



**Somerset Academy Charter Elementary  
School (South Homestead)  
WL# 0339**

(A Charter School under  
Somerset Academy Inc.)

Homestead, Florida

Financial Statements and  
Independent Auditors' Report  
June 30, 2024

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Somerset Academy Charter Elementary School (South Homestead)  
(A charter school under Somerset Academy Inc.)  
WL# 0339

300 SE 1<sup>st</sup> Avenue  
Homestead, Fl 33030

2023-2024

BOARD OF DIRECTORS

Todd German, Board Chair and Treasurer, (Florida)  
Ana Mendez, Vice-Chair and Secretary  
David Concepcion, Director  
Brian M. Cox, Director (Texas)  
Taylor Smith, Director

SCHOOL ADMINISTRATION

Layda Morales, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President  
Suzette Ruiz, Vice-President



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Somerset Academy Charter Elementary School (South Homestead)  
Homestead, Florida

### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Academy Charter Elementary School (South Homestead) (the “School”), a charter school under Somerset Academy, Inc. as of, and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Somerset Academy Charter Elementary School (South Homestead) as of June 30, 2024, 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 Somerset Academy Charter Elementary School (South Homestead)’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.

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### ***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 – Presentation***

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Somerset Academy Charter Elementary School (South Homestead) 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, 2024 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 to 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 September 12, 2024 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 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 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  
September 12, 2024

**Management’s Discussion and Analysis**  
Somerset Academy Charter Elementary School (South Homestead)  
(A Charter school Under Somerset Academy, Inc.)  
June 30, 2024

The corporate officers of Somerset Academy, Inc. have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2024.

**Financial Highlights**

1. The net position of the School at June 30, 2024 was \$12,363,404.
2. At year-end, the School had current assets on hand of \$9,500,234
3. The School had an increase in its net position of \$3,763,495 for the year ended June 30, 2024.
4. The unassigned fund balance at year end was \$8,461,920.

**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, 2024 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 general fund 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 \$12,363,404 at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 379,454	\$ 406,711
Investments	6,819,000	5,147,000
Prepaid expenses and other current assets	45,604	67,231
Due from other agencies	2,968,815	936,254
Capital and right-of-use capital assets, net	649,389	1,156,311
Due from Somerset Academy, Inc.	<u>2,295,000</u>	<u>2,295,000</u>
Total Assets	<u>13,157,262</u>	<u>10,008,507</u>
Deferred outflows of resources	-	-
Salaries and wages payable	277,010	245,068
Accounts payable and accrued liabilities	46,584	246,705
Lease liabilities	<u>470,264</u>	<u>916,825</u>
Total Liabilities	<u>793,858</u>	<u>1,408,598</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	179,125	239,486
Restricted	426,768	-
Unrestricted	<u>11,757,511</u>	<u>8,360,423</u>
<b>Total Net Position</b>	<u>\$ 12,363,404</u>	<u>\$ 8,599,909</u>

At the end of both fiscal years, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 1,352,167	\$ 1,038,292
Capital Grants and Contributions	451,789	528,043
Charges for services	192,699	281,377
General Revenues		
State and local Sources	7,082,888	4,989,261
Other revenues	692,796	453,002
Total Revenues	<u>9,772,339</u>	<u>7,289,975</u>
<b>EXPENSES</b>		
Instruction	\$ 3,337,458	\$ 3,241,494
Student support services	13,631	11,121
Instructional staff training	38,759	37,321
Board	30,650	39,264
General administration	102,677	-
School administration	528,783	561,947
Fiscal services	89,775	86,850
Food services	283,666	250,082
Central services	108,793	122,355
Pupil transportation	5,550	-
Operation of plant	1,157,456	1,107,058
Maintenance of plant	91,821	129,715
Administrative technology services	23,566	18,254
Community services	160,602	156,073
Debt service	35,657	57,964
<b>Total Expenses</b>	<u>6,008,844</u>	<u>5,819,498</u>
Increase in Net Position	3,763,495	1,470,477
Net Position at Beginning of Year	<u>8,599,909</u>	<u>7,129,432</u>
Net Position at End of Year	<u>\$ 12,363,404</u>	<u>\$ 8,599,909</u>

The School's revenues and expenses increased by \$2,482,364 and \$189,346, respectively. The School had an increase in its net position of \$3,763,495 for the year.

