u>
<b>CURRENT EXPENDITURES</b>			
<b>Component Unit Activities</b>			
Instruction	\$ 1,437,355	\$ 1,397,005	\$ 1,353,543
Student support services	35,953	28,063	15,645
Instructional staff training	3,000	3,000	2,211
Board	38,938	38,745	37,235
School administration	316,963	306,268	298,945
Fiscal services	70,083	64,747	62,222
Food services	145,872	139,747	134,451
Central services	90,583	82,887	82,887
Student transportation services	142,807	139,432	107,345
Operation of plant	669,865	659,526	651,102
Maintenance of plant	222,965	200,198	194,620
Administrative technology services	36,168	21,545	19,656
Total Current Expenditures	<u>\$ 3,210,552</u>	<u>\$ 3,081,163</u>	<u>\$ 2,959,862</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

### Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida, 33143.

Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)

Statement of Net Position  
June 30, 2022

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 773,371
Investments	190,000
Other accounts receivable	2,445
Total Current Assets	<u>965,816</u>
Capital assets, depreciable	840,919
Less: accumulated depreciation	<u>(567,723)</u>
	<u>273,196</u>
Total Assets	<u>1,239,012</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable	188,976
Due to Somerset Academy, Inc.	178,110
Due to District	871,926
Total Current Liabilities	<u>1,239,012</u>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 <u>Net Position</u>	
Net investment in capital assets	-
Unrestricted	-
Total Net Position	<u>\$ -</u>

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

Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2022

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$1,439,167	\$ -	\$ 305,553	\$ -	\$ (1,133,614)
Student support services	15,645	-	10,391	-	(5,254)
Instructional staff training	2,211	-	-	-	(2,211)
Board	37,235	-	-	-	(37,235)
School administration	299,553	-	53,412	-	(246,141)
Facilities acquisition and construction	8,679	-	-	-	(8,679)
Fiscal services	62,222	-	-	-	(62,222)
Food services	134,451	3,165	125,894	-	(5,392)
Central services	82,887	-	-	-	(82,887)
Student transportation services	129,375	-	29,012	-	(100,363)
Operation of plant	681,308	-	155,600	253,675	(272,033)
Maintenance of plant	194,620	-	70,228	-	(124,392)
Administrative technology services	19,656	-	8,234	-	(11,422)
Interest	7,570	-	-	-	(7,570)
<b>Total governmental activities</b>	<b>\$3,114,579</b>	<b>\$ 3,165</b>	<b>\$ 758,324</b>	<b>\$ 253,675</b>	<b>\$ (2,099,415)</b>
General revenues:					
FTE and other nonspecific revenues					2,023,485
Interest and other revenue					454,558
Change in net position					378,628
Net position, beginning					668,298
Net asset transfer to District					(1,046,926)
Net position, ending					\$ -

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

Jefferson County Middle  
 (A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds  
 June 30, 2022

	General Fund	Total Governmental Funds
<b><u>Assets</u></b>		
Cash	\$ 773,371	\$ 773,371
Investments	190,000	190,000
Accounts receivable	2,445	2,445
Total Assets	<u>965,816</u>	<u>965,816</u>
<b><u>Deferred Outflows of Resources</u></b>		
	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>		
Accounts Payable	188,976	188,976
Due to Somerset Academy, Inc.	178,110	178,110
Due to District	598,730	598,730
Total Liabilities	<u>965,816</u>	<u>965,816</u>
<b><u>Deferred Inflows of Resources</u></b>		
	<u>-</u>	<u>-</u>
<b><u>Fund Balance</u></b>		
Nonspendable, not in spendable form	-	-
Unassigned	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 965,816</u>	<u>\$ 965,816</u>

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

Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2022

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Total Fund Balance - Governmental Funds	\$	-
		-
Total Net Position - Governmental Activities	\$	-

