

**NORTHWEST FLORIDA STATE COLLEGE
COLLEGIATE HIGH SCHOOL**

**A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

**FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northwest Florida State College Collegiate High School
Niceville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northwest Florida State College Collegiate High School (the "Charter School"), a Charter School and restricted fund of Northwest Florida State College (the "College"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Charter 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 financial position of the Charter School, as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Charter 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 Charter 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 opinion. 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 Charter 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 Charter School's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial condition of the Charter School and do not purport to, and do not present fairly, the financial position of the College, as of June 30, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the schedule of OPEB liability and related ratios, schedule of the proportionate share of the net pension liability and schedule of contributions on pages 34 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2025, on our consideration of the Charter 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 Charter 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 Charter School's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 23, 2025

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE
JUNE 30, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Northwest Florida State College Collegiate High School (the "Charter School") for the years ended June 30, 2024 and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnote disclosures that follow this section. Responsibility for the completeness and fairness of this information rests with the Charter School's management. The discussion and analysis includes information relating to the financial position and activities of the Charter School as a restricted fund of Northwest Florida State College (the "College").

FINANCIAL HIGHLIGHTS

The Charter School reported a positive net position balance of \$1,414,386 at June 30, 2024, with total assets and deferred outflow of resources of \$2,787,809, and liabilities and deferred inflow of resources of \$1,373,423. Net position, which represents the residual interest in the Charter School's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, decreased \$770,292 during the 2023-2024 fiscal year. Total revenues increased \$1,361,176 and expenses increased \$3,359,378. The expense to revenue relationship changed from 66% in the 2022-2023 fiscal year to 116% in the 2023-2024 fiscal year.

The Charter School reported a positive net position balance of \$2,184,678 at June 30, 2023, with total assets and deferred outflow of resources of \$3,081,942, and liabilities and deferred inflow of resources of \$897,264. Net position, which represents the residual interest in the Charter School's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, increased \$1,182,282 during the 2022-2023 fiscal year. Total revenues increased \$941,769 and expenses increased \$242,429. The expense to revenue relationship changed from 86.1% in the 2021-2022 fiscal year to 66% in the 2022-2023 fiscal year.

USING THIS ANNUAL REPORT

This report consists of three basic financial statements: (1) the statements of net position; (2) the statements of revenues, expenses and changes in net position; and (3) the statements of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require financial statements be presented on a nonconsolidated basis to focus on the Charter School as a whole. These statements present a long-term view of the Charter School's finances.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE
JUNE 30, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

THE STATEMENT OF NET POSITION

The statement of net position presents the financial position of the Charter School at the end of the fiscal year and reflects all assets, deferred outflow of resources, liabilities and deferred inflows of resources of the Charter School. Net position, the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is one indicator of the current financial condition of the Charter School, while the change in net position is an indicator of whether the overall financial condition has improved or declined during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical costs less an allowance for depreciation.

A summarized comparison of the Charter School's assets, deferred outflows, liabilities, deferred inflows, and net position is presented in the following table:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets			
Total current assets	\$ 2,646,592	\$ 2,987,550	\$ 1,955,383
Total assets	<u>\$ 2,646,592</u>	<u>\$ 2,987,550</u>	<u>\$ 1,955,383</u>
Deferred outflows of resources	<u>\$ 141,217</u>	<u>\$ 94,392</u>	<u>\$ 108,188</u>
Total current liabilities	\$ 572,127	\$ 460,874	\$ 546,427
Total noncurrent liabilities	741,969	407,233	279,395
Total liabilities	<u>\$ 1,314,096</u>	<u>\$ 868,107</u>	<u>\$ 825,822</u>
Deferred inflows of resources	<u>\$ 59,327</u>	<u>\$ 29,157</u>	<u>\$ 235,353</u>
Net position			
Restricted	\$ 90,511	\$ 65,710	\$ 50,997
Unrestricted	1,323,875	2,118,968	951,399
Total net position	<u>\$ 1,414,386</u>	<u>\$ 2,184,678</u>	<u>\$ 1,002,396</u>

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JUNE 30, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

The Charter School has no non-current assets. A review of the Charter School's statements of net position at June 30, 2024 and 2023 shows that the Charter School's total assets decreased by \$340,958 and total liabilities increased by \$445,989. Current liabilities increased by \$111,253 compared to 2022-2023. The increase in current liability is primarily because of the increase in Due to College at the year-end. The majority of the Due to College amount consisted of the June 2024 Capital Outlay payment to the College and the amount owed to the College for Charter School employees' payroll who are paid with College funds and the transfer at year end to cover indirect costs incurred by the college (utilities, facilities/maintenance repairs and renovations, transportation usage, furniture usage and costs incurred by the college as well as college personnel who spend a portion of their time to address CHS needs. Also, due to the growth in CHS, additional space was needed for classes while buildings 300 and 520 were renovated. Noncurrent liabilities increased by \$334,736 because of a increase in net pension liability by \$240,543, the accrued compensated absences increased by \$78,202 and other post-employment benefits increased by \$15,991. The total assets decreased because of a decline in cash by \$340,958. There was an increase of \$240,543 in total (current and noncurrent portion) net pension liability that was recorded in accordance with GASB 68. The total net position balance decreased by \$770,292 in June 30, 2024 compared to June 30, 2023.

A review of the Charter School's statements of net position at June 30, 2023 and 2022 shows that the Charter School reported a positive net position balance of \$2,184,678. Total assets increased by \$1,032,167 while total liabilities decreased by \$42,285.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
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JUNE 30, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement of revenues, expenses and changes in net position presents the Charter School's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating.

