



Somerset Parkland Academy
(A charter school under Somerset Academy, Inc.)
W/L #5056

(A Charter School and Component Unit
of the School Board of Broward County, Florida)

Parkland, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2024

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Somerset Parkland Academy
(A charter school under Somerset Academy, Inc.)
W/L# 5056
8401 University Drive
Parkland, FL 33076

2023-2024

BOARD OF DIRECTORS

Todd German, Director and Board Chair
Ana Diaz, Secretary and Director
David Concepcion, Director
Brian M. Cox, Director
Taylor Smith, Director

SCHOOL ADMINISTRATION

Geyler Castro, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President
Suzette Ruiz, Vice-President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Parkland Academy
Parkland, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Parkland Academy (the “School”), a charter school under Somerset Academy, Inc., which is a component unit of the District School Board of Broward County, 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 Parkland Academy 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 the School 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.

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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 Parkland Academy 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 31 to 32 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 30, 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 30, 2024

Management’s Discussion and Analysis
Somerset Parkland Academy
(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 as of June 30, 2024 was \$1,146,919.
2. At year-end, the School had current assets on hand of \$1,467,504.
3. The net position of the School increased by \$1,115,380 during the year.
4. The unassigned fund balance at year end was \$927,990.

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 between the four 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 - 30 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. At the close of the fiscal year, net position was \$1,146,919. A summary of the School's net position as of June 30, 2024 and 2023 follows:

	2024	2023
Cash	\$ 71,983	\$ 222,493
Investments	757,000	805,000
Due from other agencies	1,514,651	253,949
Prepaid expenses and other current assets	8,360	72,899
Capital and right of use assets, net	16,494,998	17,618,623
Total Assets	18,846,992	18,972,964
Deferred outflows of resources	-	-
Accounts payable	110,175	510,203
Salaries and wages payable	342,649	353,068
Due to other divisions of Somerset Academy, Inc.	-	150,000
Lease liability	17,247,249	17,928,154
Total Liabilities	17,700,073	18,941,425
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(752,251)	(309,531)
Restricted	18,668	-
Unrestricted	1,880,502	341,070
Total Net Position	\$ 1,146,919	\$ 31,539

At the end of both fiscal years, the School reflected a positive balance 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>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 1,707,113	\$ 593,595
Capital outlay grants and contributions	670,125	782,754
Charges for services	543,526	551,598
General Revenues		
State and local sources	10,121,240	7,169,548
Other revenues	146,016	980,342
Total Revenues	<u>\$ 13,188,020</u>	<u>\$ 10,077,837</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 5,122,967	\$ 4,914,093
Student support services	99,484	97,708
Instructional staff training	18,635	11,095
Board	54,855	53,531
School administration	895,981	752,021
Fiscal services	148,675	142,725
Food services	346,328	287,076
Central services	185,192	182,241
Operation of plant	2,078,580	1,915,558
Maintenance of plant	298,496	294,900
Administrative technology services	70,004	57,453
Community services	480,017	337,357
Debt service	2,273,246	906,386
Total Expenses	<u>12,072,640</u>	<u>9,952,144</u>
Increase (decrease) in Net Position	<u>1,115,380</u>	<u>125,693</u>
Net Position at Beginning of Period	31,539	(94,154)
Net Position at End of Period	<u><u>\$ 1,146,919</u></u>	<u><u>\$ 31,539</u></u>

The School's revenues and expenses increased by \$3,110,183 and \$2,120,496, respectively. The School had an increase in its net position of \$1,115,380 for the year.

School Location and Lease of Facility

The School operates from a new facility located at 8401 University Drive, Parkland, Florida 33076.

