

# Hartridge Academy

A Charter School of the District  
School Board of Polk County, Florida

**FINANCIAL STATEMENTS AND AUDITOR'S  
REPORTS  
June 30, 2023**

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

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June 30, 2023

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# Hartridge Academy

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**Hartridge Academy, Inc.**

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hartridge Academy, Inc., (the "School"), a charter school and component unit of the School District 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 and each major fund of the Hartridge Academy, Inc., as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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INDEPENDENT AUDITOR'S REPORT  
(cont...)

***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 and budgetary comparison schedule – general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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INDEPENDENT AUDITOR'S REPORT  
(concluded)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 on our consideration of Hartridge Academy, Inc.'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 Hartridge Academy, Inc.'s internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.  
Auburndale, Florida  
September 28, 2023

## **HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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The management's discussion and analysis (MD&A) provides an overview of Hartridge Academy, Inc.'s ("School") activities for the year ended June 30, 2023 and should be read in conjunction with the financial statements and the notes thereto.

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 and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The School's net position at June 30, 2023 totaled \$1,560,341 or 82% of 2022-23 expenses compared to the June 30, 2022 total of \$1,520,273 or 78% of 2021-22 expenses.
- For the year ended June 30, 2023, the School's total net position increased by \$40,068 compared to a decrease of \$27,430 for the prior year.
- As of the close of the current fiscal year, the School's general fund reported ending fund balance of \$1,154,825 an increase of \$171,739 in comparison with the previously reported fund balance.
- At the close of the current fiscal year, the School's general fund reported ending unassigned and assigned fund balance of \$1,097,864 which represents 58% of the total expenditures for the year ended June 30, 2023 compared an unassigned and assigned fund balance of \$920,720 on June 30, 2022 which represents 48% of the total expenditures of the prior year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes the management's discussion and analysis, the independent auditor's report and the basic financial statements of the School as well as required supplementary information. The financial statements also include notes that explain in more detail some of the information found in the financial statements. 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. These statements report information about the School as a whole and about its activities in a manner that helps answer the question, "Is Hartridge Academy, Inc. better off or worse off as a result of the year's activities?" These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The *statement of net position* presents all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual measure reported as "net position". Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating. The reader will need to consider other non-financial factors such as the current tax laws, student enrollment growth or decline, and facility conditions in arriving at their conclusion regarding the overall health of the School.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The remaining statements are the fund financial statements that focus on individual parts of the School's operation in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

*Governmental funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation of governmental fund(s) to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the School's most significant funds. The School operates one fund, a general fund to account for its general operations and internal account activities. For reporting purposes, the general fund is the only major fund of the School.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the general fund to demonstrate compliance with the budget.

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

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***MANAGEMENT’S DISCUSSION AND ANALYSIS****JUNE 30, 2023****GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	<b>Statement of Net Position (Summary)</b>			
	<b>Governmental Activities</b>			
	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Change</b>	<b>% Change</b>
<b>Assets:</b>				
Current and other assets	\$ 1,473,227	\$ 1,446,154	\$ 27,073	2%
Capital assets, net	483,953	584,912	(100,959)	-17%
<b>Total assets</b>	<b>1,957,180</b>	<b>2,031,066</b>	<b>(73,886)</b>	<b>-4%</b>
<b>Liabilities:</b>				
Current liabilities	211,582	220,128	(8,546)	-4%
Long-term liabilities	185,257	290,665	(105,408)	-36%
<b>Total liabilities</b>	<b>396,839</b>	<b>510,793</b>	<b>(113,954)</b>	<b>-22%</b>
<b>Net position:</b>				
Net investment in capital assets	298,696	294,247	4,449	2%
Unrestricted	1,261,645	1,226,026	35,619	3%
<b>Total net position</b>	<b>\$ 1,560,341</b>	<b>\$ 1,520,273</b>	<b>\$ 40,068</b>	<b>3%</b>

Of the two components of the School’s net position, the largest portion is the unrestricted portion and the remaining portion of net position reflects the School’s investment in capital assets. The School uses these capital assets to provide services to students, so these assets are not available for future spending. The School’s net investment in capital assets totaled \$298,696 as of June 30, 2023.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The School’s net position was \$1,560,341 at the close of the current fiscal year. As of June 30, 2023, unrestricted net position is approximately 81% of the total net position (81% at the end of the prior year) and the School’s investment in capital assets makes up the remaining 19% (19% at the end of the prior year).