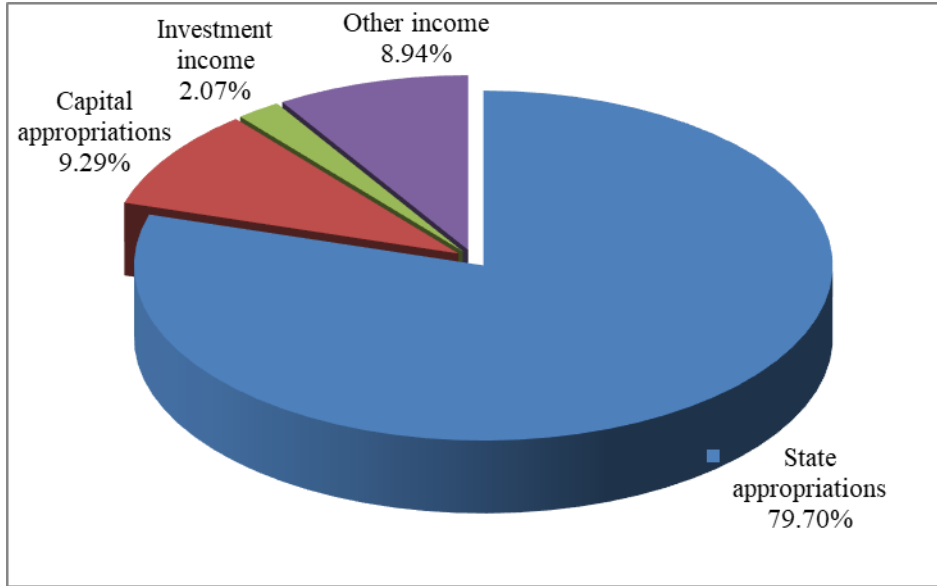
A comparison of the Charter School's revenues, expenses and changes in net position for the fiscal year ended 2024 with prior fiscal years are shown in the following table:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
REVENUES			
Operating revenues	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES			
Operating expenses			
Salaries	1,112,558	449,193	444,400
Benefits	685,890	19,875	186,886
Contractual services	2,206,139	926,228	572,331
Other services and expenses	1,225,162	605,816	556,860
Materials and supplies	423,967	293,226	291,432
Total operating expenses	<u>5,653,716</u>	<u>2,294,338</u>	<u>2,051,909</u>
Operating loss	<u>(5,653,716)</u>	<u>(2,294,338)</u>	<u>(2,051,909)</u>
NONOPERATING REVENUES			
State appropriations from county school district	3,892,044	3,040,449	2,084,742
Other income	436,605	13,701	41,930
Investment income	101,014	14,337	46
Total nonoperating revenues	<u>4,429,663</u>	<u>3,068,487</u>	<u>2,126,718</u>
Income (loss) before capital contributions	<u>(1,224,053)</u>	<u>774,149</u>	<u>74,809</u>
CAPITAL CONTRIBUTIONS			
Capital appropriations	<u>453,761</u>	<u>408,133</u>	<u>257,221</u>
Change in net position	<u>(770,292)</u>	<u>1,182,282</u>	<u>332,030</u>
NET POSITION			
Net position, beginning of year	<u>2,184,678</u>	<u>1,002,396</u>	<u>670,366</u>
Net position, end of year	<u>\$ 1,414,386</u>	<u>\$ 2,184,678</u>	<u>\$ 1,002,396</u>

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JUNE 30, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

The following is a graphical presentation of the Charter School's non-operating revenues for the 2023-2024 fiscal year:



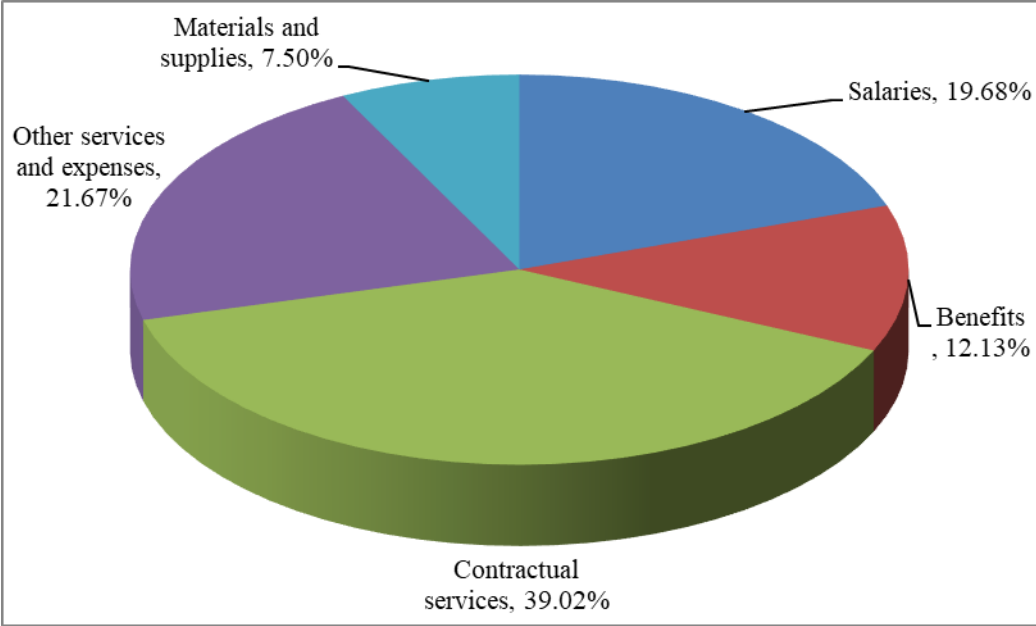
Charter School revenues including capital contributions increased \$1,406,804 or 40.47% compared to last fiscal year because of the following factors:

- State appropriations increased \$851,595 in 2023-2024 primarily due to an increase in FTE by 30.02% compared to 2022-2023. There was an increase in the state's base student allocation rate by 46.06%.
- Capital appropriations increased by \$45,628 or 11.18% from 2022-2023.
- Investment income (bank interest) increased \$86,677 due to type of bank account changing to higher interest yield account.
- Other income decreased by \$422,904 primarily due to federal higher education emergency relief funds, Safety & Security Grants, ½ sales tax reimbursements for buses, and school recognition awards.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

A chart showing the Charter School expenses by percentage of total expenses for fiscal year 2023-2024 is as follows:



Charter School expenses increased by 146.42% during 2023-2024. Employee salary expenses increased \$663,365 or 147.68% compared to 2022-2023. Employee benefit expense increased by \$666,015 or 335.10%, which includes other post-employment benefits expense (OPEB), pension expense and accrued leave expense recorded on June 30, 2024. The Charter School's general operating expenses increased by \$3,359,378 or 146.42%. This is primarily the result of adding the necessary infrastructure needed to support the increase in student enrollment (buses, furniture, supplies, etc.). Payroll expenses accounted for 31.81% and 20.45% of total expenses in fiscal years 2023-2024 and 2022-2023, respectively.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides additional information about the Charter School's financial results by reporting the major sources and uses of cash. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

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

A comparative summary of the statements of cash flows for the Charter School for the fiscal years ended June 30, 2024, 2023, and 2022, is shown in the following table. The Charter School's cash decreased during the reporting year.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash provided (used) by			
Operating activities	\$ (5,224,382)	\$ (2,438,053)	\$ (1,844,790)
Noncapital financing activities	3,884,419	3,054,150	2,126,672
Capital and related financing activities	442,161	430,793	308,209
Investing activities	101,014	14,337	46
Net increase (decrease) in cash	<u>(796,788)</u>	<u>1,061,227</u>	<u>590,137</u>
Cash, beginning of year	2,967,037	1,905,810	1,315,673
Cash, end of year	<u>\$ 2,170,249</u>	<u>\$ 2,967,037</u>	<u>\$ 1,905,810</u>

The following discussion presents an overview of cash flows:

