

**POLK STATE COLLEGE
LAKELAND GATEWAY TO
COLLEGE CHARTER HIGH
SCHOOL**

Financial Statements

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Trustees
Polk State College Lakeland Gateway to College Charter High School
Winter Haven, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Polk State College Lakeland Gateway to College Charter High School, (the "School"), a charter school and division of Polk State College, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of Polk State College Lakeland Gateway to College Charter High School, as of June 30, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the School and do not purport to, and do not, present fairly the financial position of Polk State College, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information is the responsibility of the management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, on our consideration of Polk State College Lakeland Gateway to College Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Polk State College Lakeland Gateway to College Charter High School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 5, 2024

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of the Polk State College Lakeland Gateway to College Collegiate High School (the “School”) for the year ended June 30, 2024, and should be read in conjunction with the financial statements and the notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) codification section Co5 – *Colleges and Universities*. The MD&A, and the financial statements and notes thereto, are the responsibility of School management.

FINANCIAL HIGHLIGHTS

- Net position represents the residual interest in the School’s assets after deducting liabilities. The School’s net position at June 30, 2024 totaled \$1,307,036. The School’s net position decreased by \$53,543 or 4% during the current fiscal year as a result of total revenue of \$2,314,230 less total expenses of \$2,367,773.
- Governmental units are required to capitalize and depreciate capital assets including furniture, machinery and equipment. Florida State Colleges, of which the School is a division, have established guidelines for capitalizing assets and for depreciation. Furniture, machinery and equipment with a value less than \$5,000, all library books, and computer software will be expensed in the year of purchase. The School did not purchase any furniture, machinery, and equipment that met the thresholds for capitalization during this fiscal year. During the fiscal year, no depreciation expense was recorded.
- Fiscal year ended June 30, 2024 was the tenth year of operation for the School. Since prior period information is available for the 2023-24 fiscal year, comparative analysis data is presented in this management’s discussion and analysis.

USING THIS ANNUAL REPORT

This report consists of three basic financial statements. The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows that provide information on the School as a whole and presents a long-term view of the School’s finances. The following activities are included in the School’s basic financial statements:

The School is a public charter school of the School District of Polk County, Florida (District), open to Polk County public, private, or home school students who are between the ages of 16 and 21 in grades eleven (11) through twelve (12) who have earned 45% of the credits required for high school graduation but who have disengaged from academic studies. The School will replicate a model established by the Gateway to College National Network. The educational program and curriculum are specifically designed to serve disengaged youth, introduce them to college coursework, and position them for college success when they graduate from high school. Students will take at least three college courses while in high school; and while graduates are expected to earn a minimum of nine college credits, many will earn more.

The School is operated by Polk State College and is housed on the College’s Lakeland Campus. Students attending the School enjoy full access to all college facilities, activities and services. Enrollment during this eleventh year of operation was 250 students. Enrollment for the fiscal year 2024-25 is estimated to be 275 students. Due to this anticipated enrollment in 2024-25 fiscal year, the FTE revenues are not expected to increase significantly.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

One of the most important questions asked about the School's finances is, "Is the School as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the School as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the School's operating results.

These two statements report the School's net position and changes in them. One can think of the School's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as one way to measure the School's financial health, or financial position. Over time, increases or decreases in the School's net position are one indicator of whether its financial health is improving or deteriorating.

These statements include all asset, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of net position of the School for the fiscal years ended June 30, 2024 and 2023, is shown in the following table:

Condensed Statement of Net Position at

| | 6-30-2024 | 6-30-2023 |
|-------------------------------|--------------|--------------|
| ASSETS | | |
| Current Assets | \$ 1,437,486 | \$ 1,518,769 |
| TOTAL ASSETS | 1,437,486 | 1,518,769 |
| LIABILITIES | | |
| Current Liabilities | 62,713 | 110,029 |
| Noncurrent Liabilities | 67,737 | 48,161 |
| TOTAL LIABILITIES | 130,450 | 158,190 |
| NET POSITION | | |
| Unrestricted | 1,307,036 | 1,360,579 |
| TOTAL NET POSITION | \$ 1,307,036 | \$ 1,360,579 |
| Change in Net Position | \$ (53,543) | \$ 199,769 |