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2023**

The key elements of the changes in the School's net position for the fiscal year ended June 30, 2023 and 2022 are as follows.

	<b>Governmental Activities</b>			
	<b>For the year ended</b>		<b>Change</b>	<b>% Change</b>
	<b>June 30, 2023</b>	<b>June 30, 2022</b>		
<b>Revenues:</b>				
<i>Program Revenues:</i>				
Operating grants and contributions	\$ 359,021	\$ 407,751	\$ (48,730)	-12%
<i>General revenues:</i>				
State and local sources passed through local school district	1,555,878	1,462,687	93,191	6%
Other general revenues	21,805	39,291	(17,486)	-45%
<b>Total revenues</b>	<b>1,936,704</b>	<b>1,909,729</b>	<b>26,975</b>	<b>1%</b>
<b>Expenses:</b>				
Instruction	1,133,440	1,183,514	(50,074)	-4%
Instructional staff training services	417	6,013	(5,596)	-93%
Governing board	33,462	31,576	1,886	6%
School administration	268,779	238,609	30,170	13%
Central services	42,212	75,154	(32,942)	-44%
Pupil transportation services	51,886	61,963	(10,077)	-16%
Operation of plant	309,459	283,297	26,162	9%
Maintenance of plant	42,242	36,736	5,506	15%
Interest on long-term debt	14,739	20,297	(5,558)	-27%
<b>Total expenses</b>	<b>1,896,636</b>	<b>1,937,159</b>	<b>(40,523)</b>	<b>-2%</b>
Change in Net Position	<b>\$ 40,068</b>	<b>\$ (27,430)</b>	<b>\$ 67,498</b>	

Governmental activities' change in net position for 2023 was an increase of \$40,068 as compared to a decrease of \$27,430 in the prior year.

- Total revenue decreased by \$26,975 or 1% mainly due to the following.
  - Operating grants and contributions decreased by \$48,730 or 12% mainly due to the School receiving less federally funded Elementary and Secondary School Emergency Relief Fund (ESSER) grants than in the prior year as fewer reimbursable expenses were incurred in 2023 compared to 2022. The School did receive \$61,385 of federally funded Title I grants in 2023 and none in 2022 as the School was not eligible in 2022. The decrease in the ESSER grant revenue was approximately \$155,800 that more than offset the increase caused by the Title I grants.
  - State and local resources through the local school district increased by \$93,191 or 6% mainly due to a 4% increase in the per-student funding amount in 2023 compared to 2022. The School also received \$37,715 through the Florida School Recognition Program in 2023 and did not receive this recognition award in 2022.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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- Total expenses decreased by \$40,523 or 2% mainly due to the following:
  - Instructional expenses decreased by \$50,074 or 4% due to decreased personnel costs caused by a lower average staffing level in 2023 compared to 2022.
  - Central services expenses decreased by \$32,942 or 44% due to the decreased School District of Polk County, Florida’s administrative fee which went from 5% of Florida Education Finance Program (FEFP) funding in 2022 to 2% in 2023 as the School was recognized as a high-performing charter school in 2023 which reduces the administrative fee by statute.
  - The above expense decreases were partially offset by a \$30,170 (13%) increase in school administration expenses and a \$26,162 (9%) increase in operation of plant expenses. The increase in school administration was due to increased personnel costs and the increase in operation of plant expenses was due to a myriad of changes to a various expense accounts, none of which were individually significant.

The largest revenue source for the School are the state and local funds received through the School District of Polk County, Florida (99% of total revenue in 2023 and 98% in 2022). Revenues from these state and local sources are primarily provided through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

**FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS**

Governmental Funds - As of June 30, 2023, the School’s general fund reported a positive fund balance of \$1,154,825 or 31% of 2022-23 general fund expenditures. As of June 30, 2022, the School’s general fund reported a positive fund balance of \$983,086 or 51% of 2021-22 general fund expenditures.

Total revenues increased by \$406,035 or 24% and total expenditures decreased by \$18,294 or 1%. See the government-wide financial analysis section for detail of what caused these changes. The governmental activities report an increase in revenue of \$26,975 whereas the general fund reports a increase in revenue of \$406,035, a difference of \$379,060 between the two different reporting perspectives. This difference is due to the reporting of grant receivables that were not received within the School’s period of availability (within 60-days of year-end) and therefore are reported as deferred inflows in the general fund as opposed to a revenue as is reported in the governmental activities.