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

Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2022

	General Fund	Special Revenue Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local capital improvement revenue	\$ -	\$ -	\$ 253,675	\$ 253,675
State passed through local	2,206,021	-	-	2,206,021
Federal sources	-	758,324	-	758,324
Lunch program fees	-	3,165	-	3,165
Charges for services and other revenue	27,972	-	-	27,972
<b>Total Revenues</b>	<b>2,233,993</b>	<b>761,489</b>	<b>253,675</b>	<b>3,249,157</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	1,047,990	305,553	-	1,353,543
Student support services	5,254	10,391	-	15,645
Board	37,235	-	-	37,235
Instructional staff training	2,211	-	-	2,211
School administration	245,533	53,412	-	298,945
Fiscal services	62,222	-	-	62,222
Food services	-	134,451	-	134,451
Central services	82,887	-	-	82,887
Student transportation services	78,333	29,012	-	107,345
Operation of plant	241,827	155,600	253,675	651,102
Maintenance of plant	124,392	70,228	-	194,620
Administrative technology services	11,422	8,234	-	19,656
<b>Capital Outlay:</b>				
Other capital outlay	26,136	-	-	26,136
<b>Debt service:</b>				
Repayment of long-term debt	-	-	41,779	41,779
Interest expense	-	-	7,570	7,570
<b>Total Expenditures</b>	<b>1,965,442</b>	<b>766,881</b>	<b>303,024</b>	<b>3,035,347</b>
Excess (deficit) of revenues over expenditures	268,551	(5,392)	(49,349)	213,810
<b>Other financing sources (uses)</b>				
Transfers in (out)	(54,741)	5,392	49,349	-
Net change in fund balance	213,810	-	-	213,810
Fund Balance at beginning of year	133,334	-	-	133,334
Fund Balance Transfer to District	(347,144)	-	-	(347,144)
Fund Balance at end of year	\$ -	\$ -	\$ -	\$ -

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



Jefferson County Middle  
(A charter school under Somerset 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, 2022

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Net Change in Fund Balance - Governmental Funds \$ 213,810

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$26,136 differs from depreciation expense of \$147,148. (121,011)

Decrease in long term payables is an expenditure in the governmental funds, but a decreases long-term liabilities in the statement of net position. This is the amount by which repayment of long-term payables differed from proceeds from new long term debt. 41,779

accounting in the government-wide statements. However, revenues are recognized when they are measureable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 426,586

Prior year revenues recorded this year at the fund level. (182,536)

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Change in Net Position of Governmental Activities \$ 378,628

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

## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Jefferson County Middle (the "School"), is a component unit of the School Board of Jefferson County, Florida (the "District"). The School's charter is held by Somerset Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Somerset Academy, Inc., which is composed of five members and also governs other charter schools. The board of directors has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Jefferson County, Florida. The current charter expired on June 30, 2022 and was not renewed. As a result, the School's operations will revert back to the District.

The School is located in Monticello, Florida for students from grades sixth through eighth and is funded by the District. These financial statements are for the year ended June 30, 2022, when approximately 180 students were enrolled for the school year.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statement include both the government-wide and fund financial statements.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Government-wide and 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 report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds, even though the fiduciary funds are not included in the government-wide financial statements. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all non-major funds aggregate in a single column:

*General Fund* - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

*Special Revenue Fund* – accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full 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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met.

Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Cash

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Inter-fund Transfers

Inter-fund receivables/payables (“due from/to”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Building & Improvements	20 Years
Furniture, Equipment and Software	5 Years

**Note 1 – Summary of Significant Accounting Policies (continued)**

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. Employees may to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Revenue Sources

Revenues for current operations are received primarily from the State through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives states funds through the district under charter school capital outlay funding pursuant to section 1013.62, Florida statutes funds are based on capital outlay plans submitted

The School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Finally, the School also 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. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Net Position and Fund balance classifications

*Government-wide financial statements*

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of balances with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other balances that do not meet the definition of "restricted" or "Net investment in capital assets."

When both restricted and unrestricted resources are available for a specific purpose, it is the District's policy to use restricted resources first, until exhausted, before using unrestricted resources.