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

The School leases a facility located at 300 SE 1<sup>st</sup> Avenue, Homestead, Florida 33030.

### **Capital Improvement Requirements**

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

## **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 requirements. 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 \$8,934,292. The fund balance unassigned and available for spending at the School's discretion is \$8,461,920. These funds will be available for the School's future ongoing operations.

### **Capital Assets**

The School's investment in capital and right of use lease asset assets as of June 30, 2024 amounts to \$649,389 (net of accumulated depreciation and amortization). This investment in capital assets includes right of use lease asset, improvements, furniture, fixtures and equipment. As of June 30, 2024, the School had \$470,264 of long term debt relating to its capital assets.

The lease asset is amortized using the straight-line method over the term of the lease and the lease liability amortizes based on the effective interest method resulting in a higher liability and expense during the early years of the lease.

## 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>			
Program Revenues			
State capital outlay funding	\$ 325,521	\$ 330,910	\$ 336,670
Local capital improvement revenue	1,118,168	1,514,796	115,119
Federal sources	1,398,129	1,817,587	1,918,223
Charges for services and other revenue	151,700	191,800	192,699
General Revenues			
FTE and other nonspecific revenues	4,537,402	4,854,621	6,370,249
Other revenues	487,412	644,128	692,796
Total Revenues	<u>8,018,332</u>	<u>9,353,842</u>	<u>9,625,756</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 3,520,636	\$ 3,471,085	\$ 3,307,510
Student support services	44,909	41,125	13,631
Instructional staff training	41,000	41,000	38,759
Board	34,288	39,744	30,650
General administration	112,960	110,505	102,677
School administration	614,872	597,952	528,403
Fiscal services	91,992	89,775	89,775
Food services	297,909	281,409	277,486
Central services	129,492	131,696	108,793
Pupil transportation	7,500	7,500	5,550
Operation of plant	672,955	661,732	652,034
Maintenance of plant	112,000	101,250	86,314
Administrative technology services	24,088	24,088	23,566
Community services	175,000	175,000	160,602
Total Current Expenditures	<u>\$ 5,879,601</u>	<u>\$ 5,773,861</u>	<u>\$ 5,425,750</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.

**Somerset Academy Charter Elementary School (South Homestead)**  
(A charter school under Somerset Academy, Inc.)

Statement of Net Position  
June 30, 2024

	Primary Government Governmental Activities
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 379,454
Investments	6,819,000
Due from other agencies	2,256,176
Prepaid expenses and other current assets	45,604
Total Current Assets	9,500,234
Due from Somerset Academy, Inc.	2,295,000
Due from other agencies, net, long-term	712,639
Capital assets, net:	
Capital assets, depreciable	492,302
Less: accumulated depreciation	(351,757)
Right-of-use lease asset	1,927,792
Less: accumulated amortization	(1,418,948)
Total capital assets, net	649,389
Total Assets	13,157,262
<b><u>Deferred Outflows of Resources</u></b>	-
<b><u>Liabilities</u></b>	
Current liabilities:	
Salaries and wages payable	277,010
Accounts payable and accrued liabilities	46,584
Lease liability, current	470,264
Total Current Liabilities	793,858
<b><u>Deferred Inflows of Resources</u></b>	-
<b><u>Net Position</u></b>	
Net investment in capital assets	179,125
Restricted	426,768
Unrestricted	11,757,511
Total Net Position	\$ 12,363,404

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

**Somerset Academy Charter Elementary School (South Homestead)**  
(A charter school under Somerset Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2024

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Instruction	\$ 3,337,458	\$ 60,740	\$ 834,302	\$ -	\$ (2,442,416)
Student support services	13,631	-	-	-	(13,631)
Instructional staff training	38,759	-	30,762	-	(7,997)
Board	30,650	-	-	-	(30,650)
General administration	102,677	-	-	-	(102,677)
School administration	528,783	-	105,655	-	(423,128)
Fiscal services	89,775	-	-	-	(89,775)
Food services	283,666	17,244	224,243	-	(42,179)
Central services	108,793	-	-	-	(108,793)
Pupil transportation	5,550	-	-	-	(5,550)
Operation of plant	1,157,456	28,072	157,205	451,789	(520,390)
Maintenance of plant	91,821	-	-	-	(91,821)
Administrative technology services	23,566	-	-	-	(23,566)
Community services	160,602	175,455	-	-	14,853
Debt service	35,657	-	-	-	(35,657)
<b>Total governmental activities</b>	<b>6,008,844</b>	<b>281,511</b>	<b>1,352,167</b>	<b>451,789</b>	<b>(3,923,377)</b>