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Revenues and expenses for the School for the 2023-24 and 2022-23 fiscal years are shown in the following table:

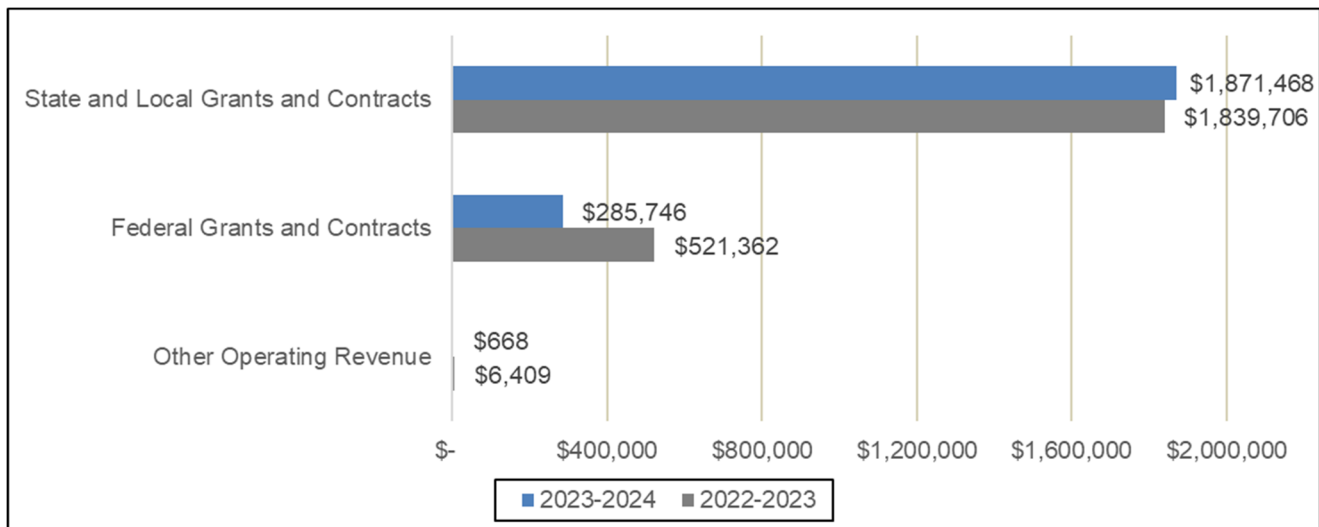
**Condensed Statement of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended**

| | <u>6-30-24</u> | <u>6-30-23</u> |
|--------------------------------------------|----------------------------|----------------------------|
| Operating Revenues | | |
| Federal Grants & Contracts | \$ 285,746 | \$ 521,362 |
| State and Local Grants and Contracts | 1,871,468 | 1,839,706 |
| Other Operating Revenues | <u>668</u> | <u>6,409</u> |
| Total Operating Revenues | 2,157,882 | 2,367,477 |
| Less: Operating Expenses | <u>2,367,773</u> | <u>2,302,223</u> |
| Operating Income (Loss) | <u>(209,891)</u> | <u>65,254</u> |
| Other Revenue | | |
| Capital Grants, Contracts, Gifts, and Fees | <u>156,348</u> | <u>134,515</u> |
| Change in Net Position | (53,543) | 199,769 |
| Net Position, Beginning of Year | <u>1,360,579</u> | <u>1,160,810</u> |
| Net Position, End of Year | <u><u>\$ 1,307,036</u></u> | <u><u>\$ 1,360,579</u></u> |

Operating Revenues

GASB Cod. Sec. Co5 categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following chart presents the School's operating revenues for the 2023-24 and 2022-23 fiscal years:



**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Operating Revenues (continued)

School operating revenues decreased by \$209,595, or 9 percent as compared to the prior fiscal year, primarily due to the following factors:

- State and local grants and contracts increased by \$31,762 or 2 percent as a result of an increase in attendance during 2024.
- Federal grants and contracts decreased by \$235,616 or 45 percent as a result of decreased Elementary and Secondary School Emergency Relief Fund (ESSER) grants received in 2024 compared to 2023.