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 \$955,018. The fund balance unassigned and available for spending at the School's discretion is \$927,990. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2024 amounts to \$717,620 (net of accumulated depreciation) and right of use lease asset (building) \$15,777,378 (net of accumulated amortization). This investment in capital assets includes right of use lease asset (building), furniture and equipment, computers and software. The School has \$17,247,249 in long term liabilities associated to 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
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 658,000	\$ 667,862	\$ 670,125
Federal sources	1,387,318	1,563,566	1,586,426
Lunch program	174,000	225,600	264,234
General Revenues			
State and local sources	9,079,196	9,188,492	9,236,750
Charges and other revenues	463,292	517,820	545,995
Total Revenues	<u>11,761,806</u>	<u>12,163,340</u>	<u>12,303,530</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	4,962,806	4,848,131	4,808,541
Student support services	208,620	100,588	99,484
Instructional staff training	25,000	25,000	18,635
Board	60,700	60,700	54,855
School administration	966,524	891,493	886,823
Fiscal services	158,333	148,675	148,675
Food services	361,312	335,784	327,709
Central services	190,333	189,675	185,192
Operation of plant	1,100,815	1,085,686	1,078,236
Maintenance of plant	342,000	306,000	297,811
Administrative technology services	68,179	68,736	67,465
Community services	500,000	500,000	480,017
Total Current Expenditures	<u>\$ 8,944,622</u>	<u>\$ 8,560,468</u>	<u>\$ 8,453,443</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 Broward, LLC, 6340 Sunset Drive, Miami, Florida, 33143.

Somerset Parkland Academy
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 71,983
Investments	757,000
Prepaid expenses and other current assets	8,360
Due from other agencies	630,161
Total Current Assets	<u>1,467,504</u>
Capital assets, net:	
Capital assets, non-depreciable	146,960
Capital assets, depreciable	1,947,386
Less: accumulated depreciation	(1,376,726)
Right-of-use lease asset	18,735,636
Less: accumulated amortization	(2,958,258)
Total Capital Assets, net	<u>16,494,998</u>
Due from other agencies, long term	<u>884,490</u>
Total Assets	<u>18,846,992</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	342,649
Accounts payable	110,175
Lease liability, current	715,741
Total Current Liabilities	<u>1,168,565</u>
Lease liability	16,377,534
Deferred rent	153,974
Total Liabilities	<u>17,700,073</u>
<u>Deferred Inflows of Resources</u>	
	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	(752,251)
Restricted	18,668
Unrestricted	1,880,502
Total Net Position	<u>\$ 1,146,919</u>

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

Somerset Parkland Academy
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2024

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 5,122,967	\$ -	\$ 1,402,399	\$ -	\$ (3,720,568)
Student support services	99,484	-	-	-	(99,484)
Instructional staff training	18,635	-	8,515	-	(10,120)
Board	54,855	-	-	-	(54,855)
School administration	895,981	-	63,769	-	(832,212)
Facilities acquisition	180	-	-	-	(180)
Fiscal services	148,675	-	-	-	(148,675)
Food services	346,328	143,547	120,687	-	(82,094)
Central services	185,192	-	-	-	(185,192)
Operation of plant	2,078,580	3,810	111,743	670,125	(1,292,902)
Maintenance of plant	298,496	-	-	-	(298,496)
Administrative technology services	70,004	-	-	-	(70,004)
Community services	480,017	396,169	-	-	(83,848)
Debt service	2,273,246	-	-	-	(2,273,246)
Total governmental activities	12,072,640	543,526	1,707,113	670,125	(9,151,876)
General revenues:					
State and local sources					10,121,240
Investment income and other revenues					<u>146,016</u>
Change in net position					1,115,380
Net position, beginning					<u>31,539</u>
Net position, ending					<u>\$ 1,146,919</u>

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

Somerset Parkland Academy
(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
<u>Assets</u>				
Cash	\$ 12,321	\$ 59,662	\$ -	\$ 71,983
Investments	757,000	-	-	757,000
Due from other agencies	442,245	144,483	43,433	630,161
Due from fund	187,916	-	-	187,916
Prepaid expenses and other current assets	8,360	-	-	8,360
Total Assets	<u>1,407,842</u>	<u>204,145</u>	<u>43,433</u>	<u>1,655,420</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	342,649	-	-	342,649
Accounts payable	110,175	-	-	110,175
Due to fund	-	144,483	43,433	187,916
Total Liabilities	<u>452,824</u>	<u>144,483</u>	<u>43,433</u>	<u>640,740</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	8,360	-	-	8,360
Restricted	-	18,668	-	18,668
Assigned	18,668	40,994	-	59,662
Unassigned	927,990	-	-	927,990
	<u>955,018</u>	<u>59,662</u>	<u>-</u>	<u>1,014,680</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,407,842</u>	<u>\$ 204,145</u>	<u>\$ 43,433</u>	<u>\$ 1,655,420</u>

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

Somerset Parkland Academy
(A charter school under Somerset Academy, Inc.)