General revenues:

State and local sources	7,082,888
Investment income	532,251
Other revenues	71,733

Change in net position 3,763,495

Net position, beginning 8,599,909

Net position, ending \$ 12,363,404

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

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

## Balance Sheet - Governmental Funds

June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 137,106	\$ 242,348	\$ -	\$ 379,454
Investments	6,819,000	-	-	6,819,000
Due from other agencies	678,703	1,554,203	23,270	2,256,176
Due from fund	1,577,473	-	-	1,577,473
Prepaid expenses and other current assets	45,604	-	-	45,604
Total Assets	<u>9,257,886</u>	<u>1,796,551</u>	<u>23,270</u>	<u>11,077,707</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	277,010	-	-	277,010
Accounts payable and accrued liabilities	46,584	-	-	46,584
Due to fund	-	1,554,203	23,270	1,577,473
Total Liabilities	<u>323,594</u>	<u>1,554,203</u>	<u>23,270</u>	<u>1,901,067</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	45,604	-	-	45,604
Restricted	426,768	-	-	426,768
Assigned	-	242,348	-	242,348
Unassigned	8,461,920	-	-	8,461,920
	<u>8,934,292</u>	<u>242,348</u>	<u>-</u>	<u>9,176,640</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 9,257,886</u>	<u>\$ 1,796,551</u>	<u>\$ 23,270</u>	<u>\$ 11,077,707</u>

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

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2024

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Total Fund Balance - Governmental Funds		\$ 9,176,640
 Capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.		
Capital assets, depreciable	492,302	
Less: accumulated depreciation	(351,757)	
Right-of-use lease asset	1,927,792	
Less: accumulated amortization	<u>(1,418,948)</u>	649,389
 Receivables in governmental activities that are not considered available to pay current liabilities are not current financial resources and therefore are not reported in the governmental funds.		
		712,639
 Receivables that are considered long term and not a financial resources and therefore not reported in the governmental funds.		
		2,295,000
 Long term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
		<u>(470,264)</u>
Total Net Position - Governmental Activities		<u>\$ 12,363,404</u>

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

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the year ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>				
State passed through local	\$ 4,960,446	\$ -	\$ -	\$ 4,960,446
State capital outlay funding	-	-	336,670	336,670
Local sources	1,409,803	-	115,119	1,524,922
Federal sources	-	1,918,223	-	1,918,223
Charges for services and other revenue	692,796	192,699	-	885,495
Total Revenues	<u>7,063,045</u>	<u>2,110,922</u>	<u>451,789</u>	<u>9,625,756</u>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	2,679,665	627,845	-	3,307,510
Student support services	13,631	-	-	13,631
Instructional staff training	7,997	30,762	-	38,759
Board	30,650	-	-	30,650
General administration	102,677	-	-	102,677
School administration	422,748	105,655	-	528,403
Fiscal services	89,775	-	-	89,775
Food services	-	277,486	-	277,486
Central services	108,793	-	-	108,793
Pupil transportation	5,550	-	-	5,550
Operation of plant	494,829	157,205	-	652,034
Maintenance of plant	86,314	-	-	86,314
Administrative technology services	23,566	-	-	23,566
Community services	-	160,602	-	160,602
<b>Capital Outlay:</b>				
Other capital outlay	31,337	9,178	-	40,515
<b>Debt Service:</b>				
Redemption of Principal	-	-	446,561	446,561
Interest	-	-	35,657	35,657
Total Expenditures	<u>4,097,532</u>	<u>1,368,733</u>	<u>482,218</u>	<u>5,948,483</u>
Excess (deficit) of revenues over expenditures	2,965,513	742,189	(30,429)	3,677,273
<b>Other financing sources (uses)</b>				
Transfers in (out)	697,748	(728,177)	30,429	-
Net change in fund balance	3,663,261	14,012	-	3,677,273
Fund Balance at beginning of year	<u>5,271,031</u>	<u>228,336</u>	<u>-</u>	<u>5,499,367</u>
Fund Balance at end of year	<u>\$ 8,934,292</u>	<u>\$ 242,348</u>	<u>\$ -</u>	<u>\$ 9,176,640</u>