*Fund financial statements*

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.

**Note 1 – Summary of Significant Accounting Policies (continued)**

- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

Somerset Academy, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through March 1, 2023, which is the date the financial statements were available to be issued.



Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)  
Notes to Financial Statements  
June 30, 2022

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**Note 2 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2022:

	Balance 07/01/21	Additions	Transfers	Balance 06/30/22
Capital Assets, non-depreciable:				
Construction in progress	\$ 24,000	\$ -	\$ (24,000)	\$ -
Capital Assets, depreciable:				
Buildings and improvements	198,121	35,627	-	233,748
Computer equipment and software	130,866	14,509	-	145,375
Furniture and equipment	461,796	-	-	461,796
Total Capital Assets	<u>814,783</u>	<u>50,136</u>	<u>(24,000)</u>	<u>840,919</u>
Less Accumulated Depreciation:				
Buildings and improvements	(98,179)	(32,728)	-	(130,907)
Computer equipment and software	(99,430)	(28,600)	-	(128,030)
Furniture and equipment	(222,966)	(85,820)	-	(308,786)
Total Accumulated Depreciation	<u>(420,575)</u>	<u>(147,148)</u>	<u>-</u>	<u>(567,723)</u>
Capital Assets, net	<u>\$ 394,208</u>	<u>\$ (97,012)</u>	<u>\$ (24,000)</u>	<u>\$ 273,196</u>

For the fiscal year ended June 30, 2022, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 85,625
School administration	608
Facilities acquisition	8,679
Student transportation services	22,030
Operation of plant	30,206
Total Depreciation Expense	<u>\$ 147,148</u>

**Note 3 – Cash and Investments**

Deposits

The School maintains its cash in one financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was approximately \$220.

**Note 3 – Cash and Investments (continued)**

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2022, the School had \$190,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2022, maturities of the fund's portfolio holdings are approximately 87% within 30 days.

Credit Risk

*Concentration of credit risk* is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2022, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

**Note 4 – Education Services and Support Provider Agreement**

Academica Dade, LLC, a professional education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual education services. The agreement calls for a fee on a per student basis. The agreement is with Somerset Academy, Inc. for a period of five years, through June 30, 2022, and was not renewed. During the year ended June 30, 2022, the School incurred \$116,675 in fees. In addition, there were \$70,000 of fee previously under charged.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

**Note 5 – Transactions with other divisions of Somerset Academy, Inc.**

The School leases its facilities from the School Board of Jefferson County. The facilities are shared with Jefferson County Elementary School and Jefferson County High School (all are charter schools under Somerset Academy, Inc.). As a result, certain activities such as fundraising activities are recorded in the books of the Jefferson County Elementary School and not in those of the School.

Somerset Academy, Inc. (the “Corporation”) charges an assessment to all of its affiliated schools for shared corporate costs and accreditation expenses. During 2022, the School paid \$26,925 to the Corporation for these shared costs.

The School’s lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

As a result of these transactions, the School may have balances due to or from other divisions of Somerset Academy, Inc. The following summarizes the activity during the year.

	Balance 07/01/21	Additions	Deletions	Balance 06/30/22
<b>Due to other charter schools</b>				
Jefferson County High School	\$ 309,682	\$ -	\$ 309,682	\$ -
Total Payable	<u>\$ 309,682</u>	<u>\$ -</u>	<u>\$ 309,682</u>	<u>\$ -</u>

Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)  
Notes to Financial Statements  
June 30, 2022

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**Note 5 – Transactions with other divisions of Somerset Academy, Inc. (continued)**

	Balance 07/01/21	Additions	Deletions	Balance 06/30/22
<b>Due to charter holder</b>				
Somerset Academy, Inc.	\$ -	\$ 178,110	\$ -	\$ 178,110
Total Payable	\$ -	\$ 178,110	\$ -	\$ 178,110