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

Total Fund Balance - Governmental Funds \$ 1,014,680

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

Depreciable and non-depreciable 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, non-depreciable	146,960	
Capital assets, depreciable	1,947,386	
Less: accumulated depreciation	(1,376,726)	
Right-of-use lease asset	18,735,636	
Less: accumulated amortization	<u>(2,958,258)</u>	16,494,998

Receivables in governmental activities that are not available are not current financial resources, and therefore are not reported in the governmental funds. 884,490

Long term liabilities which is not due and payable in the current period and therefore is not reported in the governmental funds. (17,247,249)

Total Net Position - Governmental Activities \$ 1,146,919

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

Somerset Parkland Academy
(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
Revenues:				
Capital grants and contributions	\$ -	\$ -	\$ 670,125	\$ 670,125
State and local sources	9,236,750	-	-	9,236,750
Federal sources	-	1,586,426	-	1,586,426
Lunch program	-	264,234	-	264,234
Charges for services and other revenue	149,826	396,169	-	545,995
Total Revenues	9,386,576	2,246,829	670,125	12,303,530
Expenditures:				
Current				
Instruction	4,022,646	785,895	-	4,808,541
Student support services	99,484	-	-	99,484
Instructional staff training	10,120	8,515	-	18,635
Board	54,855	-	-	54,855
School administration	823,054	63,769	-	886,823
Fiscal services	148,675	-	-	148,675
Food services	-	327,709	-	327,709
Central services	185,192	-	-	185,192
Operation of plant	966,493	111,743	-	1,078,236
Maintenance of plant	297,811	-	-	297,811
Administrative technology services	67,465	-	-	67,465
Community services	-	480,017	-	480,017
Capital Outlay:				
Other capital outlay	222,326	-	-	222,326
Debt Service:				
Redemption of principal	-	-	680,905	680,905
Interest	-	-	873,246	873,246
Total Expenditures	6,898,121	1,777,648	1,554,151	10,229,920
Excess (deficit) of revenues over expenditures	2,488,455	469,181	(884,026)	2,073,610
Other financing sources (uses)				
Transfers in (out)	(349,666)	(534,360)	884,026	-
Repayment of long term advances	(150,000)	-	-	(150,000)
Recoverable grant repayment	(1,400,000)	-	-	(1,400,000)
Net change in fund balance	588,789	(65,179)	-	523,610
Fund Balance at beginning of year	366,229	124,841	-	491,070
Fund Balance at end of year	\$ 955,018	\$ 59,662	\$ -	\$ 1,014,680

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

Somerset Parkland Academy
(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

Net Change in Fund Balance - Governmental Funds \$ 523,610

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.

Capital outlay	222,326	
Depreciation and amortization expense	<u>(1,345,951)</u>	(1,123,625)

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. 884,490

Increases in long term payables provide current financial resources to governmental funds, but increases long term liabilities in the statement of net position. Decreases in long term payables is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which long term payable decreased.

Decreases in long term liabilities		<u>830,905</u>
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Change in Net Position of Governmental Activities \$ 1,115,380

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Parkland Academy (the "School"), is a component unit of the School Board of Broward 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 Parkland Academy, 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 Broward County, Florida. The current charter expires on June 30, 2025, 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's location is in Parkland, Florida for children from kindergarten through eighth grades and is funded by the District. These financial statements are for the year ended June 30, 2024, when on average 939 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.

Government-wide and Fund 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 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 state and local sources.

Note 1 – Summary of Significant Accounting Policies (continued)

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, and 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 other local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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.

Cash and Investments

Cash is 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 assets 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. 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 governmentwide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. 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)	20 Years
Building Improvements	5-20 Years
Furniture and computer equipment	5 Years
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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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. In addition, the School receives a portion of the local operating millage revenues levied by the District (“Secure the Next Generation 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 improvements 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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, 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 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 School'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 expected to be converted into cash or legally or contractually required to be maintained intact. Consists of fund balance associated with 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. Restricted balances at year end pertain to School's lunch account.
- 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. Assigned fund balances at year end pertain to the School's student activities 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.