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

**Somerset Academy Charter Elementary School (South Homestead)**

(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, 2024

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Net Change in Fund Balance - Governmental Funds \$ 3,677,273

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 and amortization expense. This is the amount by which capital outlays differed from depreciation and amortization expense.

Capital outlay expenditures	40,515	
Depreciation and amortization expense	<u>(547,437)</u>	(506,922)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable 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.

712,639

Prior year revenues recognized this year at the fund level.

(566,056)

Increase in long term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.

Principal payments on long-term liabilities	<u>446,561</u>	<u>446,561</u>
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Change in Net Position of Governmental Activities

\$ 3,763,495

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

## **Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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

#### Reporting Entity

Somerset Academy Charter Elementary School (South Homestead) (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The Schools' charter is held by Somerset Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida 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 exists 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 Miami-Dade County, Florida. The current charter expires on June 30, 2037 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Homestead, Florida for students from kindergarten through fifth grades and is funded by the District. These financial statements are for the year ended June 30, 2024, on average 567 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 statements 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 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 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.

## Somerset Academy Charter Elementary School (South Homestead)

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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### 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, such as food service and student activity 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. Other revenue sources not included with program revenues are reported as general revenues. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other state and local sources..

##### *Fund Financial Statements*

Fund financial statements are provided for governmental funds. 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:

*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.

*Capital Projects Fund* – accounts for state and local capital funding as authorized by Chapter School Capital Outlay, Section 1013.62, Florida Statutes.

#### 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*.

## **Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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

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 transactions 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. 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.

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. A one-year availability period is used for revenue recognition for all 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.

## **Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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

#### Cash and Investments

Cash and Investments 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

Interfund receivables/payables 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.

#### Prepaid Expenses and Other Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

#### 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 a 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. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc. )

Notes to Financial Statements

June 30, 2024

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

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Right-of-use asset (building)	4 Years
Improvements	5-10 Years
Furniture and Equipment	5 Years
Textbooks and Software	3 Years

Compensated Absences

The School grants a specific number of personal time off. Full time instructional employees are eligible to receive one day per month 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 “cash out” unused days for personal time off, however, employees may only cash out if they have used three days or less in that benefit year. Employees may not cash out more than ten days per school year and are required to maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused days. Non-exempt and office salaried employees are not eligible to “cash out” unused personal time off 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 compensated absences available to be used in future benefits years.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

## Somerset Academy Charter Elementary School (South Homestead)

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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

#### 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 reports 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. In addition, the School receives a portion of the local operating millage revenues levied by the District (Secure our Future Referendum).

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement tax revenues levied by the District.

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 components:

- a) Net investment in capital assets – consists of capital assets net of accumulated depreciation 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 net position 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 net position that does not meet the definition of "restricted" or "net investment in capital assets."

## Somerset Academy Charter Elementary School (South Homestead)

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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

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

#### *Fund financial statements*

GASB Codification Section 1800.142, Fund Balance Reporting and Governmental Fund Type Definitions, 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 list 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 prepaid expenses.
- b) **Restricted** – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The restricted fund balance at year end pertains to unspent local referendum funds.
- 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 that is 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. As of June 30, 2024, there is assigned cash in connection with the School's internal account.
- 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.

## **Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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

#### New Accounting Standard Adopted

In fiscal year 2024, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 100, Accounting Changes and Error Corrections. This adoption had no material effect on the School's financial statements as of June 30, 2024.

#### Pronouncements Issued But Not Yet Effective

GASB has issued GASBS Statement No. 101, Compensating Absences. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

#### Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 12, 2024, which is the date the financial statements were available to be issued.

### **Note 2 – Cash and Investments**

#### Deposits

The School maintains its cash and cash equivalents in two 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, 2024, bank balances in potential excess of FDIC coverage was approximately \$386,000.