Operating Expenses

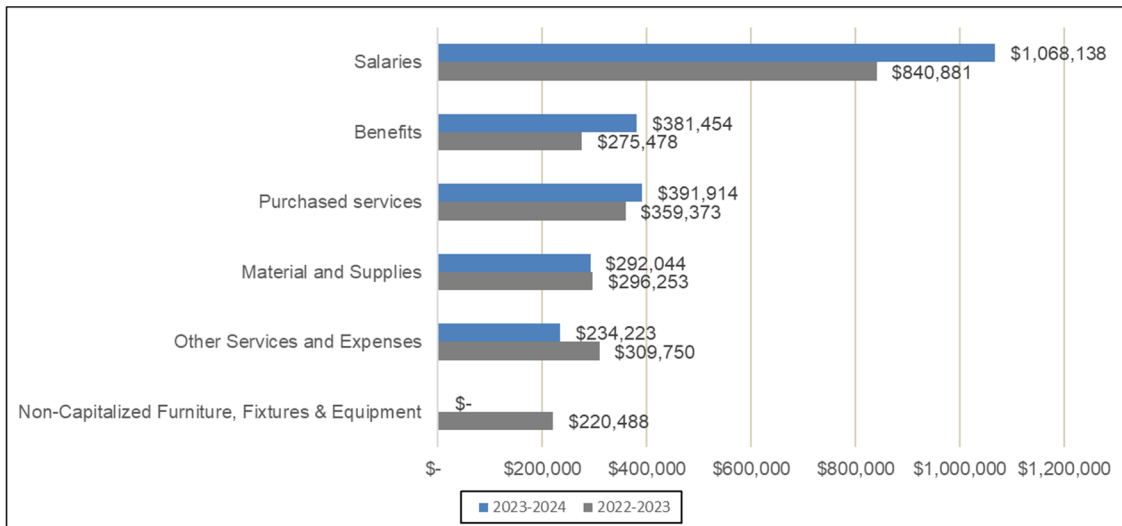
Expenses are categorized as operating or non-operating. The majority of the School's expenses are operating expenses as defined by GASB Cod. Sec. Co5.

Operating expenses for the School for the 2023-24 and 2022-23 fiscal years are presented in the following table:

**Operating Expenses
For the Fiscal Years Ended**

| | 6-30-24 | 6-30-23 |
|---------------------------------------------------|--------------------|--------------------|
| Operating Expenses | | |
| Salaries | \$ 1,068,138 | \$ 840,881 |
| Benefits | 381,454 | 275,478 |
| Purchased Services | 391,914 | 359,373 |
| Materials and Supplies | 292,044 | 296,253 |
| Other Services and Expenses | 234,223 | 309,750 |
| Non-Capitalized Furniture, Fixtures and Equipment | - | 220,488 |
| Total Operating Expenses | \$2,367,773 | \$2,302,223 |

The following chart presents the School's operating expenses for the 2023-24 and 2022-23 fiscal years:



**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Operating Expenses (continued)

School operating expenses increased \$65,550 or 3 percent, as compared to the prior fiscal year, primarily due to the following factors:

- Salaries increased by \$227,256 or 27 percent and benefits increased by \$105,976 or 38 percent mainly due to increased teacher pay rates.
- Non capitalized furniture, fixtures and equipment decreased by \$220,488 or 100 percent as a result of no computers and other equipment purchases in 2024.

THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of the School is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its need for external financing

A summary of the School's cash flows for the 2023-24 and 2022-23 fiscal years is presented in the following table:

| | 6-30-24 | 6-30-23 |
|-------------------------------------------------------------|----------------|----------------|
| Cash Provided (Used) by: | | |
| Operating Activities | \$ (160,957) | \$ (319) |
| Financing Activities | 156,348 | 137,192 |
| | (4,609) | 136,873 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,281,361 | 1,144,488 |
| Cash and Cash Equivalents, Beginning of Year | \$ 1,276,752 | \$ 1,281,361 |
| Cash and Cash Equivalents, End of Year | \$ 1,276,752 | \$ 1,281,361 |

Prior year amounts on the condensed statement of cash flows have been reclassified to conform with current year presentation.

LONG TERM OBLIGATIONS

At June 30, 2024, the School had \$67,737 noncurrent liabilities consisting of solely compensated absences payable. More information about the School's noncurrent liabilities is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Polk State College's and the School's economic condition is closely tied to that of the State of Florida. For the 2023-24 fiscal year, the School will continue its on-going efforts to contain costs and to continue to serve the School in its commitment to the growth of educational programs, improved student access, and overall excellence in the service to its students and community. The conservative budgetary stance taken by the College and School provides a framework for a focused response in support of our educational mission and provides financial stability in the face of limited economic growth and increased demand for State and College resources.

The School plans to enroll approximately 275 students in the 2024-25 fiscal year.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

REQUEST FOR INFORMATION

Questions concerning information provided in the MD&A, and financial statements and notes thereto, or requests for additional information should be addressed to the Vice President, Finance, Polk State College, 999 Avenue H, Northeast, Winter Haven, Florida 33881.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
STATEMENTS OF NET POSITION
As of June 30, 2024**

ASSETS

Current Assets:

| | |
|--------------------------------------|------------------|
| Cash | \$ 1,276,752 |
| Due From Other Governmental Agencies | <u>160,734</u> |
| Total Current Assets | <u>1,437,486</u> |

TOTAL ASSETS

1,437,486

LIABILITIES

Current Liabilities:

| | |
|----------------------------------|---------------|
| Due to Foundation | 20,405 |
| Salary and Payroll Taxes Payable | <u>42,308</u> |
| Total Current Liabilities | <u>62,713</u> |

Noncurrent Liabilities:

| | |
|------------------------------|---------------|
| Compensated Absences Payable | <u>67,737</u> |
| Total Noncurrent Liabilities | <u>67,737</u> |

TOTAL LIABILITIES

130,450

NET POSITION

| | |
|--------------|------------------|
| Unrestricted | <u>1,307,036</u> |
|--------------|------------------|

TOTAL NET POSITION

\$ 1,307,036

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

POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the fiscal year ended June 30, 2024

REVENUES

| | |
|--------------------------------------|------------------|
| Operating Revenues: | |
| Federal Grants and Contracts | \$ 285,746 |
| State and Local Grants and Contracts | 1,871,468 |
| Other Revenue | <u>668</u> |
| Total Operating Revenues | <u>2,157,882</u> |

EXPENSES

| | |
|-----------------------------|------------------|
| Operating Expenses: | |
| Salaries | 1,068,138 |
| Benefits | 381,454 |
| Purchased Services | 391,914 |
| Materials and Supplies | 292,044 |
| Other Services and Expenses | <u>234,223</u> |
| Total Operating Expenses | <u>2,367,773</u> |

Operating Loss (209,891)

NONOPERATING REVENUES

| | |
|--------------------------------------------|----------------|
| Capital Grants, Contracts, Gifts, and Fees | <u>156,348</u> |
| Total Nonoperating Revenues | <u>156,348</u> |

Change in Net Position (53,543)

Net position, beginning of year 1,360,579

Net position, end of year \$ 1,307,036

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

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|----------------------------------------------|-------------------------|
| Grants and Contracts | \$ 2,234,212 |
| Payments to Suppliers | (360,559) |
| Payments to Employees | (1,067,668) |
| Payments for Employee Benefits | (361,878) |
| Payments for Purchased Services | (371,509) |
| Other receipts | 668 |
| Payments for Other Services and Expenses | <u>(234,223)</u> |
| Net Cash Used in Operating Activities | <u>(160,957)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--------------------------------------------------|-----------------------|
| Capital Grants and Gifts | <u>156,348</u> |
| Net Cash Provided by Financing Activities | <u>156,348</u> |

