bkhmcpa.com

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORTS THEREON

JUNE 30, 2023

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Edward W. Bok Academy North (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

Lake Wales Charter Schools, Inc. (the "Company") operates a system of seven public charter schools in the Lake Wales, Florida area, and the School is a part of that system. In addition, a central administrative office provides certain management, administrative, food and transportation services to the School.

FINANCIAL HIGHLIGHTS

- The School's net position increased compared to the prior fiscal year.
- For the fiscal year ended June 30, 2023, the School's revenues exceeded expenses by $97,325. This represents a decrease from the prior year when revenues exceeded expenses by $116,146.
- Overall, revenues increased by approximately $591,000, which represents a 14% increase from the prior year.
- Overall, expenses increased by approximately $610,000, which represents a 14% increase from the prior year.
- Total assets and deferred outflows were $12,950,726 and liabilities and deferred inflows were $10,486,260, resulting in net position of $2,464,466 as of June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
  - The *fiduciary fund* financial statements provide information about the financial activities in which the School serves only as the custodian for assets that belong to others, such as student activities funds.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

		Fund Statements	
	Government-wide Statements	**Governmental Funds**	**Fiduciary Fund**
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education provided and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School currently has two types of funds:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

Fiduciary Funds – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2023 and 2022 is summarized as follows – see table below.

	Governmental Activities		Increase
	2023	**2022**	**(Decrease)**
Current and other assets	$ 3,057,064	$ 663,557	361%
Capital assets, net	8,376,017	6,903,761	21%
Deferred outflows of resources	1,517,645	1,712,646	-11%
Total assets and deferred outflows	12,950,726	9,279,964	40%
Current and other liabilities	-	412,407	-100%
Long-term liabilities	10,384,678	5,444,050	91%
Deferred inflows of resources	101,582	1,056,366	-90%
Total liabilities and deferred inflows	10,486,260	6,912,823	52%
Net position:			
Net investment in capital assets	114,735	2,516,371	-95%
Restricted	2,707,262	-	100%
Unrestricted	(357,531)	(149,230)	-140%
Total net position	$ 2,464,466	$2,367,141	4%

The School ended its fiscal year with a net position of $2,464,466 with $114,735 as the net investment in capital assets, $2,707,262 in restricted funds for capital outlay and $(357,531) in unrestricted funds representing the accumulated results of prior years' operations. The unrestricted net position represents the amount of discretionary resources that can be used to fund the School's general operations, which includes pension balances under GASB 68. The Company has the resources available to meet all current obligations.

Current and other assets totaled $3,057,064, most of which represents amounts due from the central administrative office. Since the Company maintains cash deposits on a pooled basis for all of its charter schools, the amount due from the central administrative office represents amounts advanced by the School to the Company for operating costs and represents the

School's share of the pooled cash balance. Additional amounts were advanced during fiscal 2023 as a result of the current year operating surplus at the fund level.

Capital assets, net increased due to capital asset additions exceeding depreciation expense. The changes in deferred outflows of resources and deferred inflows of resources are primarily related to the remeasurement of the net pension liability. The change in long-term liabilities is primarily the result of the increase in bonds payable due to building construction and the remeasurement of the net pension liability. See Note 6 for additional long-term liabilities information and Note 7 for additional pension plan information.

Change in Net Position

The School's total revenues increased by 14% to $4,947,964, and the total cost of all programs and services increased by 14% to $4,850,639 – see table below.

	Governmental Activities		Increase
	2023	2022	(Decrease)
Revenues:			
Federal sources	$ 115,526	$ 127,069	-9%
State and local sources	4,761,483	4,225,995	13%
Contributions and other revenue	70,955	4,086	1637%
Total revenues	4,947,964	4,357,150	14%
Expenses:			
Instruction	2,783,405	2,472,951	13%
Student support services	52,511	26,345	99%
Instruction and curriculum development	72,805	101,254	-28%
Instruction-related technology	13,010	15,971	-19%
Board	12,750	11,000	16%
General administration	22,211	21,322	4%
School administration	777,346	486,009	60%
Facilities acquisition and construction	99,887	38,962	156%
Fiscal services	34	2,515	-99%
Pupil transportation	395,032	406,334	-3%
Operation of plant	430,200	434,197	-1%
Administrative technology services	1,176	1,511	-22%
Community services	20,354	10,947	86%
Interest	169,918	211,686	-20%
Total expenses	4,850,639	4,241,004	14%
Change in net position	$ 97,325	$ 116,146	-16%