#### 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, 2024, the School had \$6,970,000 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, 2024, maturities of the fund's portfolio holdings are approximately 86% within 30 days.

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc. )

Notes to Financial Statements

June 30, 2024

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**Note 2 – Deposits and Investments (continued)**

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 (Regions Bank) 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, 2024, 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 3 –Due from Other Agencies**

The following is due from other agencies as of June 30, 2024:

<u>Funding Source</u>	<u>Fund</u>	
Due from Miami-Dade County Public Schools, referendum	General Fund	\$ 678,703
ESSER III	Special Revenue Fund	1,527,600
Title IV	Special Revenue Fund	26,603
Capital Outlay	Capital Projects Fund	23,270
Total Due from Other Agencies, current		<u>\$ 2,256,176</u>
Due from Miami-Dade County Public Schools, referendum, long-term portion		712,639
Total Due from Other Agencies		<u>\$ 2,968,815</u>

## Somerset Academy Charter Elementary School (South Homestead)

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

### Note 4 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
<b>Capital Assets, depreciable:</b>				
Improvements	\$ 224,339	\$ -	\$ -	\$ 224,339
Furniture, fixtures and equipment	264,470	40,515	(37,022)	267,963
Total Capital Assets	488,809	40,515	(37,022)	492,302
Less Accumulated Depreciation:				
Improvements	(147,804)	(29,192)	-	(176,996)
Furniture, fixtures and equipment	(166,799)	(44,984)	37,022	(174,761)
Total Accumulated Depreciation	(314,603)	(74,176)	37,022	(351,757)
Total Capital Assets, being depreciated, net	\$ 174,206	\$ (33,661)	\$ -	\$ 140,545
<b>Lease Assets:</b>				
Right of use lease asset (building)	\$ 1,964,817	\$ -	\$ -	\$ 1,964,817
Less accumulated amortization:	(982,712)	(473,261)	-	(1,455,973)
Total Lease Assets being amortized, net	982,105	(473,261)	-	508,844
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 1,156,311</b>	<b>\$ (506,922)</b>	<b>\$ -</b>	<b>\$ 649,389</b>

For the fiscal year ended June 30, 2024, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	\$ 29,948	\$ -
School administration	380	-
Food services	6,180	-
Operation of plant	32,161	473,261
Maintenance of plant	5,507	-
Total Expense	<u>\$ 74,176</u>	<u>\$ 473,261</u>

### Note 5 – Education Service and Support Provider

Academica Dade, LLC, an education service and support provider, provides 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., through June 30, 2028, and unless terminated by the board will have an option to renew for an additional five year period. During the year ended June 30, 2024, the School incurred \$269,325 in fees.

## Somerset Academy Charter Elementary School (South Homestead)

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

### Note 6 – Transactions With Other Divisions of Somerset Academy, Inc.

Somerset Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Somerset Academy Charter Elementary School (South Homestead) paid Somerset Academy, Inc. \$87,990 in connection with these charges during the year.

The School has long-term, non-interest bearing advances to various charter schools under Somerset Academy, Inc. and to the corporate account for working capital purposes. The following are current year changes in long-term receivable advances:

	Balance 7/1/2023	Additions	Decreases	Balance 6/30/2024
Somerset Academy, Inc.	\$ 2,295,000	\$ -	\$ -	\$ 2,295,000
Total Long Term Receivables	\$ 2,295,000	\$ -	\$ -	\$ 2,295,000

### Note 7 – Long Term Liabilities

The School entered into an amended lease agreement with the Archdiocese of Miami, Inc. for its 4,522 square feet building including all outdoor areas and other improvements, and maintained the rest of the terms from the original lease agreement. Fixed initial annual payments under this agreement are \$254,302 adjusted annually based on the Consumer Price Index (CPI) plus \$790 per student, per year for every student enrolled at the facility in excess of 299 students. Additional property costs include repairs, maintenance and insurance. The agreement continues through June 30, 2025.

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School has used an average effective interest for several borrowings during fiscal year 2021 and 2022. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability. The right of use asset includes \$219,871 in long term receivables from landlord as of June 30, 2024 for advanced costs to the landlord for the leased premises which is being amortized over the lease term.