Net Decrease in Cash and Cash Equivalents (4,609)

Cash and Cash Equivalents, Beginning of Year 1,281,361

Cash and Cash Equivalents, End of Year \$ 1,276,752

**RECONCILIATION OF OPERATING LOSS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

| | |
|--------------------------------------------------|---------------|
| Operating Loss | \$ (209,891) |
| Adjustments to Reconcile Operating Loss | |
| to Net Cash Used in Operating Activities | |
| Decrease in Due from Other Governmental Agencies | 76,998 |
| Decrease in Accounts Payable | (68,515) |
| Increase in Salary and Payroll Taxes Payable | 470 |
| Increase in Deposits in Custody | 20,405 |
| Increase in Compensated Absences Payable | <u>19,576</u> |

Net Cash Used in Operating Activities \$ (160,957)

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

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Polk State College Lakeland Gateway to College Collegiate High School (the “School”) is a charter school and division of Polk State College (the “College”). The School is organized pursuant to Section 1002.33, Florida Statutes and is governed by the Board of Trustees of the College who are appointed by the governor of the State of Florida.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School District of Polk County, Florida (District). The existing charter contract expires on June 30, 2028. The District may terminate the charter if good cause is shown.

Basis of Presentation. As a division of the College, the School’s accounting policies conform with accounting principles generally accepted in the United States of America (GAAP) applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is responsible for establishing GAAP for public colleges and universities through its statements (GASBS) and Interpretations (GASBI). The National Association of College and University Business Officers (NACUBO) also provided the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB. The College reports as an entity engaged in only business-type activities. The financial statements of the School are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of the College that is attributable to the transactions of the School. The College has adopted the accrual basis of accounting and entity wide reporting including the following components:

- Management’s Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements

Basis of Accounting Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. As a division of the College, the School’s financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange- like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The School follows GASB standards of accounting and financial reporting.

The School’s principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, and depreciation of capital assets. Non-operating revenues include capital outlay funding as provided under Section 1013.62, Florida Statutes as well as grants or contributions restricted for capital construction or equipment.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the School’s policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued). The statement of cash flows is presented using the direct method in compliance with GASB Cod. Sec. 2450 – Cash Flow Statements.

Cash. Cash consists of the School's Allocation of the College's checking deposits in financial institutions in the United States. Amounts on deposit exceeded insured balance limits of the Federal Deposit Insurance Foundation but the School has not historically experienced any losses.

Inventory. Supplies inventory is immaterial and such items are charged to expense when purchased.

Receivables. Consist primarily of amounts due from other governments. All receivables are deemed collectible and no allowance for uncollectible accounts is considered necessary.

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(s) and will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets. School capital assets include furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or acquisition value at the date received in the case of gifts and purchase of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. The School has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the estimated useful life of 3 years for furniture, machinery, and equipment.

Support Allocation/Dual Enrollment Charge/Facility Use Charge. The College segregates direct instructional costs from support costs within the College's accounting information system and performs an annual analysis to systematically allocate these support costs to the different functional classifications of direct instruction to ultimately arrive at a total cost per FTE ("full time equivalent") for each education segment. In previous years the College charged a support cost allocation to the School at a rate per FTE not to exceed this amount.

For the fiscal year ending June 30, 2024, the College did not charge an FTE driven indirect support allocation charge rather moved to a dual enrollment charge and facility use charge to allocate some of the College support costs to the School.

The dual enrollment charge totaled \$234,223 and was determined by the number of credit hours taken by School students in College instructed classes. The amount charged per credit hour was \$71.98 as established by Florida Statue 1009.23(3)(a).

The College allocates a facility use charge equal to the total capital outlay revenue received by the School and this charge reflects the use costs of building and grounds maintenance, utilities, custodial services, security and insurance and totaled \$156,348 for the year ended June 30, 2024.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ significantly from those estimates.