**BUDGETARY HIGHLIGHTS**

The general fund budget for the fiscal year ended June 30, 2023, was developed based on the School’s anticipated revenues and expenditures and the expected student population for the school year. For the year ended June 30, 2023, actual budgetary inflows were \$152,624 greater than the final budgeted amount and actual outflows were \$19,115 less than budgeted appropriations resulting in an overall positive budget variance of \$171,739.

The budget was amended during the year decreasing budgeted inflows by \$265,795 and decreasing budgeted outflows by \$144,205. The budget was amended to more closely reflect the actual operational results for the year.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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**CAPITAL ASSETS AND LONG TERM LIABILITIES ADMINISTRATION**

**Capital Assets:** On June 30, 2023, the School had \$1,508,751 in capital assets, less accumulated depreciation/amortization of \$1,024,798 for net capital assets of \$483,953. Depreciation and amortization expense for the current fiscal year totaled \$143,283. More information about the School's capital assets is presented in the notes to financial statements.

**Long Term Liabilities:** On June 30, 2023, the School reported leases payable as long-term liabilities totaling \$185,257, a decrease of \$105,408 from the previous year balance reflecting normally scheduled payments on the School's lease liabilities.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The budget is initially adopted by June of the prior year based on a conservative estimate of enrollment and estimated per pupil revenue from the state. This enrollment is based on the number of expected returning students and the number of students in the waiting pool for available spaces. The School is forecasting enrollment for the 2023-24 School year at 228 full-time equivalent students compared to the average full-time equivalent student enrollment of 200 for the 2022-23 school year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Hartridge Academy's administrative offices at 1400 U.S. Hwy 92 West, Winter Haven, Florida 33881-8137.

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***STATEMENT OF NET POSITION**June 30, 2023

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,285,241
Receivables, current:	
Intergovernmental	131,025
Prepaid expenses	43,701
Security deposits	13,260
Capital assets:	
Depreciable, net	<u>483,953</u>
<b>TOTAL ASSETS</b>	<u>1,957,180</u>
<b>LIABILITIES</b>	
Accounts payable and accrued wages	211,582
Long-term liabilities:	
Due within one year	58,477
Due in more than one year	<u>126,780</u>
<b>TOTAL LIABILITIES</b>	<u>396,839</u>
<b>NET POSITION</b>	
Net investment in capital assets	298,696
Unrestricted	<u>1,261,645</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,560,341</u>

The accompanying notes are an integral part of these statements

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental activities:</b>					
Instruction	\$ 1,133,440	\$ -	\$ 165,060	\$ -	\$ (968,380)
Instructional staff training services	417	-	-	-	(417)
Governing board	33,462	-	-	-	(33,462)
School administration	268,779	-	-	-	(268,779)
Central services	42,212	-	-	-	(42,212)
Pupil transportation services	51,886	-	85,424	-	33,538
Operation of plant	309,459	-	108,537	-	(200,922)
Maintenance of plant	42,242	-	-	-	(42,242)
Interest on long-term debt	14,739	-	-	-	(14,739)
<b>Total governmental activities</b>	<b>\$ 1,896,636</b>	<b>\$ -</b>	<b>\$ 359,021</b>	<b>\$ -</b>	<b>(1,537,615)</b>
<b>GENERAL REVENUES:</b>					
					1,555,878
State and local sources passed through local school district					248
Interest income					21,557
Other general revenues					1,577,683
Total general revenues					
<b>CHANGE IN NET POSITION</b>					
<b>NET POSITION, beginning of year</b>					
<b>NET POSITION, end of year</b>					

The accompanying notes are an integral part of these statements

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2023

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	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,285,241
Receivables, current:	
Intergovernmental	131,025
Prepaid expenditures	43,701
Security deposits	13,260
<b>TOTAL ASSETS</b>	<b>\$ 1,473,227</b>
<b>LIABILITIES</b>	
Accounts payable and accrued wages	\$ 211,582
<b>TOTAL LIABILITIES</b>	<b>211,582</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Unavailable grant revenue	106,820
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>106,820</b>
<b>FUND BALANCE</b>	
Nonspendable:	
Prepaid expenditures	43,701
Security deposits	13,260
Assigned for:	
Subsequent year budget	400,000
Unassigned	697,864
<b>TOTAL FUND BALANCE</b>	<b>1,154,825</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND FUND BALANCE</b>	<b>\$ 1,473,227</b>