The School operates primarily on the Florida Education Finance Program (FEFP) funding, state categorical educational funding, and local property taxes (96% of the School's total revenues) to fund governmental activities. The increase in FEFP funding is due to an increase in student enrollment. The School received approximately 2% of its total revenues from federal sources, including federal Title I and IDEA entitlement revenue to supplement the School's 2022-23 operations. The remaining portion of the School's revenue (2%) is the result of contributions and program revenue, which increased due to additional Lake Wales Charter Schools Foundation funding.

Instruction and instruction-related activities represent 60% of the School's expenses, which increased by 12% during 2023, primarily a result of increased instructional personnel due to increased student enrollment. The general administration expenses reflect the administration fee paid to the School Board based on FEFP revenue. The increase in school administration expenses is the result of increases in both administration fees paid to the central administrative office and pension expense. The increase in facilities acquisition and construction is the result of increased depreciation expense. The decrease in interest relates to prior year debt issuance costs related to the bond issuance that were non-recurring.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of $3,057,064, which is an increase from the prior year. Revenues and expenditures changed overall for the same reasons described above.

General and Special Revenue Fund Budgetary Highlights

Over the course of the fiscal year, the School amended its budget to address changes in revenues and expenditures. The general fund budget amendments were performed primarily to reflect revised student enrollment and to adjust planned expenditures based on actual resource needs. The special revenue fund budget amendments were performed to adjust the budget allocations to reflect the final approved federal awards from the state.

For 2023, actual general fund revenues were approximately $14,000 above the budgeted amounts, which represents a less than 1% budget variance. Actual general fund expenditures were approximately $503,000 below the budgeted amounts, which represents a budget variance of approximately 11%. This variance is primarily the result of lower school administration costs than planned at the beginning of the school year.

For 2023, actual special revenue fund revenues and expenditures were approximately $50,000 below the budgeted amounts. Revenues under the federal grants are recognized to the extent that eligible expenditures have been incurred.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2023, the School had invested $8,376,017 in capital assets, net of accumulated depreciation, consisting primarily of land, buildings, computers and other electronic equipment.

This year's major capital asset additions included the following:

- Campus improvements - $1,514,126
- Laptop computers - $42,960
- Greenhouse - $35,570
- Surveillance cameras - $15,375

The School's fiscal year 2024 capital budget does not include significant spending related to capital projects. More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

As of June 30, 2023, the School had $10,384,678 in long-term debt outstanding. This year's major addition to long-term debt were bonds in the amount of $4,057,952 issued for the campus construction. Scheduled payments reduced the bonds payable outstanding in the current year. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2024:

- Student membership and FEFP funding per pupil
- Cost of goods and services
- Competitive employee compensation

Amounts available for appropriation in the general fund are $5,345,416, an approximate 19% increase from the final 2023 amount of $4,486,608. The fiscal year 2024 budget is based on a higher student count than the official student membership count funded in 2023.

Budgeted general fund expenditures are expected to increase to $5,345,416, or 35%, from the final 2023 amount of $3,968,938. The School is allocating resources to enhance academic achievement at all student-learning levels and for anticipated student membership.

If these estimates are realized, the School's general fund balance is expected to remain the same by the close of fiscal 2024.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 130 East Central Avenue, Lake Wales, Florida 33853.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Trustees of Lake Wales Charter Schools, Inc. –
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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; this includes 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.

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.

- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7, the budgetary comparison information on pages 38 – 39 and the pension information on pages 40 – 41 be presented to supplement the basic financial statements. Such information, 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 February 21, 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 and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BKHM, P.A.