- During the fiscal year ended June 30, 2024, cash decreased by \$796,788. The increase in cash was mainly due to the following reasons:
 - ◆ Usage of cash for operating activities increased by \$2,786,329 primarily because of an increase in general operating activities related to the increase in student enrollment. The Charter School shares the costs of facilities-related expenses (utilities, facilities, personnel, building maintenance, etc.) with the college through an internal transfer of funds at fiscal year-end. Salary-related expenses increased \$663,365 and are attributed to the increase in personnel needed to manage the increased enrollment in the student body and 100% of CHS personnel are funded by CHS. The payments for benefits increased by \$666,015 due to the net effect of adjustments recorded for deferred inflows of resources, changes in net pension liabilities, other post-employment benefits and deferred outflows of resources and increase in accrued leave expense for 2023-2024 as well as the number of employees actively utilizing the College's health insurance benefit options.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

- ◆ Noncapital financing sources (primarily state appropriation from the County School District) increased by \$830,269 due to an increase in enrollment compared to 2022-2023. Capital and related financing sources increased by \$11,368.
- ◆ Interest income increased by \$86,677 from 2022-2023.

- During the fiscal year ended June 30, 2023, cash increased by \$1,061,227. The increase in cash was mainly due to the following reasons:
 - ◆ Usage of cash for operating activities increased by \$593,263 primarily because of an increase in general operating activities related to the increase in student enrollment. The Charter School shares the costs of facilities-related expenses (utilities, facilities personnel, building maintenance, etc.) with the college through an internal transfer of funds at fiscal year-end. Salary-related expenses increased \$128,930 and is attributed to the increase in personnel needed to manage the increased enrollment in the student body. The payments for benefits decreased by \$71,964 due to the net effect of adjustments recorded for deferred inflows of resources, change in net pension liabilities, other post-employment benefits and deferred outflows of resources and increase in accrued leave expense for 2021-2022 as well as the number of employees actively utilizing the college's health insurance benefit options.
 - ◆ Noncapital financing sources (primarily state appropriation from the County School District) increased by \$892,462 due to an increase in enrollment compared to 2021-2022. Capital and related financing sources increased by \$25,477.
 - ◆ Interest income increased by \$14,291 from 2021-2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Charter School maintains an inventory of all assets with a value of \$5,000 and greater as well as various other items which follow the College policies. Florida colleges have established capitalization guidelines for financial reporting purposes. These guidelines provide that for financial reporting purposes, furniture and equipment with a value less than \$5,000; buildings and other structures valued less than \$25,000; and all library books and computer software are expensed in the year of purchase. The building used by the Charter School is the property of the College and the Charter School does not have any capital assets greater than the capitalization policy threshold.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Long-Term Liabilities

At June 30, 2024, the Charter School had \$741,969 in long-term liabilities outstanding versus \$407,233 in the previous year, representing a 82% increase. The long-term liabilities consist of \$180,741 for accrued compensated absences, \$541,007 for net pension liability and \$20,221 for other post-employment benefits. The increase was primarily caused by the recording of net pension liability in accordance with GASB Pronouncement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires the Charter School to recognize its proportionate share of the net pension liabilities and operating statement activities related to changes in the collective pension liabilities of cost-sharing multiple-employer Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) defined benefit plans.

At June 30, 2023, the Charter School had \$407,233 in long-term liabilities outstanding versus \$279,385 in the previous year, representing a 46% increase. The long-term liabilities consist of \$102,539 for accrued compensated absences, \$300,464 for net pension liability and \$4,230 for other post-employment benefits. The increase was primarily caused by the recording of net pension liability in accordance with GASB Pronouncement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires the Charter School to recognize its proportionate share of the net pension liabilities and operating statement activities related to changes in the collective pension liabilities of cost-sharing multiple-employer Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) defined benefit plans.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic position of Northwest Florida State College Collegiate High School is closely tied to that of the State of Florida and the Okaloosa County School District. The funding for 2023-2024 showed a moderate increase of state's base student allocation rate compared to 2022-2023. Given the economic and population growth in the region, continued increases in total revenue are expected.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of finances for those who may be interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice President of Administrative Services, 100 East College Boulevard, Niceville, Florida 32578.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
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STATEMENTS OF NET POSITION

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
ASSETS		
Cash	\$ 2,170,249	\$ 2,967,037
Accounts receivable	476,343	20,513
Total current assets	<u>2,646,592</u>	<u>2,987,550</u>
TOTAL ASSETS	<u>2,646,592</u>	<u>2,987,550</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions	138,000	93,568
Deferred outflows of resources - other post-employment benefits	3,217	824
Total deferred outflows of resources	<u>141,217</u>	<u>94,392</u>
CURRENT LIABILITIES		
Due to College	560,576	450,919
Net pension liability, current portion	7,862	7,862
Accrued compensated absences, current portion	3,689	2,093
Total current liabilities	<u>572,127</u>	<u>460,874</u>
NONCURRENT LIABILITIES		
Accrued compensated absences	180,741	102,539
Net pension liability	541,007	300,464
Total other post-employment benefits liability	20,221	4,230
Total noncurrent liabilities	<u>741,969</u>	<u>407,233</u>
TOTAL LIABILITIES	<u>1,314,096</u>	<u>868,107</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	50,024	27,550
Deferred inflows of resources - other post-employment benefits	9,303	1,607
Total deferred inflows of resources	<u>59,327</u>	<u>29,157</u>
NET POSITION		
Restricted	90,511	65,710
Unrestricted	1,323,875	2,118,968
Total net position	<u>1,414,386</u>	<u>2,184,678</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,787,809</u>	<u>\$ 3,081,942</u>

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

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For the Year Ended	
	June 30, 2024	June 30, 2023
REVENUES		
Operating revenues	\$ -	\$ -
Total operating revenues	-	-
EXPENSES		
Operating expenses		
Salaries	1,112,558	449,193
Benefits	685,890	19,875
Contractual services	2,206,139	926,228
Other services and expenses	1,225,162	605,816
Materials and supplies	423,967	293,226
Total operating expenses	5,653,716	2,294,338
Operating loss	(5,653,716)	(2,294,338)
NONOPERATING REVENUES		
State appropriations from county school district	3,892,044	3,040,449
Other income	436,605	13,701
Investment income	101,014	14,337
Total nonoperating revenues	4,429,663	3,068,487
Income (loss) before capital contributions	(1,224,053)	774,149
CAPITAL CONTRIBUTIONS		
Capital appropriations	453,761	408,133
Change in net position	(770,292)	1,182,282
NET POSITION		
Net position, beginning of year	2,184,678	1,002,396
Net position, end of year	\$ 1,414,386	\$ 2,184,678