**Note 6 – Long Term Debt**

Somerset Academy, Inc. obtained a term loan from JP Morgan Chase Bank in the amount of \$174,888. This note matured on October 25, 2021 and accrued interest at 3.83%. This note was secured by certain of the School’s capital assets. The JP Morgan Chase Bank note was paid off via a new term loan with Regions Bank in the amount of \$51,382 with a maturity date of November 2023 and accruing interest at 3.25%. The loan was paid off as of June 30, 2022. The following summarizes the activity during the year:

	Balance 07/01/21	Additions	Deletions	Balance 06/30/22
Regions Bank term loan	\$ 41,779	\$ -	\$ 41,779	\$ -
Total Term Loan Payable	\$ 41,779	\$ -	\$ 41,779	\$ -

The School shares a \$2,000,000 revolving line of credit under Somerset Academy, Inc. from a financial institution for working capital purposes with Jefferson County Elementary School and Jefferson County High School. The facility bears an interest rate of 1.85% per annum and is due in full with all accrued interest at maturity on March 31, 2022. The line of credit is secured by all business assets of Somerset Academy, Inc. As of June 30, 2022, the outstanding balance on the line that pertains to the School is \$0.

Interest expense for the year ended June 30, 2022 was \$7,570.

**Note 7 – Inter-fund Transfers**

Inter-fund transfers in governmental funds as of June 30, 2022, consist of the following:

	General Fund	Special Revenue Fund	Non- Major Governmental Funds
To transfer lunch funds	\$ (5,392)	\$ 5,392	\$ -
Transfer to Debt Service Fund to cover debt service	(49,349)	-	49,349
Total Transfers, net	<u>\$ (54,741)</u>	<u>\$ 5,392</u>	<u>\$ 49,349</u>

**Note 8 – Commitments, Contingencies and Concentrations**

Somerset Academy, Inc. entered into a transportation equipment, facility and equipment lease with the School Board of Jefferson County, Florida (the “Landlord”). for its transportation fleet, garage and equipment. The lease commenced on August 1, 2017 and shall thereafter coincide with the terms of the Schools charter, currently expiring on June 30, 2022. The annual minimum rent under the lease is one-dollar (\$1.00). All insurance, property taxes, repairs and maintenance are the expense of the Tenant.

Somerset Academy, Inc. has also entered into a personal and real property lease with the School Board of Jefferson County, Florida (the “Landlord”). for its main campus facilities (David Road), certain equipment and additional real property “Water Street Property” on which is located the athletic fields, track, stands, concession areas, restroom facilities and associated locker rooms and athletic facilities. The lease term shall coincide with the terms of the Schools charter, currently July 1, 2017 to June 30, 2022. The annual minimum rent under the lease is a “lease fee” defined in the Schools charter contract, currently one-dollar (\$1.00). All insurance, property taxes, repairs and maintenance are the expense of the Tenant.

Contingencies

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits.

**Note 8 – Commitments, Contingencies and Concentrations (continued)**

It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2022, administrative fees withheld by the School District totaled \$77,372.

**Note 9 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School's debt agreements contain various covenants, restrictions and financial test requirements. In the event of default, the maturity can be accelerated and/or the underlying collateral may be subject to foreclosure.

The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as "Professional Employer Organization" (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

**Note 10– Defined Contribution Retirement Plan**

Post-retirement Benefits

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School approved a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed \$32,179 to the Plan for the year ended June 30, 2022 . The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

Additionally, the School provides contributions to certain eligible personnel that participate in the Florida Retirement System through the Jefferson County School Board. However, the School has elected to be a non-profit private employer and does not participate in the Florida Retirement System and accordingly, does not record any post retirement obligations.