Orlando, Florida
February 21, 2024

1900 Summit Tower Blvd., Suite 170, Orlando, Florida 32810 | 407.998.9000 | Fax 407.998.9010

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
ASSETS	
Accounts receivable	$ 40,906
Due from central administrative office	3,014,870
Other current assets	1,288
Capital assets, net	8,376,017
Total assets	11,433,081
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	1,517,645
Total assets and deferred outflows of resources	$ 12,950,726
LIABILITIES	
Long-term liabilities:	
Due within one year	$ 328,652
Due in more than one year	10,056,026
Total liabilities	10,384,678
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	101,582
NET POSITION	
Net investment in capital assets	114,735
Restricted for:	
Capital outlay	2,707,262
Unrestricted	(357,531)
Total net position	2,464,466
Total liabilities and net position	$ 12,950,726

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	$ 2,783,405	$ -	$ 49,857	$ -	$ (2,733,548)	$ (2,733,548)
Student support services	52,511	-	-	-	(52,511)	(52,511)
Instruction and curriculum development	72,805	-	65,669	-	(7,136)	(7,136)
Instruction-related technology	13,010	-	-	-	(13,010)	(13,010)
Board	12,750	-	-	-	(12,750)	(12,750)
General administration	22,211	-	-	-	(22,211)	(22,211)
School administration	777,346	-	-	-	(777,346)	(777,346)
Facilities acquisition and construction	99,887	-	-	-	(99,887)	(99,887)
Fiscal services	34	-	-	-	(34)	(34)
Pupil transportation	395,032	-	-	-	(395,032)	(395,032)
Operation of plant	430,200	-	-	-	(430,200)	(430,200)
Administrative technology services	1,176	-	-	-	(1,176)	(1,176)
Community services	20,354	-	-	-	(20,354)	(20,354)
Interest	169,918	-	-	-	(169,918)	(169,918)
Total primary government	$ 4,850,639	$ -	$ 115,526	$ -	(4,735,113)	(4,735,113)
General revenues:						
State and local sources					4,761,483	4,761,483
Contributions and other revenue					70,955	70,955
Total general revenues					4,832,438	4,832,438
Change in net position					97,325	97,325
Net position at beginning of year					2,367,141	2,367,141
Net position at end of year					$ 2,464,466	$ 2,464,466

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Accounts receivable	$ -	$ 13,933	$ 26,973	$ 40,906
Due from central administrative office	348,514	-	2,680,289	3,028,803
Other current assets	1,288	-	-	1,288
Total assets	$ 349,802	$ 13,933	$ 2,707,262	$ 3,070,997
LIABILITIES				
Due to central administrative office	$ -	$ 13,933	$ -	$ 13,933
Total liabilities	-	13,933	-	13,933
FUND BALANCES				
Nonspendable:				
Other current assets	1,288	-	-	1,288
Restricted for:				
Capital outlay	-	-	2,707,262	2,707,262
Unassigned	348,514	-	-	348,514
Total fund balances	349,802	-	2,707,262	3,057,064
Total liabilities and fund balances	$ 349,802	$ 13,933	$ 2,707,262	$ 3,070,997

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total fund balances - total governmental funds	$ 3,057,064
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is $8,807,688, and the accumulated depreciation is $431,671.	8,376,017
Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(76,279)
The following pension related balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Pension related deferred outflows of resources	1,517,645
Net pension liability	(2,047,117)
Pension related deferred inflows of resources	(101,582)
The following long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:	
Bonds payable	(7,874,697)
Note payable	(386,585)
Total net position - governmental activities	$ 2,464,466