Long-Term Debt and Liabilities

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

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.

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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Pronouncements Issued But Not Yet Effective

GASB has issued GASB 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.

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 September 30, 2024, which is the date the financial statements were available to be issued.

Note 2 – Cash and Investments

Deposits

The School maintains its cash 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 were approximately \$56,000.

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.

Note 2 – Cash and Investments (Continued)

At June 30, 2024, the School had \$2,920,000 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.

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, 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>Governmental Fund</u>	<u>Balance</u>
Due from the District, referendum	General Fund	\$ 442,245
ESSER III	Special Revenue Fund	144,483
Capital Outlay	Capital Projects Fund	43,433
Total Due from Other Agencies, current		<u>\$ 630,161</u>
Due from the District, referendum, long-term portion		884,490
Total Due from Other Agencies		<u><u>\$ 1,514,651</u></u>

Somerset Parkland Academy
(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 07/01/23	Additions	Retirements	Balance 06/30/24
Capital Assets:				
Construction in progress	\$ 33,759	113,201	\$ -	\$ 146,960
Capital assets, depreciable:				
Buildings and Improvements	\$ 62,090	\$ 33,759	\$ -	\$ 95,849
Computer equipment and software	618,384	33,665	-	652,049
Furniture and equipment	1,157,787	41,701	-	1,199,488
Total Capital Assets	<u>1,872,020</u>	<u>222,326</u>	-	<u>2,094,346</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(20,050)	(13,543)	-	(33,593)
Computer equipment and software	(333,601)	(127,331)	-	(460,932)
Furniture and equipment	(663,210)	(218,991)	-	(882,201)
Total Accumulated Depreciation	<u>(1,016,861)</u>	<u>(359,865)</u>	-	<u>(1,376,726)</u>
Capital Assets being depreciated, net	<u>\$ 855,159</u>	<u>\$ (137,539)</u>	<u>\$ -</u>	<u>\$ 717,620</u>
Lease Assets:				
Right of use lease asset (building)	\$ 18,735,636	\$ -	\$ -	\$ 18,735,636
Less accumulated amortization:	(1,972,172)	(986,086)	-	(2,958,258)
Total Lease Assets being amortized, net	<u>16,763,464</u>	<u>(986,086)</u>	-	<u>15,777,378</u>
Governmental Activities Capital Assets, net	<u>\$ 17,618,623</u>	<u>\$ (1,123,625)</u>	<u>\$ -</u>	<u>\$ 16,494,998</u>

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

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 314,426	\$ -
School administration	9,158	-
Food services	18,619	-
Facilities acquisition	180	-
Maintenance of plant	685	-
Operation of plant	14,258	986,086
Administrative technology services	2,539	-
Total Expense	<u>\$ 359,865</u>	<u>\$ 986,086</u>

Note 5 – Education Service and Support Provider

Academica Broward, LLC, an educational 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, 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, will have an option to renew for an additional five year period. During the year ended June 30, 2024, the School incurred \$446,025 in fees of which approximately \$69,000 is in accounts payable as of year end.

Note 6 – Transactions with other Divisions of Somerset Academy, Inc.

Somerset Academy, Inc. charges all of its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid Somerset Academy, Inc. \$140,850 in connection with these charges during the year.

The School received long-term, non-interest bearing advances from other divisions of Somerset Academy, Inc. The following schedule provides a summary of changes in long-term debt for the year:

	Balance 07/01/23	Additions	Deletions	Balance 06/30/24
Somerset Academy Inc. corporate account	\$ 150,000	\$ -	\$ (150,000)	\$ -
Total Long Term Debt	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ -</u>

Recoverable grant

During past years, the School received recoverable grants totaling \$1,400,000 from Somerset Academy, Inc. to fund operating expenses. Under the terms of the grants, the School would repay Somerset Academy, Inc. contingent on subsequently meeting certain financial conditions. During the year, management determined that the School met the requirements for repayment and the outstanding balance of \$1,400,000 was paid off.