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

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STATEMENTS OF CASH FLOWS

	For the Year Ended	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers for goods and services	\$ (3,745,611)	\$ (1,907,718)
Payments to employees	(1,112,558)	(449,193)
Payments for benefits	<u>(366,213)</u>	<u>(81,142)</u>
Net cash used in operating activities	<u>(5,224,382)</u>	<u>(2,438,053)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations from county school district	<u>3,884,419</u>	<u>3,054,150</u>
Net cash provided by noncapital financing activities	<u>3,884,419</u>	<u>3,054,150</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	<u>442,161</u>	<u>430,793</u>
Net cash provided by capital and related financing activities	<u>442,161</u>	<u>430,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>101,014</u>	<u>14,337</u>
Net cash provided by investing activities	<u>101,014</u>	<u>14,337</u>
Net increase (decrease) in cash	(796,788)	1,061,227
Cash, beginning of year	<u>2,967,037</u>	<u>1,905,810</u>
Cash, end of year	<u>\$ 2,170,249</u>	<u>\$ 2,967,037</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (5,653,716)	\$ (2,294,338)
Adjustments to reconcile operating loss to net cash used in operating activities		
Decrease in prepaid expenses	-	6,400
(Increase) decrease in deferred outflows of resources	(46,825)	13,796
Increase (decrease) in Due to College	109,657	(88,848)
Increase in net pension liability	240,543	120,638
Increase in accrued compensated absences	79,798	10,861
Increase (decrease) in total OPEB liability	15,991	(366)
Increase (decrease) in deferred inflows of resources	<u>30,170</u>	<u>(206,196)</u>
Net cash used in operating activities	<u>\$ (5,224,382)</u>	<u>\$ (2,438,053)</u>

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Northwest Florida State College Collegiate High School (the “Charter School”) is a restricted fund of Northwest Florida State College (the “College”). The financial statements present only the financial position, changes in financial position and cash flows of only that portion of the business-type activities of the College applicable to the operations of the Charter School. The general operating authority of the Charter School is contained in Section 1002.33, Florida Statutes. The Charter School operates under a charter with the sponsoring school district, the School Board of Okaloosa County, Florida (“Sponsor”). The initial charter, effective until June 30, 2005, was renewed and is effective until June 30, 2027. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor is required to notify the Charter School, in writing, at least 90 days prior to the charter’s expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown.

Basis of Presentation: The Charter School’s accounting policies conform to accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provide the College and the Charter School with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The Charter School has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

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

The Charter School follows the same basis of presentation as the College.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Charter School's principal operating activity is instruction. Since student fees are not assessed for instruction, no operating revenue is reported. Operating expenses generally include all transactions directly related to instruction as well as administration, support, student services, and operations. Nonoperating revenues include state noncapital appropriations and investment income.

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

Cash and Cash Equivalents: The amount reported as cash consists of cash on hand and cash in demand deposit accounts. Cash deposits of the Charter School are held by banks designated as qualified public depositories under Florida Statute Chapter 280. All such deposits are insured by federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool.

Capital Assets: The College and, therefore, the Charter School, have a capitalization threshold of \$5,000 for tangible personal property. There were no capital assets reported at June 30, 2024 or 2023.

Net Position: Net position represents the difference between assets, deferred outflows of resources, and liabilities, deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as restricted net position is reported as unrestricted net position.

Revenue Sources: Revenue for current operations along with capital contributions are received primarily from the School Board of Okaloosa County, Florida, pursuant to the funding provisions included in the Charter.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from the estimates.

NOTE 2. CURRENT LIABILITIES

The Due to College includes reimbursement for the Charter School's partial payroll expense processed through College payroll. This amount for reimbursement to the College is based on available fund balance at year-end. For the years ended June 30, 2024 and 2023, the Charter School paid the full amount to the College. The Due to College also includes the final facilities capital outlay allocation for the year from the Okaloosa County School District. This capital outlay allocation is usually transferred to the College in lieu of rent for the building occupied by the Charter School.

NOTE 3. LONG-TERM LIABILITIES

The Charter School's long-term liability activity for the years ended June 30, 2024 and 2023 is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Compensated absences	\$ 104,632	\$ 130,233	\$ 50,435	\$ 184,430	\$ 3,689
Total other post-employment benefit liability	4,230	21,559	5,568	20,221	-
Net pension liability	308,326	413,198	172,655	548,869	7,862
	<u>\$ 417,188</u>	<u>\$ 564,990</u>	<u>\$ 228,658</u>	<u>\$ 753,520</u>	<u>\$ 11,551</u>
	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 93,771	\$ 22,086	\$ 11,225	\$ 104,632	\$ 2,093
Total other post-employment benefit liability	4,596	292	658	4,230	-
Net pension liability	187,688	169,835	49,197	308,326	7,862
	<u>\$ 286,055</u>	<u>\$ 192,213</u>	<u>\$ 61,080</u>	<u>\$ 417,188</u>	<u>\$ 9,955</u>

Compensated Absences: College employees accrue annual and sick leave based upon length of service. Limitations exist regarding the amount that will be paid upon termination. The Charter School reported a liability for the accrued leave in the amount of \$184,430 and \$104,632 at June 30, 2024 and 2023, respectively. This includes the Charter School's share of FICA contributions.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER POST-EMPLOYMENT BENEFITS

Plan Administration and Benefits: The College, including the Charter School, administers a single-employer defined benefit OPEB plan administered by the Consortium (the “Plan”). Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College, including the Charter School, are eligible to participate in the College’s healthcare plan. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Neither the College, including the Charter School, nor the Consortium, issues a stand-alone report, and the Plan is not included in the annual report of a public employee retirement system or another entity. The Board of Trustees has established and can amend plan benefits and contribution rates. The College has not advance-funded or established a funding methodology for the annual Other Post-Employment Benefit (“OPEB”) costs or the total OPEB liability, and the plan is financed on a pay-as-you-go basis.

Plan Membership: Membership of the Plan consisted of the following at June 30, 2023 the date of the latest actuarial valuation:

Active participants	7
Retirees and beneficiaries currently receiving benefits	-
Total	7

Contributions: Required contributions are based on a projected pay-as-you-go basis. For the fiscal years ended June 30, 2024 and 2023, the Charter School provided required contributions of \$998 and \$109, respectively, toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses and reinsurance premiums. Retiree contributions totaled \$61,790 and \$81,798, for the fiscal years ended June 30, 2024 and 2023, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability of the Charter School: The information disclosed below is presented in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

The Charter School's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions: The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Real wage growth	0.85%
Wage inflation	3.25%
Salary increases, including wage inflation	
Regular employees	3.40%-7.80%
Senior management	4.10%-8.20%
Special risk	4.80%-7.40%
Municipal bond index rate	
Prior measurement date	3.54%
Measurement date	3.65%
Health care cost trends	
Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.40% by 2034
Medicare	5.125% for 2023 decreasing to an ultimate rate of 4.40% by 2027

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2018.