Equity Classifications. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- a) *Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b) *Restricted net position* - Consists of net position with constraints placed in its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* - Consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of the investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position are available for use, it is the School's policy to use restricted net position first, then unrestricted net position as they are needed.

Accounting Pronouncement Implemented. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 increases the usefulness of governments' financial statements by requiring recognition of liabilities for compensated absences that previously were not recognized as an obligation of the government. The provisions in GASB 101 were early implemented in the year ended June 30, 2024. The implementation of the new pronouncement is further disclosed in Note 2.

NOTE 2 – LONG-TERM LIABILITIES

Long-term liabilities activity for the fiscal year ended June 30, 2024, is shown below:

| Descriptions | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|------------------------------|----------------------|------------------|-------------|-------------------|--------------------|
| Compensated absences payable | \$ 48,161 | \$ 19,576 | \$ - | \$ 67,737 | \$ - |
| Less amount due in one year | - | - | - | - | - |
| Net due after one year | <u>\$ 48,161</u> | <u>\$ 19,576</u> | <u>\$ -</u> | <u>\$ 67,737</u> | <u>\$ -</u> |

School employees may accrue annual vacation and sick leave on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The School reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is paid in the current fiscal year. Although the School expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. The School calculates its current portion of compensated absences liability by applying the remaining percentage of time for those employees in the Deferred Retirement Option Program plus the total payouts of all employees who have notified the School that they are leaving employment during the fiscal year.

The School follows GASB Cod. Sec. P20 for reporting the employers' proportionate share of the net pension liabilities for the Florida Retirement System (FRS) defined benefit pension plans.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – STATE RETIREMENT PROGRAMS

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance under Section 112.363, Florida Statutes.

Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the State and faculty and specified employees of State colleges.

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

Florida Retirement System (FRS) Defined Benefit Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

**POLK STATE COLLEGE
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JUNE 30, 2024**

NOTE 3 – STATE RETIREMENT PROGRAMS (continued)

Benefits Provided. Benefits under the Plan are computed based on age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>% Value</u> |
|--------------------------------------------------------------------------|----------------|
| Regular Class members initially enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| Regular Class members initially enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| Senior Management Service Class | 2.00 |

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

HIS Defined Benefit Pension Plan

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

Benefits Provided. Eligible retirees and beneficiaries receive a monthly HIS payment as determined by years of creditable service and subject to a minimum and maximum monthly benefit pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State- administered retirement system must provide proof of health insurance coverage, which can include Medicare.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
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JUNE 30, 2024**

NOTE 3 – STATE RETIREMENT PROGRAMS (continued)

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were:

| Class | Percent of Gross Salary | |
|------------------------------------------------------------------------------------------|-------------------------|-----------------|
| | Employee | Employer (A) |
| Florida Retirement System, Regular | 3.00 | 13.57 |
| Florida Retirement System, SMSC | 3.00 | 34.52 |
| Deferred Retirement Option Program - Applicable to Members from all the above classes | - | 21.13 |
| Florida Retirement System, Reemployed Retiree | (B) | (B) |

Notes: (A) - Employer rates include 2.00 percent for the post-employment health insurance subsidy. Also, employer rates other than for DROP participants, included .06 percent for administrative costs of the Public Employee Optional Retirement Plan

(B) - Contribution rates are dependent upon the retirement class or plan in which reemployed.

The School's contributions to the FRS and HIS plans totaled \$144,286 for the fiscal year ended June 30, 2024 and included \$108,566 of normal contributions, \$35,720 of contributions to the investment plan and \$591 of contributions to the DROP.

Management has elected not to allocate pension related deferred outflows of resources, deferred inflows of resources or the net pension liability to the School's financial statements. Because of this, the disclosures required by GASB Cod. Sec. P20 are not presented in the School's financial statements.