The accompanying notes are an integral part of these statements

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

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

June 30, 2023

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 1,154,825
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	483,953
Some unearned revenue of the governmental activities are not considered earned and therefore, while considered measurable and available and reported as revenue in the governmental funds, these revenues are reported as a liability in the governmental activities until earned.	106,820
Long-term liabilities, consisting solely of leases payable, are not due and payable in the current period and therefore they are not reported in the governmental funds.	(185,257)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 1,560,341</u>

The accompanying notes are an integral part of these statements

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida*

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS  
For the year ended June 30, 2023

	<b>General Fund</b>
<b>REVENUES:</b>	
State and local sources:	
State and local sources passed through local school district	\$ 1,749,839
Contributions and other local sources	21,805
Total state and local sources	<u>1,771,644</u>
Federal sources:	
Federal sources passed through local school district	<u>301,180</u>
Total federal sources	<u>301,180</u>
Total revenues	<u>2,072,824</u>
<b>EXPENDITURES:</b>	
Current:	
Instruction	1,114,473
Instructional staff training services	417
Governing board	33,462
School administration	268,779
Central services	42,212
Pupil transportation services	43,951
Operation of plant	193,078
Maintenance of plant	42,242
Debt service	120,147
Capital outlay	<u>42,324</u>
Total expenditures	<u>1,901,085</u>
<b>NET CHANGE IN FUND BALANCE</b>	171,739
<b>FUND BALANCE, beginning of year</b>	<u>983,086</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 1,154,825</u>

The accompanying notes are an integral part of these statements

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023**

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

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	171,739
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.		42,324
This is the amount of depreciation/amortization expense recorded in the current period.		(143,283)
Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.		
This represents the change caused by the "availability" criterion.		(136,120)
Repayment of the principal of long-term liabilities are expenditures in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		
This is the amount of lease liability repayments.		105,408
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$</u>	<u>40,068</u>

The accompanying notes are an integral part of these statements

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

Hartridge Academy, Inc. (the "School") 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. The governing body of the School is a Board of Directors comprised of not less than 3 or more than 9 members.

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 (the "District") and, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units. The School is reported as a discretely presented component unit of the District. The original charter became effective on July 1, 2001 and has been extended through June 30, 2027. During the term of the charter, the District may 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 revert to the District.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. 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 upon 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, the basic financial statements consist of the government-wide financial statements and fund financial statements.

*Government-wide Financial Statements* - The government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements include nonfiduciary financial activity of the school. Both statements report only governmental activities as the School does not engage in any business type activities.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)**

**BASIS OF PRESENTATION (cont...)**

*Fund Financial Statements* - The fund financial statements provide detailed information about the School's most significant funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows, liabilities, deferred inflows, 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 financial transactions of the School are recorded in a single governmental "general" fund. There are no other governmental funds. Because the focus of governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows.

Imposed nonexchange resources are reported as deferred inflows if received before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions (donations and grants) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state or other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recognized only when payment is due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**CASH AND CASH EQUIVALENTS**

The financial statement caption "cash and cash equivalents" includes all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less). All deposits are insured by federal depository insurance and, are collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)**

**RECEIVABLES**

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

**INVENTORIES**

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

**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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) 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 assets that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CAPITAL ASSETS**

In the government-wide statements, capital assets include construction in progress, leasehold improvements, transportation, software, and furniture and equipment. Capital assets are defined as personal or real property or improvements with an individual cost of \$750 or more and that is either titled in the School’s name or for which the School has the continuing responsibility for maintenance. Such assets are recorded at historical cost and reported net of accumulated depreciation. Donated assets are recorded at acquisition value as of the date received. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

	Years
Leasehold improvements	5-40
Transportation	7-20
Software	3-5
Furniture and equipment	3-10

Amortization of right-to-use-leased facilities is recognized using the straight-line method over the lesser of the estimated useful life of the assets or the lease term which varies between 5 and 10 years. Amortization expense is combined with depreciation expense on the statement of activities.