The demographic actuarial assumptions for mortality, retirement, disability incidence, and withdrawal used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, adopted by FRS.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

Discount Rate: The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20 year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability of the Charter School: The changes in the total OPEB liability of the Charter School were as follows:

	Total OPEB Liability For the Year Ended June 30,	
	2024	2023
Balance, beginning of year	\$ 4,230	\$ 4,596
Changes for the year		
Service cost	1,434	359
Interest	782	106
Experience differences	(2,410)	-
Changes of assumptions and other inputs	266	(722)
Benefit payments	(998)	(109)
Other	16,917	-
Net changes	15,991	(366)
Balance, end of year	\$ 20,221	\$ 4,230

The required schedule of changes in the Charter School's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Charter School, as well as what the Charter Schools total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current Discount rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 22,721	\$ 20,221	\$ 18,126

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Charter School, as well as what the Charter School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1%	Current	1%
	Decrease		Increase
Net OPEB Liability	\$ 17,379	\$ 20,221	\$ 23,790

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2024, the Charter School recognized OPEB expense of \$465. At June 30, 2024, the Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,475	\$ 5,017
Changes in assumptions	1,277	4,286
Charter School contributions subsequent to the measurement date	465	-
Total	<u>\$ 3,217</u>	<u>\$ 9,303</u>

The deferred outflow of resources totaling \$465 resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability in the fiscal year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2025	\$ (510)
2026	(510)
2027	(451)
2028	(396)
2029	(927)
thereafter	<u>(3,757)</u>
Total	<u>\$ (6,551)</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS

State Community College System Optional Retirement Program

Pursuant to Section 1012.875, Florida Statutes, the Florida Legislature created an Optional Retirement Program (Program) for eligible community college instructors and administrators. The Program is designed to aid community colleges in recruiting employees by offering more portability to employees not expected to vest in the Florida Retirement System.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the Florida Retirement System, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing Community College contributes on behalf of the participant 5.15% of the participant's salary, less a small amount used to cover administrative costs. Employees are required to contribute 3% of the employee's salary.

Additionally, the participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the community college to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There was one charter high school participant during the 2022-2023 fiscal years. Required employer contributions made to the program totaled \$572 for the years ended June 30, 2023. There was no charter high school participants during the 2023-2024 fiscal years, therefore there was no required employer contributions made to the program for the year ended June 30, 2024.

Florida Retirement System Defined Benefit Pension Plans

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

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

Florida Retirement System Defined Benefit Pension Plan

Plan Description:

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

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

Benefits Provided:

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00
Special Risk Regular	
Service on and after October 1, 1974	3.00

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

Contributions:

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Charter School, effective July 1, 2022, were applied to employee salaries as follows: regular employees 11.91%, county elected officials 57.00%, senior management 31.57%, and DROP participants 18.60%. The Charter School's contributions to the FRS Plan were \$47,291 and \$26,231 for the years ended June 30, 2024 and 2023, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

Pension Costs:

At June 30, 2024, the Charter School reported a liability of \$344,277 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of FRS's participating employers. At the June 30, 2023, measurement date, the Charter School's proportion was 0.00086400%.

At June 30, 2023, the Charter School reported a liability of \$222,298 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of FRS's participating employers. At the June 30, 2022, measurement date, the Charter School's proportion was 0.00059745%.

For the year ended June 30, 2024, the Charter School recognized pension expense of \$61,574 for its proportionate share of FRS' pension expense. In addition, the Charter School reported its proportionate share of FRS' deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 32,325	\$ -
Changes in actuarial assumptions	22,443	-
Net difference between projected and actual earnings on pension plan investments	14,378	-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	472	26,219
Charter School contributions subsequent to the measurement date	47,291	-
Total	<u>\$ 116,909</u>	<u>\$ 26,219</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

The deferred outflow totaling \$47,291 was related to pensions resulting from Charter School contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2025	\$ 2,024
2026	(9,864)
2027	50,588
2028	440
2029	211
	<u>\$ 43,399</u>

Actuarial Assumptions:

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

The target allocation, as outlined in the FRS Plan's investment policy and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate (property)	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%

Discount Rate:

The discount rate used to measure the total pension liability was 6.70% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity:

The following presents the Charter School's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Charter School's proportionate share of the FRS Plan net pension liability	\$ 588,096	\$ 344,277	\$ 140,294

Pension Plan Fiduciary Net Position:

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and other state-administered systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

Retiree Health Insurance Subsidy Program

Plan Description:

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

Benefits Provided:

For the fiscal year ended June 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions:

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The Charter School contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Charter School's contributions to the HIS Plan were \$11,165 and \$5,348, for the years ended June 30, 2024 and 2023, respectively.

Pension Costs:

At June 30, 2024, the Charter School reported a liability of \$204,592 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the Charter School's proportion was 0.000012883%.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

At June 30, 2023, the Charter School reported a liability of \$86,028 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Charter School's proportion of the net pension liability was based on the Charter School's contributions received during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all participating employers. At June 30, 2022, the Charter School's proportion was 0.000008122%.

For the year ended June 30, 2024, the Charter School recognized pension expense of \$73,825 for its proportionate share of HIS's pension expense. In addition, the Charter School reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 2,995	\$ 480
Change of assumptions	5,379	17,729
Net difference between projected and actual earnings on pension plan investments	106	-
Change in proportion and differences between Charter School contributions and proportionate share of contributions	1,446	5,596
Charter School contributions subsequent to the measurement date	11,165	-
Total	<u>\$ 21,091</u>	<u>\$ 23,805</u>

The \$11,165 reported as a deferred outflow of resources related to pensions resulting from Charter School contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a decrease in pension expense as follows:

<u>Year-End June 30</u>	<u>Amount</u>
2025	\$ (4,005)
2026	(1,763)
2027	(2,479)
2028	(3,728)
2029	(1,771)
Thereafter	(133)
	<u>\$ (13,879)</u>

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

Actuarial Assumptions:

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate:

The discount rate used to measure the total pension liability was 3.65% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used to determine the total pension liability increased from 3.54% from the prior measurement date.