Note 7 – Long-Term Liabilities

Somerset Academy, Inc. entered into a lease agreement with Parkland School Property, LLC for the use of its 65,000 sq.ft. facility. The landlord is an affiliate of the School’s education service and support provider (see Note 5). Fixed rent shall be (based on \$23.91 per square foot) \$1,554,150, adjusted annually by the Consumer Price Index (CPI). However during the first three years, the agreement provides for an enrollment discount to the fixed rent amount if the enrollment during those years is below a certain number of students. The School is responsible for additional property costs including repairs, maintenance and insurance. The agreement continues through June 30, 2040 with two options to renew an additional five years each.

Note 7 – Long-Term Liabilities (Continued)

Under the agreement, Somerset Academy, Inc. must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00.

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.

For the year ended June 30, 2024, interest expense totaled \$873,246, as it relates to its lease agreements. For 2024, variable and other payments of \$289,337 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2025	\$ 715,741	\$ 838,409	\$ 1,554,150	
2026	752,360	801,790	1,554,150	
2027	790,852	763,298	1,554,150	
2028	831,313	722,837	1,554,150	
2029	873,845	680,305	1,554,150	
2030-2034	5,087,375	2,683,375	7,770,750	(total of a five year period)
2035-2039	6,528,927	1,241,823	7,770,750	(total of a five year period)
2040	1,512,862	41,286	1,554,148	
	<u>\$ 17,093,275</u>	<u>\$ 7,773,123</u>	<u>\$ 24,866,398</u>	

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

	<u>Balance</u> <u>07/01/23</u>	<u>Additions</u>	<u>Repayment</u>	<u>Balance</u> <u>06/30/24</u>
Lease liability	\$ 17,774,180	\$ -	\$ (680,905)	\$ 17,093,275
Deferred rent	153,974	-	-	153,974
Total long term liabilities	<u>\$ 17,928,154</u>	<u>\$ -</u>	<u>\$ (680,905)</u>	<u>\$ 17,247,249</u>

Note 8 – Contingencies, and Concentrations

The School receives substantially all of its funding from the State through 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, net administrative fees withheld by the School District totaled \$38,268.

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 Total Source 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 provides a 100% match of the employee’s contribution up to 4% of the employee’s compensation. The School contributed \$139,072 to the Plan for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

Note 11 – Interfund Transfers

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

	General Fund	Special Revenue Fund	Capital Projects Fund
To reimburse the special revenue fund for prior year expenditures	\$ (82,144)	\$ 82,144	\$ -
To reimburse the general fund for prior year federal expenditures	616,504	(616,504)	-
Transfer to capital outlay fund to cover debt service	(884,026)	-	884,026
Total Transfers, net	<u>\$ (349,666)</u>	<u>\$ (534,360)</u>	<u>\$ 884,026</u>
	General Fund	Special Revenue Fund	Capital Projects Fund
Due to general fund from capital projects fund for capital outlay	\$ 43,433	\$ -	\$ (43,433)
Due to general fund from special revenue fund for federal funds	144,483	(144,483)	-
Total Due from/(Due to)	<u>\$ 187,916</u>	<u>\$ (144,483)</u>	<u>\$ (43,433)</u>

Note 12 – Referendum

On November 6, 2018, and November 8, 2022, the voters of Broward County approved and renewed, respectively, the Secure the Next Generation Referendum to raise/maintain teacher compensation and improve school safety and security. The Broward 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 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 school years. The District agreed to pay these funds totaling \$1,613,222 (including interest at a rate of 12% compounding monthly) in the following installments:

Year	Principal	Interest	Total
2025	\$ 442,245	\$ -	\$ 442,245
2026	442,245	22,136	464,381
2027	553,356	153,240	706,596
Total	<u>\$ 1,437,846</u>	<u>\$ 175,376</u>	<u>\$ 1,613,222</u>

Somerset Parkland Academy
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2024

Note 12 – Referendum (Continued)

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

	<u>2023-2024</u>
Total Referendum Revenue Recognized-:	
2023-2024 Referendum Funds	\$ 1,105,863
2018 Referendum Settlement Agreement, excluding interest of 175,376	<u>1,326,734</u>
Total per Government-Wide Statement of Activities	<u>2,432,597</u>
Less: Due from Broward County Public Schools, referendum, long-term portion	<u>(884,490)</u>
Total per Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 1,548,107</u>