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Federal sources	$ -	$ 115,526	$ -	$ 115,526
State and local sources	4,435,728	-	325,755	4,761,483
Contributions and other revenue	50,880	-	20,075	70,955
Total revenues	4,486,608	115,526	345,830	4,947,964
EXPENDITURES				
Current:				
Instruction	2,449,388	49,857	-	2,499,245
Student support services	53,216	-	-	53,216
Instruction and curriculum development	-	65,669	-	65,669
Instruction-related technology	1,750	-	-	1,750
Board	12,750	-	-	12,750
General administration	22,211	-	-	22,211
School administration	696,143	-	-	696,143
Facilities acquisition and construction	-	-	1,561,076	1,561,076
Fiscal services	-	-	34	34
Pupil transportation	395,032	-	-	395,032
Operation of plant	226,291	-	200,450	426,741
Community services	20,354	-	-	20,354
Debt service:				
Principal	-	-	184,060	184,060
Interest	-	-	169,918	169,918
Capital outlay	91,803	-	-	91,803
Total expenditures	3,968,938	115,526	2,115,538	6,200,002
Excess (deficiency) of revenues over expenditures	517,670	-	(1,769,708)	(1,252,038)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	400,000	400,000
Operating transfer out	(400,000)	-	-	(400,000)
Proceeds from bonds payable	-	-	4,057,952	4,057,952
Total other financing sources (uses)	(400,000)	-	4,457,952	4,057,952
Net changes in fund balances	117,670	-	2,688,244	2,805,914
Fund balances at beginning of year	232,132	-	19,018	251,150
Fund balances at end of year	$ 349,802	$ -	$ 2,707,262	$ 3,057,064

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

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds	$ 2,805,914
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 and reported as depreciation expense. This is the amount by which capital outlays ($1,652,879) exceed depreciation expense ($180,623) in the current period.	1,472,256
Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(10,011)
Pension income or expense resulting from GASB 68 included in the statement of activities does not provide or require the use of current financial resources and, therefore, is not reported as a net change in fund balances in the governmental funds.	(296,942)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(4,057,952)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	184,060
Change in net position of governmental activities	$ 97,325

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Custodial Fund
ASSETS	
Due from central administrative office	$ 46,367
Total assets	$ 46,367
NET POSITION	
Restricted for:	
Student activities	$ 46,367
Total net position	$ 46,367

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Collections for student activities	$ 109,186
Total additions	109,186
DEDUCTIONS	
Payments for student activities	84,414
Total deductions	84,414
Change in net postion	24,772
Net position at beginning of year	21,595
Net position at end of year	$ 46,367

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

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lake Wales Charter Schools, Inc. (the "Company") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. Edward W. Bok Academy North (the "School") operates as part of the Company with six other charter schools in the Lake Wales, Florida area. The governing body of the School is the not-for-profit corporation Board of Trustees, which is composed of no less than three and no more than nine members. The School commenced formal operations on July 1, 2018. Effective July 1, 2011, the Company became its own local educational agency ("LEA").

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 District School Board of Polk County, Florida (the "School Board"). The current charter is effective until June 30, 2033 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds or financed with long-term debt.

For purposes of these statements, the general, special revenue and capital projects funds are considered major funds. There are no other governmental funds.

Fiduciary Fund:

Custodial Fund – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Deposits and Investments

During the year ended June 30, 2023, the Company maintained cash deposits on a pooled basis for all of its charter schools. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes. The Company's cash consists primarily of demand deposits with financial institutions.

Accounts Receivable

Accounts receivable consist of amounts due from governmental agencies for various programs. Allowances are reported when management estimates that accounts may be uncollectible.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

	Years
Buildings	30
Improvements other than building	5
Furniture, fixtures and equipment	3

Information relative to changes in capital assets is described in Note 4.

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in the governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as expenses when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year in the government-wide financial statements because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 6.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 6.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. The Board of Trustees reviews the amounts in the fund balances in conjunction with the annual budget approval and makes adjustments as necessary to meet expected cash flow needs. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Trustees. The Board of Trustees has delegated authority to assign funds to the Superintendent and Chief Financial Officer of the Company.

The School is required by the School Board to maintain an unassigned general fund balance equal to at least 3% of general fund revenues. The Company has an internal fund balance policy to maintain an unassigned general fund balance equal to not less than 10% of budgeted general fund revenues as of June 30th of each year for the Lake Wales Charter Schools system as a whole. In addition, the Company's internal fund balance policy requires that each charter school maintain an unassigned general fund balance equal to a minimum of 5% of budgeted general fund revenues - 3% to meet the School Board's requirement and 2% to provide for sufficient cash flow for fiscal stability. There are no minimum fund balance requirements for any of the School's other funds.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the 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. The School Board receives a 5% administrative fee from the Lake Wales Charter Schools system, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 500 students within the system.