Pension Liability Sensitivity:

The following presents the Charter School's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Charter School's proportionate share of the HIS net pension liability	\$ 233,407	\$ 204,592	\$ 180,706

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. STATE RETIREMENT PROGRAMS (CONTINUED)

Pension Plan Fiduciary Net Position:

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and other state-administered systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Applicable totals for the Charter School's defined benefit pension plans are reflected below:

	FRS	HIS	Totals
Net pension liability	\$ 344,277	\$ 204,592	\$ 548,869
Deferred outflows	116,909	21,091	138,000
Deferred inflows	26,219	23,805	50,024
Pension expense	61,574	73,825	135,399

NOTE 6. RISKS AND UNCERTAINTIES

Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Consortium, which was created under authority of Section 1001.64(27), Florida Statutes, by the Boards of Trustees for Florida public colleges for joining a cooperative effort to develop, implement and participate in a coordinated statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Insurance coverage obtained through the Consortium included health, life, fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET POSITION

Net position is restricted by outside parties for the following educational programs as of June 30:

	<u>2024</u>	<u>2023</u>
A+ School Recognition	\$ 89,374	\$ 64,573
Teacher Lead	<u>1,137</u>	<u>1,137</u>
	<u>\$ 90,511</u>	<u>\$ 65,710</u>

NOTE 8. SUBSEQUENT EVENTS

The Charter School has evaluated all subsequent events through April 23, 2025 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE
SCHEDULE OF CHANGES IN THE CHARTER SCHOOL'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 1,434	\$ 359	\$ 306	\$ 271	\$ 266	\$ 269	\$ 281
Interest on total OPEB liability	782	106	123	185	141	124	102
Difference between expected and actual experience	(2,410)	-	-	-	-	-	-
Changes of assumptions and other inputs	266	(722)	(183)	(60)	1,112	(115)	(130)
Benefit payments	(998)	(109)	(997)	(106)	(186)	(84)	(176)
Other	16,917	-	-	-	-	-	-
Net change in total OPEB liability	15,991	(366)	(751)	290	1,333	194	77
Total OPEB liability - beginning	\$ 4,230	4,596	5,347	5,057	3,724	3,530	3,453
Total OPEB liability - ending	20,221	\$ 4,230	\$ 4,596	\$ 5,347	\$ 5,057	\$ 3,724	\$ 3,530
Covered-employee payroll	738,064	135,923	\$ 135,923	\$ 141,685	\$ 175,715	\$ 166,774	\$ 158,940
Total OPEB liability as a percentage of covered-employee payroll	2.7%	3.1%	3.4%	3.8%	2.9%	2.2%	2.2%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The Charter School is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

SCHEDULE OF CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Florida Retirement System Pension Plan (FRS)										
Contractually required contribution (actuarially determined)	47,291	\$ 26,231	\$ 32,809	\$ 23,811	\$ 21,062	\$ 27,510	\$ 21,023	\$ 16,978	\$ 15,095	\$ 16,378
Contributions in relation to the actuarially determined contributions	<u>47,291</u>	<u>26,231</u>	<u>32,809</u>	<u>23,811</u>	<u>21,062</u>	<u>27,510</u>	<u>21,023</u>	<u>16,978</u>	<u>15,095</u>	<u>16,378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 738,064	\$ 269,128	\$ 346,604	\$ 287,621	\$ 356,701	\$ 375,241	\$ 357,615	\$ 292,026	\$ 269,524	\$ 257,305
Contributions as a percentage of covered payroll	6.41%	9.75%	9.47%	8.28%	5.90%	7.33%	5.88%	5.81%	5.60%	6.37%
Retiree Health Insurance Subsidy Program (HIS)										
Contractually required contribution (actuarially determined)	11,165	\$ 5,348	\$ 6,325	\$ 4,897	\$ 5,002	\$ 4,788	\$ 5,765	\$ 4,497	\$ 4,201	\$ 3,252
Contributions in relation to the actuarially determined contributions	<u>11,165</u>	<u>5,348</u>	<u>6,325</u>	<u>4,897</u>	<u>5,002</u>	<u>4,788</u>	<u>5,765</u>	<u>4,497</u>	<u>4,201</u>	<u>3,252</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 738,064	\$ 269,128	\$ 346,604	\$ 287,621	\$ 356,701	\$ 375,241	\$ 357,615	\$ 292,026	\$ 257,305	\$ 257,305
Contributions as a percentage of covered payroll	1.51%	1.99%	1.82%	1.70%	1.40%	1.28%	1.61%	1.54%	1.63%	1.26% %

**NORTHWEST FLORIDA STATE COLLEGE COLLEGIATE HIGH SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
NORTHWEST FLORIDA STATE COLLEGE**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System Pension Plan (FRS)										
Proportion of the net pension liability	0.00086400%	0.00059745%	0.00000159%	0.00000634%	0.00000635%	0.00000625%	0.00000790%	0.00000091%	0.00000672%	0.00000676%
Proportionate share of the net pension liability	\$ 344,277	\$ 222,298	\$ 59,308	\$ 274,748	\$ 218,776	\$ 188,325	\$ 233,803	\$ 167,135	\$ 86,767	\$ 41,240
Covered payroll	\$ 738,064	\$ 269,128	\$ 346,604	\$ 356,701	\$ 375,241	\$ 357,615	\$ 292,026	\$ 269,524	\$ 257,305	\$ 257,305
Proportionate share of the net pension liability as percentage of covered payroll	46.65%	82.60%	17.11%	77.02%	58.30%	52.66%	80.06%	62.01%	33.72%	16.03%
Plan's fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	84.00%	85.00%	92.00%	96.09%
Retiree Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.00128825%	0.00000864%	0.00000597%	0.00000634%	0.00000635%	0.00000625%	0.00000790%	0.00000091%	0.00000672%	0.00000676%
Proportionate share of the net pension liability	\$ 204,592	\$ 86,028	\$ 128,380	\$ 105,976	\$ 96,735	\$ 88,736	\$ 109,661	\$ 102,125	\$ 86,767	\$ 79,738
Covered payroll	\$ 738,064	\$ 269,128	\$ 346,604	\$ 356,701	\$ 375,241	\$ 357,615	\$ 292,026	\$ 269,524	\$ 257,305	\$ 257,305
Proportionate share of the net pension liability as percentage of covered payroll	27.72%	31.97%	37.04%	29.71%	25.78%	24.81%	37.55%	37.89%	33.72%	30.99%
Plan's fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%



**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**

Board of Trustees
Northwest Florida State College Collegiate High School
Niceville, 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 Northwest Florida State College Collegiate High School (the "Charter School"), a Charter School and restricted fund of Northwest Florida State College, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated April 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter 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*.

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 Charter 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 23, 2025



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Trustees
Northwest Florida State College Collegiate High School
Niceville, Florida

Report on the Financial Statements

We have audited the financial statements of Northwest Florida State College Collegiate High School (the "Charter School"), a Charter School and restricted fund of Northwest Florida State College, as of and for the fiscal years ended June 30, 2024 and 2023 and have issued our report thereon dated April 23, 2025.

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, dated April 23, 2025 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. No findings or audit recommendations were made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the Charter School is Northwest Florida State College Collegiate High School; 9805.