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Parkland Academy
(A charter 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
REVENUES			
State and local sources	\$ 9,079,196	\$ 9,188,492	\$ 9,236,750
Charges for services and other revenues	77,541	126,940	149,826
Total Revenues	<u>9,156,737</u>	<u>9,315,432</u>	<u>9,386,576</u>
EXPENDITURES			
Current:			
Instruction	4,069,488	4,044,365	4,022,646
Student support services	208,620	100,588	99,484
Instructional Staff Training	15,500	15,500	10,120
Board	60,700	60,700	54,855
School Administration	898,372	826,601	823,054
Fiscal Services	158,333	148,675	148,675
Central Services	190,333	189,675	185,192
Operation of Plant	986,028	972,122	966,493
Maintenance of Plant	342,000	306,000	297,811
Administrative technology services	68,179	68,736	67,465
Total Current Expenditures	<u>6,997,553</u>	<u>6,732,962</u>	<u>6,675,795</u>
Excess (deficit) of Revenues Over Current Expenditures	<u>2,159,184</u>	<u>2,582,470</u>	<u>2,710,781</u>
Capital Outlay	<u>222,500</u>	<u>222,500</u>	<u>222,326</u>
Total Expenditures	<u>7,220,053</u>	<u>6,955,462</u>	<u>6,898,121</u>
Excess (deficit) of Revenues Over Expenditures	1,936,684	2,359,970	2,488,455
Other financing sources (uses):			
Transfers in (out)	(929,581)	(589,332)	(349,666)
Repayment of long term advances	-	(150,000)	(150,000)
Recoverable grant repayment	-	(1,400,000)	(1,400,000)
Net change in fund balance	1,007,103	220,638	588,789
Fund Balance at beginning of year	<u>168,803</u>	<u>168,803</u>	<u>366,229</u>
Fund Balance at end of year	<u>\$ 1,175,906</u>	<u>\$ 389,441</u>	<u>\$ 955,018</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 Parkland Academy
(A charter 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
REVENUES			
Federal sources	\$ 1,387,318	\$ 1,563,566	\$ 1,586,426
Lunch program	174,000	225,600	264,234
Charges for services and other revenue	385,751	390,880	396,169
Total Revenues	<u>1,947,069</u>	<u>2,180,046</u>	<u>2,246,829</u>
EXPENDITURES			
Current:			
Instruction	893,318	803,766	785,895
Instructional staff training	9,500	9,500	8,515
School administration	68,152	64,892	63,769
Food services	361,312	335,784	327,709
Operation of Plant	114,787	113,564	111,743
Community services	500,000	500,000	480,017
Total Current Expenditures	<u>1,947,069</u>	<u>1,827,506</u>	<u>1,777,648</u>
Excess (deficit) of Revenues Over Current Expenditures	<u>-</u>	<u>352,540</u>	<u>469,181</u>
Total Expenditures	<u>1,947,069</u>	<u>1,827,506</u>	<u>1,777,648</u>
Excess (deficit) of Revenues Over Expenditures	-	352,540	469,181
Other financing sources (uses)			
Transfers in (out)	<u>-</u>	<u>(352,540)</u>	<u>(534,360)</u>
Net change in fund balance	-	-	(65,179)
Fund Balance at beginning of year	<u>81,074</u>	<u>81,074</u>	<u>124,841</u>
Fund Balance at end of year	<u>\$ 81,074</u>	<u>\$ 81,074</u>	<u>\$ 59,662</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 AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Somerset Parkland Academy
Parkland, 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 governmental activities and each major fund of Somerset Parkland Academy (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 30, 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.

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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 September 30, 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 School'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 School'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 30, 2024



MANAGEMENT LETTER

To the Board of Directors of
Somerset Parkland Academy
Parkland, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Parkland Academy, Florida as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 30, 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 schedule, which are dated September 30, 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 finding and recommendation 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 are: Somerset Parkland Academy (W/L# 5056).

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Financial Condition and Management

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 Somerset Parkland Academy 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 Somerset Parkland Academy 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 Parkland Academy. It is management's responsibility to monitor Somerset Parkland Academy'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 have such recommendation.

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 Somerset Parkland Academy 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 Parkland Academy 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, 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 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 Broward County, Federal and other granting agencies, the board of directors of Somerset Academy, Inc. , 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 30, 2024