The School receives federal awards for the enhancement of various educational programs. This assistance is 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.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any expended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Income Taxes

The Company is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Subsequent Events

The School has evaluated subsequent events through February 21, 2024, the date these financial statements were available to be issued.

2 INTERFUND ACTIVITIES

A summary of transfers between funds for the year ended June 30, 2023 is shown below:

	Transfers In	Transfers Out
General fund	$ -	$ 400,000
Capital projects fund	400,000	
Total interfund	$ 400,000	$ 400,000

The primary purpose of interfund transfers is to move funds for the payment of construction costs.

3 ACCOUNTS RECEIVABLE

Accounts receivable included in the accompanying financial statements include $40,906 in funds receivable from federal agencies under various grants, which are detailed as follows:

Charter school capital outlay	$ 26,973
Special Education-Grants to States (IDEA, Part B)	8,461
Title I Grants to Local Educational Agencies	5,472
Total	$ 40,906

Based on collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

4 CHANGES IN CAPITAL ASSETS

Capital asset activity during 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 62,000	$ -	$ -	$ 62,000
Construction in progress	6,381,053	1,514,126	(7,895,179)	-
Total capital assets not being depreciated at historical cost	6,443,053	1,514,126	(7,895,179)	62,000
Other capital assets:				
Improvements other than buildings	22,010	15,375	-	37,385
Buildings	383,000	7,942,129	-	8,325,129
Furniture, fixtures and equipment	306,746	76,428	-	383,174
Total other capital assets at historical cost	711,756	8,033,932	-	8,745,688
Less accumulated depreciation for:				
Improvements other than buildings	(7,751)	(7,435)	-	(15,186)
Buildings	(18,559)	(15,138)	-	(33,697)
Furniture, fixtures and equipment	(224,738)	(158,050)	-	(382,788)
Total accumulated depreciation	(251,048)	(180,623)	-	(431,671)
Other capital assets, net	460,708	7,853,309	-	8,314,017
Governmental activities capital assets, net	$ 6,903,761	$ 9,367,435	$ (7,895,179)	$ 8,376,017

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	$ 54,395
Student support services	498
Instruction and curriculum development	5,437
Instruction-related technology	11,260
School administration	2,268
Facilities acquisition and construction	99,887
Operation of plant	5,702
Administrative technology services	1,176
Total governmental activities depreciation expense	$ 180,623

5 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2023 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

6 LONG-TERM LIABILITIES

Long-term liabilities activity during 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 66,268	$ 10,011	$ -	$ 76,279	$ 76,279
Bonds payable	3,983,170	4,057,952	(166,425)	7,874,697	234,253
Note payable	404,220	-	(17,635)	386,585	18,120
Net pension liability	990,392	1,056,725	-	2,047,117	-
Governmental activities, long-term liabilities	$ 5,444,050	$5,124,688	$ (184,060)	$10,384,678	$ 328,652

Bonds Payable

On September 1, 2021, the Company entered into an agreement with Polk County Industrial Development Authority (the "Issuer"). The Issuer agreed to issue Industrial Development Revenue Bonds, Series 2021, in the principal amount of up to $8,000,000 (the "Bonds"). The Bonds were used to finance the cost of (i) construction, equipping and renovation of certain improvements on the School campus; (ii) site development and construction of a new approximately 30,000 square foot instructional building consisting of 18 classrooms; (iii) renovation of a cafeteria building and other improvements related thereto; and (iv) to pay for other costs of issuing the bonds (the "Project").

The Bonds were privately placed with Citizens Bank and Trust (the "Lender") and do not constitute a debt, liability or obligation of the Issuer or of the State of Florida or of any other political subdivision. The Lender has agreed to purchase the bonds by making advances to the Company in order to provide funds to finance the Project. Proceeds from the bonds are recorded in the capital projects fund of the School.