REQUIRED SUPPLEMENTARY INFORMATION



Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,157,474	\$ 2,195,411	\$ 2,206,021
Charges and other revenue	23,815	26,654	27,972
Total Revenues	<u>2,181,289</u>	<u>2,222,065</u>	<u>2,233,993</u>
<b>EXPENDITURES</b>			
Instruction	1,076,809	1,058,554	1,047,990
Student support services	23,453	16,951	5,254
Instructional Staff Training	3,000	3,000	2,211
Board	38,938	38,745	37,235
School Administration	260,122	252,147	245,533
Fiscal Services	70,083	64,747	62,222
Central Services	90,583	82,887	82,887
Student transportation services	111,357	109,885	78,333
Operation of Plant	257,264	248,454	241,827
Maintenance of Plant	150,000	128,653	124,392
Administrative technology services	36,168	21,545	11,422
Total Current Expenditures	<u>2,117,777</u>	<u>2,025,568</u>	<u>1,939,306</u>
Excess of Revenues			
Over Current Expenditures	<u>63,512</u>	<u>196,497</u>	<u>294,687</u>
Capital Outlay			
Other Capital Outlay	<u>27,750</u>	<u>27,750</u>	<u>26,136</u>
Total Expenditures	<u>2,145,527</u>	<u>2,053,318</u>	<u>1,965,442</u>
Excess (Deficit) of Revenues Over Expenditures	35,762	168,747	268,551
Other financing sources (uses):			
Other financing sources (uses)			
Transfers in (out)	<u>(143,427)</u>	<u>(104,538)</u>	<u>(54,741)</u>
Net change in fund balance	(107,665)	64,209	213,810
Fund Balance at beginning of year	<u>133,334</u>	<u>133,334</u>	<u>133,334</u>
Fund Balance Transfer to District	<u>(347,144)</u>	<u>(347,144)</u>	<u>(347,144)</u>
Fund Balance at end of year	<u>\$ (321,475)</u>	<u>\$ (149,601)</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Jefferson County Middle  
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2022

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 749,946	\$ 751,655	\$ 758,324
Lunch program	2,500	2,500	3,165
Total Revenues	<u>752,446</u>	<u>754,155</u>	<u>761,489</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	360,546	338,451	305,553
Student support services	12,500	11,112	10,391
School administration	56,841	54,121	53,412
Food services	145,872	139,747	134,451
Student transportation services	31,450	29,547	29,012
Operation of Plant	157,850	156,321	155,600
Maintenance of plant	72,965	71,545	70,228
Administrative technology services	8,500	8,500	8,234
Total Current Expenditures	<u>846,524</u>	<u>809,344</u>	<u>766,881</u>
Excess (deficit) of Revenues Over Current Expenditures	<u>(94,078)</u>	<u>(55,189)</u>	<u>(5,392)</u>
Total Expenditures	<u>846,524</u>	<u>809,344</u>	<u>766,881</u>
Excess (deficit) of Revenues Over Expenditures	(94,078)	(55,189)	(5,392)
Other financing sources (uses)			
Transfers in (out)	<u>94,078</u>	<u>55,189</u>	<u>5,392</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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

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Board of Directors of  
Jefferson County Middle  
Monticello, 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, each major fund and the aggregate remaining fund information of Jefferson County Middle (the “School”) as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated March 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

Report on Compliance and Other Matters

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

We issued a separate management letter dated March 1, 2023 pursuant to Chapter 10.850, Rules of the Auditor General.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
March 1, 2023



## MANAGEMENT LETTER

Board of Directors of  
Jefferson County Middle  
Monticello, Florida

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

We have audited the financial statements of Jefferson County Middle as of and for the fiscal year ended June 30, 2022 and have issued our report thereon dated March 1, 2023.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated March 1, 2023, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Jefferson County Middle, 0021.

### **Financial Condition**

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



**Financial Condition (Continued)**

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Jefferson County Middle. It is management’s responsibility to monitor Jefferson County Middle’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

We have applied the above procedures as of the fiscal year end and no deteriorating financial condition has been noted.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit we have no recommendations.

**Transparency**

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

**Additional Matters**

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

**Purpose of this Letter**

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

A handwritten signature in blue ink that reads 'HLB Gravier, LLP'.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
March 1, 2023