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 Northwest Florida State College Collegiate High 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 Northwest Florida State College Collegiate High 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 Northwest Florida State College Collegiate High School. It is management's responsibility to monitor the Northwest Florida State College Collegiate High 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 the 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.

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 Northwest Florida State College Collegiate High 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 Charter 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 which 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 Directors, applicable management, and the School District of Okaloosa County and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 23, 2025



Northwest Florida State College Collegiate High School

Auditor's Discussion and Analysis Financial and Compliance Audit Summary June 30, 2024

mjcpa.com

Presented by:
Daniel Anderson, CPA, Partner
Jennifer Trotter, CPA, Senior Manager
941-747-4483

**NORTHWEST FLORIDA STATE COLLEGE
COLLEGIATE HIGH SCHOOL
AUDITOR'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

PURPOSE OF THE AUDITOR'S DISCUSSION AND ANALYSIS

- ◆ Engagement Team and Firm Information:
 - The Governmental Practice.
 - Additional Mauldin & Jenkins, LLC Information.

- ◆ Overview of:
 - Independent Auditor's Report.
 - Compliance Reports (Internal Controls and Laws and Regulations).

- ◆ Required Communications under *Government Auditing Standards*.

- ◆ Free Continuing Education and Newsletters.

- ◆ Answer Questions.

**NORTHWEST FLORIDA STATE COLLEGE
COLLEGIATE HIGH SCHOOL
AUDITOR'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

MAULDIN & JENKINS – BY THE NUMBERS

MAULDIN & JENKINS BY THE NUMBERS

INSIDE
FOR 100 FIRMS
2023

ACCOUNTING
TOP 100 FIRMS
2024

CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

100+ year
HISTORY
OF QUALITY SERVICE

Serve 725+
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS & DIRECTORS **25**

150+ TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY

220+ SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$6 BILLION OF FEDERAL GRANTS

156,000+ HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

175+ CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE

6 STATES | **14** OFFICES

MAULDIN & JENKINS
INNOVATION • INTEGRITY • IMPACT • TRUST • EXCELLENCE
EDGE PERFORM
CORE VALUES
VISION
To be a trusted advisor, earning trust and building respect through our unwavering commitment to sustainable excellence, leadership, and integrity.

Engagement Team Leaders Include:

- Daniel Anderson, Engagement Lead Partner: 17 years of experience
- Dianne Kopczynski, Quality Control Partner: 30+ years of experience
- Jennifer Trotter, Engagement Senior Manager: 7 years of experience

**NORTHWEST FLORIDA STATE COLLEGE
COLLEGIATE HIGH SCHOOL
AUDITOR'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries and Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years, our partners have developed expertise in certain industries representative of a cross section of the Florida economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings and loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-Term Healthcare
- Construction and Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and non-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits and Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business and Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements and Business Valuation Issues
- Income Tax Planning and Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession and Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition and Expansion Financing

NORTHWEST FLORIDA STATE COLLEGE
COLLEGIATE HIGH SCHOOL
AUDITOR'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific sections of significance to readers of the financial report.

Opinion: We have issued an unmodified audit report (i.e., "clean opinion"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended.

Basis for Opinion: 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.

Management's Responsibilities: 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. These include responsibilities for the design, implementation and maintenance of relevant internal controls to prevent material misstatement whether due to error or fraud. Management is also required to evaluate going concern considerations.

Auditor's Responsibilities: 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance. The opinion details several of our audit responsibilities under *Government Auditing Standards*.

Emphasis of Matter: The financial statements are for the Charter School only and not the College.

Required Supplementary Information: The Governmental Accounting Standards Board requires certain supplementary information. Management has elected to omit the management's discussion and analysis and our opinion is not affected by the missing information.

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COMPLIANCE REPORT

The financial report package contains one compliance report:

Yellow Book Report: The compliance report is a required report on tests of the Charter School's internal controls and compliance with laws, regulations. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the Charter School's 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. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the Charter School's internal controls and compliance with applicable rules and regulations.

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REQUIRED COMMUNICATIONS

**The Auditor's Responsibility Under *Government Auditing Standards*
and Auditing Standards Generally Accepted in the United States of America**

Our audit of the financial statements of Northwest Florida State College Collegiate High School (the "Charter School") for the fiscal year ended June 30, 2024, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Charter School's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Charter School. There were no new standards adopted during the year and the guidance for existing standards was unchanged.

In considering the qualitative aspects of the Charter School's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Charter School's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

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Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the Charter School's significant accounting policies. Estimates significant to the financial statements include such items as the assumptions used in the actuarial valuations for pension liabilities and the other post-employment benefit plans.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit; however, delays were encountered due to staffing changes.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements identified as a result of our audit. During our audit of the Charter School's basic financial statements as of and for the year ended June 30, 2024, there were three adjustments to the original trial balance provided. The adjustments primarily related to line items recorded for financial statement purposes like pension liabilities. Management provided the underlying information for the journal entries.

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Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We have obtained certain written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans or strategies that may have affected the risk of material misstatement of the financial statements. No major issues were discussed with management prior to our retention to perform the audit.

Independence

We are independent of the Charter School in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Charter School.

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Other Matters

We applied certain limited procedures to the following supplementary information which is required supplementary information (RSI) that supplements the financial statements:

1. Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios.
2. Schedule of Contributions.
3. Schedule of Proportionate Share of the Net Pension Liability.

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters for Communication to the Charter School and Management

During our audit of the financial statements as of and for the year ended June 30, 2024, we noted other matters which we wish to communicate to you in an effort to keep the Charter School and those charged with governance informed of accounting matters that could present challenges in financial reporting in future periods.

Financial Reporting

Since the liabilities for compensated absences have been recorded in the Charter School's trial balance and the restricted funds are also recorded, management should determine if they still require inclusion in the cash reconciliation process.

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ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Other Matters for Communication to the Charter School Board and Management

During our audit of the financial statements as of and for the year ended June 30, 2024, we noted other matters which we wish to communicate to you in an effort to keep the Charter School abreast of accounting matters that could present challenges in financial reporting in future periods.

**New Governmental Accounting Standard
Board (GASB) Standards and Pronouncements**



As has been the case for the past ten years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 101, *Compensated Absences*** was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter.

This statement requires that liabilities for compensated absences be recognized for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time-off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time-off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit post-employment benefits should not be included in a liability for compensated absences.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

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This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

- b) Statement No. 102, *Certain Risk Disclosures*** was issued in December 2023 and is effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.

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- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

c) **Statement No. 103, *Financial Reporting Model Improvements*** was issued in April 2024 and is effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter.

The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

Management's Discussion and Analysis

This statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

This statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.