A complete presentation in accordance with GASB Cod. Sec. P20 of the pension related elements, financial statement disclosures and required supplementary information for the College can be found in the annual audited financial statements of Polk State College which is available by contacting the Executive Director, Business Affairs/Controller, Polk State College, 999 Avenue H, Northeast, Winter Haven, Florida 33881.

NOTE 4 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to \$100 million for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years. Bonding of the members of the College Board of Trustees is provided through purchased commercial insurance with minimum deductibles.

**POLK STATE COLLEGE
LAKELAND GATEWAY TO COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND DIVISION OF POLK STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – LITIGATION

The School has no pending or threatened legal actions.

NOTE 6 – SCHEDULE OF DISTRICT SCHOOL BOARD REVENUE SOURCES

Revenues for current operations are received primarily through the Polk County District School Board pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), 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 full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE based on the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

Section 1002.33(20)(a)2, Florida Statutes allows the District to withhold an administrative fee equal to 5% of the School’s funding provided by the Florida Education Financing Program (FEFP) and totaled \$89,821 for the 2023-24 fiscal year. This expense is reflected as a component of purchased services expense in the accompanying statement of revenues, expenses and changes in net position.

The following is a schedule of Polk County District School Board revenue sources and amounts:

| <u>Source</u> | <u>Amount</u> |
|---------------------------------------------------------|----------------------------|
| Base Funding | \$ 1,271,696 |
| Elementary and Secondary School Emergency Relief Fund | 285,746 |
| Class Size Reduction | 224,397 |
| ESE Gurantee Allocation | 26,007 |
| Supplemental Academic Instruction | 62,850 |
| Discretionary Millage Compression Allocation | 98,395 |
| Discretionary Local Effort | 93,664 |
| Teacher Salary Increase Allocation | 75,412 |
| Safe Schools | 19,047 |
| Subtotal | <u>2,157,214</u> |
| Capital Outlay | 156,348 |
| Total Revenue through Polk County District School Board | <u>2,313,562</u> |
| Other Revenue | 668 |
| Total Revenue | <u><u>\$ 2,314,230</u></u> |

OTHER REPORTS



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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Trustees
Polk State College Lakeland Gateway to College Charter High School
Winter Haven, 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 Polk State College Lakeland Gateway to College Charter High School (the “School”) a charter school and division of Polk State College, 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 November 5, 2024.

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

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) to determine the 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.

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

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

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

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.

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

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*.

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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 5, 2024



MANAGEMENT LETTER

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

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To the Board of Trustees
Polk State College Lakeland Gateway to College Charter High School
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of Polk State College Lakeland Gateway to College Charter High School, (the "School"), a charter school and division of Polk State College, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated November 5, 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 Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated November 5, 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 was one finding in the prior year (finding 2023-01) that was not corrected and can be found contained in this management letter as repeat finding 2024-01.

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 of the entity is Polk State College Lakeland Gateway to College Charter High School of District 53 Polk, School 8003.

Financial Condition and Management

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 the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the School, we determined that the School did not meet any of the specified conditions of a financial emergency described in Section 218.503(1), Florida Statutes.

Financial Condition and Management (Continued)

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School'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 recommendations to improve financial management. In connection with our audit, we have included such recommendations with findings 2024-01, 2024-02, and 2024-03.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we have the following finding and recommendation.

2024-01: Charter Contract Compliance

During our audit we noted certain noncompliance with the provisions in the District charter contract as follows:

- The charter contract requires the School's annual audit to be completed no later than September 30 following the close of the fiscal year. The School's annual audit for the fiscal year ended June 30, 2024 was completed on November 5, 2024 which was after the charter deadline and was caused by a delay in preparing and accumulating supporting documentation to be audited. We recommend management begin audit preparation early enough after the end of the fiscal year to allow for accumulation of all supporting documentation in a timely manner.

Polk State College Lakeland Gateway to College Charter High School's Response to Recommendation – Polk State College Lakeland Gateway to College Charter High School's response to the above finding and recommendation is described in the accompanying letter of management's response and was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

2024-02: Board Member Fingerprinting

During our audit, we noted certain noncompliance with the provisions in the District charter contract as follows:

- The charter contract requires members of the School's governing board to be fingerprinted within 45 days of appointment. The governing board members have submitted for fingerprinting, however management did not maintain records of the fingerprinting and were unable to provide verification of the fingerprints. We recommend management enact a policy to maintain records of board member fingerprints.