Annual requirements to amortize the lease liability and related interest are as follows:

Year	Principal	Interest	Total
2025	\$ 470,264	\$ 12,810	\$ 483,074
	\$ 470,264	\$ 12,810	\$ 483,074

Changes in long term lease liabilities during the year are as follows:

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
Lease liability	\$ 916,825	-	\$ (446,561)	\$ 470,264
Total Long Term Liabilities	\$ 916,825	-	\$ (446,561)	\$ 470,264

## **Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc.)

Notes to Financial Statements

June 30, 2024

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### **Note 8 – Concentrations and 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 receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, 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, 2024, administrative fees withheld by the School District totaled \$102,677.

### **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 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**

The School’s personnel, who 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 School approved a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$100,218 for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by Voya Financial.

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc. )

Notes to Financial Statements

June 30, 2024

**Note 11 - Interfund Transfers**

Interfund transfers as of June 30, 2024, consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund lease liabilities payments from the general fund	\$ (30,429)	\$ -	\$ 30,429
To reimburse general fund for prior years lunch deficit	(35,999)	35,999	-
To fund federal expenditures for which revenues were not available	764,176	(764,176)	-
Total Transfers, net	<u>\$ 697,748</u>	<u>\$ (728,177)</u>	<u>\$ 30,429</u>

  

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for Capital Outlay	\$ 23,270	\$ -	\$ (23,270)
Due to General Fund from Special Revenue Fund for Federal Funds	1,554,203	(1,554,203)	-
Total Due from/(Due to)	<u>\$ 1,577,473</u>	<u>\$ (1,554,203)</u>	<u>\$ (23,270)</u>

**Note 12 – Referendum**

On November 6, 2018, and November 8, 2022, the voters of Miami-Dade approved and renewed, respectively, the Secure Our Future Referendum to raise/maintain teacher compensation and improve school safety and security. The Miami-Dade County School District shares a portion with charter schools. The District entered into a settlement agreement with the School for the 2018 Referendum funds not received for the 2019-2020; 2020-2021 and 2021-2022 school years. The District agreed to pay these funds totaling \$1,391,341 (including interest) to the School in two installments in August 2024 and July 2025.

The following is the referendum funds allocated and expended as of and for the years ended June 30, 2023 and 2024:

Funds Allocation	2022-2023 \$ 535,851
Less: Actual Expenditures	(340,588)
Rollover revenues as of June 30, 2023	<u>\$ 195,263</u>
2022-2023 Funds Re-Allocated from charter holder based on actual expenditures	(15,674)
Less: Actual Expenditures	(179,589)
Restricted 2022-2023 Referendum as of June 30, 2024	-
	2023-2024
Actual Allocation	\$ 827,303
Less: 2023-2024 Contingency	(41,365)
2023-2024 Referendum Funds Recognized, net of contingency	\$ 785,938
Less: Actual Expenditures	(359,170)
Restricted 2023-2024 Referendum as of June 30, 2024	<u>\$ 426,768</u>

**Somerset Academy Charter Elementary School (South Homestead)**

(A charter school under Somerset Academy, Inc. )

Notes to Financial Statements

June 30, 2024

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**Note 12 – Referendum (continued)**

The following are referendum funds recognized by the School during the School year ended June 30, 2024:

Total Referendum Revenue Recognized:	
2022-2023 Referendum Funds	\$ 179,589
2023-2024 Referendum Funds, net of contingency	785,937
2018 Referendum Settlement Agreement, excluding interest of \$234,425	<u>1,156,916</u>
Total per Government-Wide Statement of Activities	<u>2,122,442</u>
Less: Due from Miami-Dade County Public Schools, referendum, long-term portion	<u>(712,639)</u>
Total per Statement of Revenues, Exp. and Changes in Fund Balance - Governmental Funds	<u>\$ 1,409,803</u>