The Issuer has no obligation for the debt beyond the resources provided by the facilities. The Company shall pay directly to the Lender, for the account of the Issuer, on or before the dates required under the Bonds and under the financing agreement. The Bonds are subject to a 10-year fixed interest rate of 2.40%. The initial rate is the floor; each subsequent adjusted rate is based on the 5-year Treasury Rate at the date of change plus a margin of 2.40%. The Bonds were issued at par.

The agreement requires interest only payments for the first 12 months (November 2021 to October 2022) based on the outstanding balance and 9 years of principal and interest payments followed by a one-time adjustment for the next five-year payment period and another one-time adjustment for the next five-year payment period and a final one-time adjustment for the last five-year payment period, all based on a 24-year amortization. The Bonds have an outstanding balance of $7,874,697, and the bond maturity date is October 1, 2046.

Future debt service requirements related to the bonds payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 234,253	$ 170,910	$ 405,163
2025	261,489	180,507	441,996
2026	267,835	174,161	441,996
2027	274,334	167,662	441,996
2028	280,991	161,005	441,996
2029 - 2033	1,510,599	699,381	2,209,980
2034 - 2038	1,702,993	506,987	2,209,980
2039 - 2043	1,919,888	290,092	2,209,980
2044 - 2047	1,422,315	59,395	1,481,710
Total	$ 7,874,697	$ 2,410,100	$ 10,284,797

The financing agreement for the Bonds described above contains certain covenants with which the Company must comply. As of June 30, 2023, the Company was in compliance with all restrictive covenants.

Note Payable

Note payable consists of the following as of June 30, 2023:

Mortgage note payable to the City of Lake Wales; annual payments of $28,750; maturity date of November 2039; secured by a first mortgage on the land and building; the note carries a 0% interest rate and is presented net of an imputed interest discount of 2.75%.	$ 386,585
Total notes payable	386,585
Less amount due or payable within one year	(18,120)
Amount due or payable after one year	$ 368,465

Future debt service requirements related to the note payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 18,120	$ 10,630	$ 28,750
2025	18,615	10,135	28,750
2026	19,130	9,620	28,750
2027	19,650	9,100	28,750
2028	20,200	8,550	28,750
2029 - 2033	109,620	34,130	143,750
2034 - 2038	125,550	18,200	143,750
2039 - 2040	55,700	1,800	57,500
Total	$ 386,585	$ 102,165	$ 488,750

7 PENSION PLANS

Pension Plan Descriptions

The Florida Department of Management Services, Division of Retirement ("Division"), is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems ("System"). The School participates in two defined benefit plans administered by the Division. The Division issued a publicly-available, audited annual comprehensive financial report ("ACFR") on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online or by contacting the Division.

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported by the School is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Contribution rates were as follows:

	Percent of Gross Salary	
Class or Plan	**Employee**	**Employer (A)**
Florida Retirement System, Regular	3%	11.91%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy and 0.06% for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.

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

Information About the Employer's Proportionate Share of the Collective Net Pension Liability

Assumptions and Other Inputs

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%.

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability if the discount rate was 1% lower or 1% higher than the current discount rate as of June 30, 2022:

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	**Current Discount Rate**	**1% Increase**	**1% Decrease**	**Current Discount Rate**	**1% Increase**
5.70%	6.70%	7.70%	2.54%	3.54%	4.54%
$ 2,493,529	$ 1,441,820	$ 562,467	$ 692,510	$ 605,297	$ 533,131

The Pension Plans' Fiduciary Net Positions

Detailed information about the pension plans' fiduciary net positions is available in the System's separately issued ACFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2022, are shown below (in thousands):

	FRS	HIS
Total pension liability	$ 217,434,441	$ 11,126,966
Plan fiduciary net position	(180,226,405)	(535,369)
Net pension liability	$ 37,208,036	$ 10,591,597
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%

The total pension liability for the FRS Pension Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, the School reported a liability of $2,047,117 for its proportionate share of the net pension liabilities. The School's proportionate share was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ended June 30, 2013 through June 30, 2022, for employers that were members of the FRS and HIS during those fiscal years. The proportion calculated based on contributions for each of the fiscal years was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The School's proportions are as follows:

	FRS	HIS
June 30, 2022	0.0039%	0.0057%
June 30, 2021	0.0039%	0.0057%
Change	0.0000%	0.0000%

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

Employer contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense. The average expected remaining service life of all employees provided with pensions through the pension plans as of June 30, 2022, was 5.5 years for FRS and 6.4 years for HIS.