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Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position

This statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as: (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as: (1) resources received from another party or fund: (a) for which the proprietary fund does not provide goods and services to the other party or fund, and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund: (a) for which the other party or fund does not provide goods and services to the proprietary fund, and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

This statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Schedule

This statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present: (1) variances between original and final budget amounts, and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

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- d) **Statement No. 104, *Disclosure of Certain Capital Assets*** was issued in September 2024 and is effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter.

State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets.

This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class.

This statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the capital asset, and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose: (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

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e) **Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability. GASB anticipates issuance of a final standard in late 2023 or early 2024.
- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions. The final standard is expected in mid-2027.
- **Going Concern Uncertainties and Severe Financial Stress** is a major project where the goal is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider: (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This technical topic is being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. An exposure draft on this topic is expected by mid-2025.

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**COMPLIMENTARY CONTINUING EDUCATION
AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS**

Complimentary Continuing Education. We provide complimentary continuing education for all of our governmental clients. Each quarter, we pick a couple of significant topics tailored to be of interest to governmental entities. We have been providing these complimentary services virtually to allow for a wider array of clients to attend. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope the Charter School staff and officials can participate in this opportunity, and that it will be beneficial to them. Examples of subjects addressed in the past include:

- Accounting for Debt Issuances
- ACFR Preparation (several times including a two-day hands-on course)
- Achieving Excellence in Financial Reporting
- Best Budgeting Practices, Policies and Processes
- Capital Asset Accounting Processes and Controls
- Component Units
- Cybersecurity Risk Management
- Evaluating Financial and Non-Financial Health of a Local Government
- Financial Report Card – Where Does Your Government Stand?
- Financial Reporting Model Improvements
- GASB No. 84, Fiduciary Activities
- GASB No. 87, Leases
- GASB Projects & Updates (ongoing and several sessions)
- Grants (Accounting and Auditing)
- Human Capital Management
- Information Technology (IT) Risk Management
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Presenting Financial Information to Non-Financial People
- Procurement Card Red Flags
- Risk, Efficiency, & Effectiveness in Governments
- Segregation of Duties
- Single Audits for Auditees
- Uniform Grant Guidance

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Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

In the past several years, the following topics have been addressed in our monthly newsletters:

- Are Your Government's Funds Secure?
- COVID-19 Updates (several)
- Cybersecurity Awareness
- Employee vs Independent Contractor
- Federal Funding and Accountability Transparency Act
- Forensic Audit or Financial Audit?
- GASB Invitation to Comment – the New Financial Reporting Model
- Grants Management
- OMB Compliance Supplements
- Property Tax Assessments
- Refunding Debt
- Remote Auditing Best Practices
- Rotating or Not Rotating Auditors
- Sales Tax Collections and Remittances by the State
- SAS Clarity Standards and Group Audits
- Single Audit, including Uniform Guidance (several)
- Various GASB statements

Communication. In an effort to better communicate our complimentary continuing education plans and newsletters, please email Paige Vercoe at pvercoe@micpa.com and provide to her individual names, mailing addresses, email addresses, and phone numbers of anyone you wish to participate and be included in our database.

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CLOSING

If you have any questions regarding any items set forth in this memorandum, we will be pleased to discuss it with you at your convenience. This information is intended solely for the use of Northwest Florida State College Collegiate High School's management, and others within the Charter School and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve Northwest Florida State College Collegiate High School and look forward to serving you in the future. Thank you.



NORTHWEST FLORIDA STATE COLLEGE

April 23, 2025 100 College Boulevard East • Niceville, FL 32578-1347 • (850) 678-5111 • www.nwfsc.edu

Mauldin & Jenkins, LLC
1401 Manatee Avenue West, Suite 1200
Bradenton, FL 34221

This representation letter is provided in connection with your audit of the financial statements of Northwest Florida State College Collegiate High School ("the Charter School") (a Charter School and restricted fund of Northwest Florida State College), which comprise the respective financial position as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 23, 2025, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the required supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Charter School required by generally accepted accounting principles to be included in the financial reporting entity. We acknowledge that the financial statements do not purport to, and do not, present fairly the financial position of the Northwest Florida State College as of June 30, 2024 and 2023, the changes in financial position, or its cash flows for the years then ended.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



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5. The methods, significant assumptions and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with U.S. GAAP.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. We are in agreement with the adjusting journal entries you have proposed and they have been posted to the accounts of the Charter School.
8. There are no uncorrected misstatements to the financial statements.
9. There are no adjustments or disclosures for any events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
10. Guarantees, whether written or oral, under which the Charter School is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Charter School from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the Charter School and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.



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15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Charter School's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims or assessments.
18. We have disclosed to you the identity of the Charter School's related parties and all the related party relationships and transactions of which we are aware.

Collegiate School-Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
22. The Charter School has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
24. We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87 (None).
25. We have appropriately disclosed or recognized conduit debt obligations and/or certain arrangements associated with conduit debt obligations in accordance with GASBS No. 91 (None).
26. We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96 (None).
27. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.



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29. As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
30. We acknowledge we did not utilize Mauldin & Jenkins, LLC to store our documents, data, or records on our behalf in accordance with the "Hosting Services" (see ET section 1.295.143) interpretation of the AICPA Code of Professional Conduct. The Charter School is solely responsible for maintaining its own data and records. In that regard, SuraLink is used solely as a method of transferring data to Mauldin & Jenkins, LLC and is not intended for the storage of our information. All information we provided through SuraLink was a copy and we maintain original documents and data as part of our records.
31. The Charter School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. We have no knowledge of any omissions from the participant's data provided to the actuary for the purpose of determining the actuarial present value of accumulated benefits and actuarial present value of the benefit obligations or liability for claims incurred by not reported and other actuarially determined amounts in the financial statements.
33. We agree with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the accumulated benefits, benefit obligations or liability for claims incurred by not reported and have no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any to be given, to the actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the actuary.
34. We have no knowledge of any changes in:
 - The actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements.
 - Provision changes between the actuarial valuation date and the date of this letter.
35. The Charter School has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
36. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
37. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified.
38. All receivables are deemed collectible.
39. Revenues and expenses are appropriately classified.
40. Deposits are properly classified as to risk and are properly disclosed.



NORTHWEST FLORIDA STATE COLLEGE

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Mauldin & Jenkins, LLC
April 23, 2025
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41. Capital assets are properly capitalized, reported, and, if applicable, depreciated.
42. The Charter School's proportionate share of the College's Total OPEB Liability of 5% is reasonable.
43. The Charter School's proportionate share of the College's Net Pension Liability of 3.1% is reasonable.
44. We have appropriately disclosed the Charter School's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
45. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
46. The Charter School received no federal or state funds in excess of \$750,000 and thus a single audit was not required.

Northwest Florida State College Collegiate High School

Signature: 

Title: President

Signature: 

Title: Vice President, Business Operations & Finance