Polk State College Lakeland Gateway to College Charter High School's Response to Recommendation – Polk State College Lakeland Gateway to College Charter High School's response to the above finding and recommendation is described in the accompanying letter of management's response and was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

2024-03: Employee Contract Recordkeeping

During our audit, we noted certain noncompliance with the provisions in the District charter contract as follows:

- The charter contract requires employees' salaries to be approved by the governing board via approved employment agreements. The School was unable to provide one employee's approved contract. We recommend management enact a policy requiring all approved employment agreements to be kept on file with Polk State College's human resources department.

Polk State College Lakeland Gateway to College Charter High School's Response to Recommendation

– Polk State College Lakeland Gateway to College Charter High School's response to the above finding and recommendation is described in the accompanying letter of management's response and was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Trustees, the School District of Polk County, Florida and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida

November 5, 2024

Letter of Management's Response to Noncompliance Concerns

2024-01: Charter Contract Compliance:

During our audit we noted certain noncompliance with the provisions in the District charter contract and the applicable Florida Statutes as follows:

- The charter contract requires the School's annual audit to be completed no later than September 30 following the close of the fiscal year. The School's annual audit for the fiscal year ended June 30, 2024 was completed on November 5, 2024 which was after the charter deadline and was caused by a delay in preparing and accumulating supporting documentation to be audited. We recommend management begin audit preparation early enough after the end of the fiscal year to allow for accumulation of all supporting documentation in a timely manner.

Polk State College Lakeland Gateway to College Collegiate High School's Response to Recommendation:

Management will develop processes to ensure the accounting records are completed in a timely manner so that the Polk County School District audit completion deadline of September 30 is met. These processes include:

- Monthly meetings between accounting personnel and the High School Principal and staff to review monthly accounting records for completeness.
- Development of procedures to ensure accurate and complete record keeping throughout the year that will facilitate a quicker year end close.
- Ensure staffing is adequate to meet the accounting needs of the High School.

2024-02: Board Member Fingerprinting

During our audit, we noted certain noncompliance with the provisions in the District charter contract as follows:

- The charter contract requires members of the School's governing board to be fingerprinted within 45 days of appointment. The governing board members have submitted for fingerprinting, however management did not maintain records of the fingerprinting and were unable to provide verification of the fingerprints. We recommend management enact a policy to maintain records of board member fingerprints.

Polk State College Lakeland Gateway to College Collegiate High School's Response to Recommendation:

Management will work with the Polk County School District to ensure copies of fingerprint results are provided to the Office of the President for retention. We will also develop processes to track the periodic updates to continuing board members to include:

Business Services

999 Avenue H N.E.
Winter Haven, FL 33881
o 863.292.3726
f 863.297.1011
polk.edu

- Reminders to appointed board members whose fingerprints are due for expiration within six months to one year. All Trustees are required to update their fingerprint results every five years.
- Confirmation with newly appointed board members of the required fingerprinting within 45 days of appointment

2024-03: Employee Contract Recordkeeping


During our audit, we noted certain noncompliance with the provisions in the District charter contract as follows:

- The charter contract requires employees' salaries to be approved by the governing board via approved employment agreements. The School was unable to provide one employee's approved contract. We recommend management enact a policy requiring all approved employment agreements to be kept on file with Polk State College's human resources department.

Polk State College Lakeland Gateway to College Collegiate High School's Response to Recommendation:

Management will continue to develop processes to ensure the approved employment agreements are filed and maintained. These processes include:

- Annual updates to employment contracts on file.
- Selection of a designated individual to maintain employment contracts in a centralized location.
- Utilize new technology for better tracking of contract renewal and maintenance.

Signature: 

Title: Vice President, Finance

Date: November 5, 2024