For the year ended June 30, 2023, the School recognized pension expense of $537,784. As of June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,850	$ 2,663
Changes of assumptions	212,262	93,639
Net difference between projected and actual earnings on pension plan investments	96,079	-
Changes in proportion and differences between School contributions and proportionate share of contributions	921,953	5,280
School contributions subsequent to the measurement date	200,501	-
Total	$ 1,517,645	$ 101,582

Deferred outflows of resources related to the School's contributions paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Reporting Period Ended June 30:	Amount
2024	$ 293,207
2025	123,138
2026	(53,919)
2027	676,852
2028	131,723
Thereafter	44,561

8 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Polk County, Florida:	
Florida Education Finance Program	$ 2,691,520
Class size reduction	539,786
Capital outlay	325,755
Discretionary millage	214,652
Discretionary local effort	203,275
ESE guaranteed allocation	185,316
Supplemental academic instruction	150,959
Transportation	137,177
Teacher salary increase allocation	124,321
Instructional materials	50,535
Safe schools	36,379
Funds compression allocation	35,320
Reading allocation	29,451
Mental health assistance allocation	27,377
Teacher lead	9,660
Total	$ 4,761,483

The administration fee paid to the School Board during 2023 totaled approximately $22,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

9 RELATED PARTY TRANSACTIONS

As previously noted, the Company maintained cash deposits on a pooled basis for all of its charter schools during the fiscal year ended June 30, 2023. The amount due from the central administrative office in the accompanying financial statements represents the School's share of the pooled cash balance. The net balance of $3,014,870 primarily includes amounts advanced by the School to the Company for operating costs. The balance is also net of payroll liabilities (taxes, insurance, retirement, etc.) to be paid by the Company on behalf of the School. Due to centralized cash management and the timing of the payroll accrual near year-end, the amount due from the central administrative office may represent a significant portion of total assets as of June 30, 2023.

In addition, the Company provides certain management and administrative services to the School. Expenses for these services are generally allocated to each charter school operated by the Company based on the relative number of students, but can be increased or decreased at the discretion of the Company. For the year ended June 30, 2023, the School's share of these expenses totaled $168,537, which is reflected as a school administration expense/expenditure in the accompanying financial statements.

The Company also provides transportation services for the School in exchange for the transportation revenue generated by the School based on its full-time equivalent student count. Amounts paid to the Company for transportation services during fiscal 2023 totaled $390,530.

During fiscal 2023, the School received $40,827 in donations from the Lake Wales Charter Schools Foundation to assist in the payment of various operating expenses. These amounts are included in contributions and other revenue in the accompanying financial statements.

During fiscal 2023, the Company operated and managed all of its charter schools as one collective unit, although each charter school is considered a separate reporting entity. As one legal entity, the Company has the option to transfer funds between schools as it deems necessary. For the year ended June 30, 2023, no transfers between schools occurred.