In the fund financial statements, capital assets used in governmental fund operations are accounted as capital outlay expenditures of the governmental fund upon acquisition.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)**

**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.

**INCOME TAXES**

The School is generally exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code and applicable state law. Therefore, no provisions for income taxes have been made in the accompanying financial statements.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School files Form 990 in the U.S. Federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service for years endings before June 30, 2020.

**REVENUE SOURCES**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(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 under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The District receives a 2% administrative fee from the School, which is reflected as a central services expense / expenditure in the accompanying statement of activities and statement of revenues, expenditures and change in fund balance.

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 enrollments during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unspent portion is reflected as restricted net position and fund balance in the accompanying statements of net position and balance sheet - governmental fund, respectively. As of June 30, 2023, the School had no unspent capital outlay funds.

**HARTRIDGE ACADEMY, INC.**

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)**

**LEASES**

The School is a lessee for noncancellable leases of school facilities, both the main school facilities as well as portable classroom buildings. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$750 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payment.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise, as applicable.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

**EQUITY CLASSIFICATIONS**

**Government-wide Statements** - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- a) *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 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.

**HARTRIDGE ACADEMY, INC.**

A Charter School and Component Unit of the School District of Polk County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

**EQUITY CLASSIFICATIONS** (concluded)

- 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 net 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.

**Fund Statements** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. The following classifications describe the relative strength of the spending constraints:

- a) *Nonspendable* - amounts that are not in spendable form (such as prepaid items and deposits) or are legally required to be maintained intact.
- b) *Restricted* - amounts constrained to specific purposes by external purposes by external providers or imposed by law through constitutional provisions or by enabling legislation.
- c) *Committed* - amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision-making authority (the School's Board of Directors) through resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School's Board of Directors takes the same highest-level action (a resolution) to remove or change the constraint.
- d) *Assigned* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the principal or by an official or body which the Board of Directors have delegated the authority.
- e) *Unassigned* - includes residual positive fund balance which has not been classified within the other above-mentioned categories.

The details of the fund balances are included in the governmental funds balance sheet. The School uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. The details of the fund balances are included in the governmental fund balance sheet.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 2 - BUDGETARY LAW AND PRACTICE**

The budget is adopted by the School's Board of Directors on or before July 1 of each year by motion in the minutes. All budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments. The budget for the general fund is adopted on the modified accrual basis of accounting which is the same used for financial reporting purposes.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The School's deposits are insured by the FDIC up to \$250,000 per financial institution.

The captions on the government-wide statement of net position for "cash and cash equivalents" are summarized below.

Cash and cash equivalents:

Insured or fully collateralized bank deposits	<u>\$ 1,285,241</u>
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Total cash and cash equivalents	<u><u>\$ 1,285,241</u></u>
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The types of investments in which the School may invest are governed by Section 218.415(17), Florida Statutes. The School has not adopted a formal investment policy, nor have they adopted a formal policy to address investment related risks.

There were no investment securities maintained during the year.

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**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 4 – CHANGES IN CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b><u>Governmental Activities:</u></b>				
Capital assets, being depreciated:				
Leasehold improvements	\$ 288,841	\$ -	\$ -	\$ 288,841
Transportation	137,993	-	-	137,993
Software	4,259	-	-	4,259
Furniture and equipment	264,692	42,324	-	307,016
Right to use leased facilities	770,642	-	-	770,642
Total capital assets, being depreciated	<u>1,466,427</u>	<u>42,324</u>	<u>-</u>	<u>1,508,751</u>
Less accumulated depreciation for:				
Leasehold improvements	(155,316)	(13,658)	-	(168,974)
Transportation	(64,470)	(7,935)	-	(72,405)
Software	(4,259)	-	-	(4,259)
Furniture and equipment	(204,770)	(22,166)	-	(226,936)
Less accumulated amortization for:				
Right to use leased facilities	(452,700)	(99,524)	-	(552,224)
Total accumulated depreciation/amortization	<u>(881,515)</u>	<u>(143,283)</u>	<u>-</u>	<u>(1,024,798)</u>
Total capital assets being depreciated, net	<u>584,912</u>	<u>(100,959)</u>	<u>-</u>	<u>483,953</u>
Governmental activities capital assets, net	<u>\$ 584,912</u>	<u>\$ (100,959)</u>	<u>\$ -</u>	<u>\$ 483,953</u>

Depreciation/amortization expense was charged to the following programs and functions:

<b><u>Governmental Activities:</u></b>	
Instruction	\$ 18,966
Pupil transportation services	7,935
Operation of plan	<u>116,382</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 143,283</u>

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 5 – CHANGES IN LONG TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Leases payable	\$ 290,665	\$ -	\$(105,408)	\$ 185,257	\$ 58,477
Total long-term liabilities	<u>\$ 290,665</u>	<u>\$ -</u>	<u>\$(105,408)</u>	185,257	<u>\$ 58,477</u>
Less amounts due in one year				<u>(58,477)</u>	
Net long-term liabilities due after one year				<u>\$ 126,780</u>	

Leases payable – The School has entered into two lease agreements for school facilities as follows:

- Effective June 23, 2017, the School entered into a ten-year lease agreement as lessee for the use of the main school facilities. The lease agreement does not have an explicit interest rate and the school utilized an estimated incremental borrowing rate of 5.5% as determined by recent loans provided to other schools within the District. The value of the right-to-use asset at the end of the current fiscal year was \$546,048 and reports accumulated amortization of \$327,629. The facilities have a longer expected life than the lease term, so the right-to-use asset is being amortized over the ten-year term of the lease agreement.
- Effective July 11, 2018, the School entered into a five-year lease agreement as lessee for the use of temporary relocatable modular buildings delivered to the main school facilities. The lease agreement did not have an explicit interest rate and the school utilized an estimated incremental borrowing rate of 5.5% as determined by recent loans provided to other schools within the District. This right-to-use asset was being amortized over the five-year term of the lease agreement and is fully amortized on June 30, 2023 as the original lease term has expired in 2023 and the School is currently paying monthly for the right to use the portables.

**Maturities:** Annual requirements to repay the leases payable as of June 30, 2023 are as follows:

Fiscal Year Ending	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 58,477	\$ 10,189
2025	61,693	6,973
2026	65,087	3,580
Total	<u>\$ 185,257</u>	<u>\$ 20,742</u>

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 6 - RISK MANAGEMENT**

Commercial insurance protection with normal deductibles, including general liability, property and workers compensation, is in place to limit the School's exposure from losses arising from errors and omissions, injuries to employees, and natural disasters as well as theft, damage to, and destruction of School assets. There has been no significant reduction in coverages, nor have settlement amounts exceeded the School's coverages during the year ended June 30, 2023 or the previous two years.

In the normal course of conducting operations, the School may become 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 financial operations. As of June 30, 2023, management was not aware of any legal actions or proceedings pending against the school.

**NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES**

The School may from time to time participate 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. In the opinion of management, 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.

In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with public funds provided to the School through the District will automatically revert to full ownership of the District upon the non-renewal or termination of the charter agreement.

During the fiscal year ended June 30, 2023, the School contracted with the City of Lake Alfred to station a police officer at the School when classes are in session due to the safe-school requirements of Section 1006.12, Florida Statutes. The contract covers the 2023-24 school year and the cost for these services is \$65,979.

**NOTE 8 – DEFINED CONTRIBUTION PLAN**

The School uses a leasing company for employment of its staff. As part of the agreement with the staff, the School has adopted a tax deferred annuity plan in accordance with Section 403 (b) of the Internal Revenue Code in which benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is funded by School contributions made in the name of the leased employee at the same rate as the District provides for its employees. The plan does not have age or service requirements and plan members are immediately vested in School contributions. For the current fiscal year, the required contribution rate was 14.91% of payroll resulting in a total expenditure/expense to the School of \$88,309.

**HARTRIDGE ACADEMY, INC.**

*A Charter School and Component Unit of the School District of Polk County, Florida*

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 9 - CONCENTRATION OF REVENUE SOURCES**

The School's principal source of revenues is from the State of Florida passed through the District, which provided approximately 99% of total revenue for the year ended June 30, 2023. The following is a schedule of revenue sources and amounts for the year ended June 30, 2023.