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Academy Charter Elementary School (South Homestead)  
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 4,537,402	\$ 4,854,621	\$ 4,960,446
Local sources	1,004,868	1,401,496	1,409,803
Other revenues	487,412	644,128	692,796
Total Revenues	<u>6,029,682</u>	<u>6,900,245</u>	<u>7,063,045</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,762,319	2,712,768	2,679,665
Student support services	44,909	41,125	13,631
Instructional staff training	8,500	8,500	7,997
Board	34,288	39,744	30,650
General administration	112,960	110,505	102,677
School administration	499,022	488,720	422,748
Fiscal services	91,992	89,775	89,775
Central services	129,492	131,696	108,793
Pupil transportation	7,500	7,500	5,550
Operation of plant	512,202	500,979	494,829
Maintenance of plant	112,000	101,250	86,314
Administrative technology services	24,088	24,088	23,566
Total Current Expenditures	<u>4,339,272</u>	<u>4,256,650</u>	<u>4,066,195</u>
Excess of Revenues			
Over Current Expenditures	<u>1,690,410</u>	<u>2,643,595</u>	<u>2,996,850</u>
Capital Outlay	<u>250,000</u>	<u>31,500</u>	<u>31,337</u>
Total Expenditures	<u>4,589,272</u>	<u>4,288,150</u>	<u>4,097,532</u>
Excess of Revenues Over Expenditures	1,440,410	2,612,095	2,965,513
Other financing sources (uses):			
Transfers in (out)	<u>(43,397)</u>	<u>444,668</u>	<u>697,748</u>
Net change in fund balance	1,397,013	3,056,763	3,663,261
Fund Balance at beginning of year	<u>5,271,031</u>	<u>5,271,031</u>	<u>5,271,031</u>
Fund Balance at end of year	<u>\$ 6,668,044</u>	<u>\$ 8,327,794</u>	<u>\$ 8,934,292</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.

Somerset Academy Charter Elementary School (South Homestead)  
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2024

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 1,398,129	\$ 1,817,587	\$ 1,918,223
Charges for services and other revenues	151,700	191,800	192,699
Total Revenues	<u>1,549,829</u>	<u>2,009,387</u>	<u>2,110,922</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	758,317	758,317	627,845
Instructional staff training	32,500	32,500	30,762
School administration	115,850	109,232	105,655
Food services	297,909	281,409	277,486
Operation of plant	160,753	160,753	157,205
Community services	175,000	175,000	160,602
Total Current Expenditures	<u>1,540,329</u>	<u>1,517,211</u>	<u>1,359,555</u>
Deficit of Revenues Over Current Expenditures	<u>9,500</u>	<u>492,176</u>	<u>751,367</u>
Capital Outlay	9,500	9,500	9,178
Total Expenditures	<u>1,549,829</u>	<u>1,526,711</u>	<u>1,368,733</u>
Deficit of Revenues Over Expenditures	-	482,676	742,189
Other financing sources (uses)			
Transfers in (out)	<u>-</u>	<u>(482,676)</u>	<u>(728,177)</u>
Net change in fund balance	-	-	14,012
Fund Balance at beginning of year	<u>228,336</u>	<u>228,336</u>	<u>228,336</u>
Fund Balance at end of year	<u>\$ 228,336</u>	<u>\$ 228,336</u>	<u>\$ 242,348</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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To the Board of Directors of  
Somerset Academy Charter Elementary School (South Homestead)  
Homestead, 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 Somerset Academy Charter Elementary School (South Homestead) (the “School”) as of, and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated September 12, 2024.

**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 School’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 of 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 September 12, 2024 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.

Handwritten signature in blue ink that reads "HLB Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 12, 2024



## MANAGEMENT LETTER

To the Board of Directors of  
Somerset Academy Charter Elementary School (South Homestead)  
Homestead, Florida

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

We have audited the financial statements of Somerset Academy Charter Elementary School (South Homestead), Homestead, Florida, as of and for the year ended June 30, 2024 and have issued our report thereon dated September 12, 2024.

### **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 September 12, 2024, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings or recommendations in the preceding 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 school code assigned by the Florida Department of education of the entity is Somerset Academy Charter Elementary School (South Homestead), 0339.

**Financial Condition**

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

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Somerset Academy Charter Elementary School (South Homestead). It is management’s responsibility to monitor Somerset Academy Charter Elementary School (South Homestead)’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.

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

**Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether Somerset Academy Charter Elementary School (South Homestead) maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Somerset Academy Charter Elementary School (South Homestead) 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 that we address noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 Miami-Dade County, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 12, 2024