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
State and local sources	$ 4,388,795	$ 4,416,692	$ 4,435,728	$ 19,036
Contributions and other revenue	49,000	55,659	50,880	(4,779)
Total revenues	4,437,795	4,472,351	4,486,608	14,257
EXPENDITURES				
Current:				
Instruction	2,673,832	2,476,265	2,449,388	26,877
Student support services	700	32,700	53,216	(20,516)
Instruction and curriculum development	67,646	-	-	-
Instruction-related technology	18,100	5,100	1,750	3,350
Board	12,500	12,750	12,750	-
General administration	23,400	23,400	22,211	1,189
School administration	853,493	1,063,178	696,143	367,035
Facilities acquisition and construction	-	1,200	-	1,200
Pupil transportation	443,244	443,250	395,032	48,218
Operation of plant	211,006	262,459	226,291	36,168
Community services	13,612	25,985	20,354	5,631
Capital outlay	120,262	126,064	91,803	34,261
Total expenditures	4,437,795	4,472,351	3,968,938	503,413
Excess of revenues over expenditures	-	-	517,670	517,670
OTHER FINANCING USES				
Operating transfer out	-	-	(400,000)	(400,000)
Total other financing uses	-	-	(400,000)	(400,000)
Net changes in fund balance	-	-	117,670	117,670
Fund balance at beginning of year	232,132	232,132	232,132	-
Fund balance at end of year	$ 232,132	$ 232,132	$ 349,802	$ 117,670

See independent auditor's report.

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	$ 176,089	$ 165,992	$ 115,526	$ (50,466)
Total revenues	176,089	165,992	115,526	(50,466)
EXPENDITURES				
Current:				
Instruction	176,089	165,992	49,857	116,135
Instruction and curriculum development	-	-	65,669	(65,669)
Total expenditures	176,089	165,992	115,526	50,466
Net changes in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

See independent auditor's report.

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST 10 FISCAL YEARS ENDING JUNE 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0039%	0.0039%	0.0026%	0.0007%						
School's proportionate share of the net pension liability (asset)	$ 1,441,820	$ 294,490	$ 1,122,044	$ 226,190						
School's covered-employee payroll	$ 2,086,861	$ 2,008,434	$ 1,357,659	$ 367,495						
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69%	15%	83%	62%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	83%	96%	79%	83%						
Retiree Health Insurance Subsidy (HIS) Program										
School's proportion of the net pension liability (asset)	0.0057%	0.0057%	0.0039%	0.0011%						
School's proportionate share of the net pension liability (asset)	$ 605,297	$ 695,902	$ 475,295	$ 122,947						
School's covered-employee payroll	$ 2,086,861	$ 2,008,434	$ 1,357,659	$ 367,495						
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29%	35%	35%	33%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	5%	4%	3%	3%						

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
LAST 10 FISCAL YEARS ENDING JUNE 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	$ 163,166	$ 165,354	$ 148,517	$ 86,016	$ 20,365					
Contributions in relation to the contractually required contribution	163,166	165,354	148,517	86,016	20,365					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
School's covered-employee payroll	$ 2,248,220	$ 2,086,861	$ 2,008,434	$ 1,357,659	$ 367,495					
Contributions as a percentage of covered-employee payroll	7%	8%	7%	6%	6%					
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	$ 37,335	$ 34,580	$ 33,347	$ 22,432	$ 6,102					
Contributions in relation to the contractually required contribution	37,335	34,580	33,347	22,432	6,102					
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -					
School's covered-employee payroll	$ 2,248,220	$ 2,086,861	$ 2,008,434	$ 1,357,659	$ 367,495					
Contributions as a percentage of covered-employee payroll	2%	2%	2%	2%	2%					

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.

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*

To the Board of Trustees of Lake Wales Charter Schools, Inc. –
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 21, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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.

BKHM, P.A.

Orlando, Florida
February 21, 2024

ADDITIONAL INFORMATION REQUIRED BY RULES OF THE AUDITOR GENERAL, CHAPTER 10.850

To the Board of Trustees of Lake Wales Charter Schools, Inc. –
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North (the "School"), a charter school and component unit of the District School Board of Polk County, Florida, as of and for the year ended June 30, 2023, and have issued our report thereon dated February 21, 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 21, 2024, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual 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 of the entity is Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North, and the school code assigned by the Florida Department of Education is 1621.

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 to identify the specific condition(s) met. In connection with our audit, we determined that the School 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 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. The financial condition assessment was done as of the fiscal year-end.

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 did not have any such recommendations.

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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

BKHM, P.A.

Orlando, Florida
February 21, 2024

1900 Summit Tower Blvd., Suite 170, Orlando, Florida 32810 | 407.998.9000 | Fax 407.998.9010