<u>Sources</u>	<u>Amount</u>
School District of Polk County, Florida	
Base funding and supplemental academic instruction	\$ 1,061,693
Elementary and Secondary School Emergency Relief Fund	232,560
Class size reduction	204,611
Capital outlay	108,537
Pupil transportation	85,424
Discretionary local effort	74,500
Discretionary millage compression allocation	71,257
Federal Title I grant revenue	61,385
Teacher salary increase allocation	51,625
School recognition award	37,715
Instructional materials allocation	16,776
Safe schools allocation	12,077
Total funds compression allocation	11,725
Reading allocation	10,794
Federal IDEA grant revenue	7,235
Teacher supply program	3,105
Total revenue through the School District of Polk County, Florida	2,051,019
Other revenue:	
Interest revenue	248
Other local sources	21,557
Total revenue	\$ 2,072,824

# Hartridge Academy

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**HARTRIDGE ACADEMY, INC.***A Charter School and Component Unit of the School District of Polk County, Florida***BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>RESOURCES (inflows):</b>				
State and local sources:				
State and local sources passed through local school district	\$ 1,594,780	\$ 1,748,873	\$ 1,749,839	\$ 966
Contributions and other local sources	7,625	21,727	21,805	78
Total state and local sources	1,602,405	1,770,600	1,771,644	1,044
Federal sources:				
Federal sources passed through local school district	52,000	149,600	301,180	151,580
Total federal sources	52,000	149,600	301,180	151,580
Total resources (inflows)	1,654,405	1,920,200	2,072,824	152,624
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
Current:				
Instruction	1,218,405	1,153,700	1,156,797	(3,097)
Instructional staff training services	6,000	500	417	83
Governing board	45,000	34,000	33,462	538
School administration	295,000	270,000	268,779	1,221
Central services	75,000	43,000	42,212	788
Pupil transportation services	45,000	44,000	43,951	49
Operation of plant	380,000	375,000	355,467	19,533
Total charges to appropriations (outflows)	2,064,405	1,920,200	1,901,085	19,115
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (410,000)</b>	<b>\$ -</b>	<b>\$ 171,739</b>	<b>\$ 171,739</b>

## **OTHER REPORTS**

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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 Directors  
**Hartridge Academy, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Hartridge Academy, Inc. (the "School") a charter school and component unit of the School District 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 September 28, 2023.

***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.

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 may exist that have not been identified.

***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 determination of financial statement amounts. 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*.

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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*

***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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.  
Auburndale, Florida  
September 28, 2023

## MANAGEMENT LETTER

To the Board of Directors  
Hartridge Academy, Inc.

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

We have audited the financial statements of Hartridge Academy, Inc., (the "School"), a charter school and component unit of the School District of Polk County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 28, 2023.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent 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 September 28, 2023, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **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.

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 did not have any such recommendations.

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MANAGEMENT LETTER  
(cont...)

**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.

**2023-001 - Insurance**

*Criteria:* Pursuant to the rental contract for relocatable school facilities, the School will procure and keep in force commercial property insurance on the relocatable school facilities.

*Condition:* Effective with the School's insurance policy renewal on May 1, 2023, the relocatable school facilities are not covered by School property insurance.

*Effect:* Noncompliance with rental contract and risk of loss on the rented property.

*Recommendation:* Procure property insurance as required by the rental contract for relocatable facilities.

*View of responsible officials:* See accompanying letter of management's response.

**Official Title**

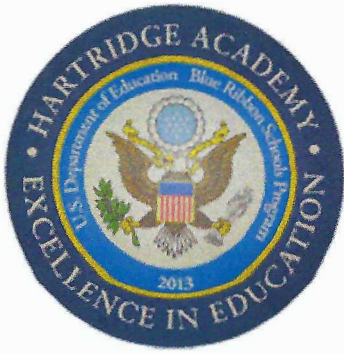
Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Hartridge Academy, Inc. of District 53, School 8121.

**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 Directors, 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.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Auburndale, Florida  
September 28, 2023



Hartridge Academy

1400 US 92, Winter Haven FL 33881

September 28, 2023

## Regarding Finding 2023-001 Insurance

Our insurance policies expire 04/30 each year. The company we had been insured with for many years did not offer to renew Charter schools in Florida, according to our agent. We found carriers for insurance elsewhere for liability plus property insurance on all except portable classrooms. The agent is diligently searching for coverage for the portables. Meanwhile, our fund balance is strong enough to cover damage or replacement costs should a loss occur prior to obtaining insurance. We are also exploring the option of replacing or disposing of the portables if reasonably priced insurance is not found.

A handwritten signature in black ink that reads 'Debra Richards'. The signature is written in a cursive, flowing style.

Debra Richards, Principal