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INLET GROVE COMMUNITY HIGH SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**MARK ESCOFFERY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANT

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>Independent Auditor’s Report</b>	<b>1-2</b>
<b>Management’s Discussion and Analysis</b>	<b>3-6</b>
<b>Governmental Fund (General Fund) Balance Sheet</b>	<b>7</b>
<b>Statement of Net Position</b>	<b>8</b>
<b>Reconciliation of the Governmental Fund Balance Sheet To the Statement of Net Assets</b>	<b>9</b>
<b>Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance</b>	<b>10</b>
<b>Statement of Activities</b>	<b>11</b>
<b>Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities</b>	<b>12</b>
<b>Statement of Revenues, Expenditures and Changes In Fund Balance -Budget (GAAP Basis) and Actual – All Governmental Fund Types</b>	<b>13-14</b>
<b>Notes to Financial Statements</b>	<b>15-30</b>
<b>Report on internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards.</i></b>	<b>31-32</b>
<b>Management Letter</b>	<b>33-34</b>
<b>Supplementary Information</b>	<b>35-38</b>

# **Mark Escoffery, P.A.**

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## **Certified Public Accountant**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board Members of Inlet Grove  
Community High School, Inc.  
600 W 28<sup>th</sup> Street  
Riviera Beach, Florida 33404

#### **Opinion**

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Inlet Grove Community High School, Inc. ("the School") (a nonprofit organization) a component unit of the School District of Palm Beach County as of and for the year ended June 30, 2023 which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

I conducted my 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*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Inlet Grove Community High School, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **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 Inlet Grove Community High School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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*, I:

- 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 Inlet Grove Community High School, Inc.'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 Inlet Grove Community High School, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Report on Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida  
September 27, 2023

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

Our discussion and analysis of the Inlet Grove Community High School Inc.’s (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2023.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements which begin on page 7.

For financial statement purposes the School is considered a component unit of the School District of Palm Beach County which is a primary government entity for financial reporting. The School included separate statements for the Governmental Fund Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Assets and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

**NON-FINANCIAL HIGHLIGHTS**

The School’s average daily enrollment in fiscal 2022-2023 was 742 students. The School expects to have, and has budgeted for, a student population of 742 for the school year 2023-2024.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when received.

*The Statement of Net Assets* presents information on all of the School’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

*The Statement of Activities* presents information showing how the government’s net assets changed during the most recent fiscal year, including the business-type activities. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

***Fund Financial Statements***

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont’d.)**

*Governmental Funds* – All of the School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School’s governmental activities and the basic services it provides.

***Notes to the Financial Statements***

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-30 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the School’s financial position. The School’s liabilities exceeded assets by \$2,537,876 at June 30, 2023.

		<b>NET ASSETS</b>	
		<b><u>JUNE 30 2023</u></b>	<b><u>JUNE 30, 2022</u></b>
Current and Other Assets	\$	647,133	\$ 594,278
Deferred Outflow of Resources		2,312,041	1,518,959
Capital Assets		78,883	90,668
<b>Total Assets</b>	<b>\$</b>	<b><u>3,038,067</u></b>	<b>\$ <u>2,203,905</u></b>
Current Liabilities	\$	363,532	\$ 387,812
Non-Current Liabilities		5,212,401	4,112,097
<b>Total Liabilities</b>	<b>\$</b>	<b><u>5,575,933</u></b>	<b>\$ <u>4,509,909</u></b>
Investment in Capital Assets	\$	78,883	\$ 70,287
Unrestricted Net Assets		249,684	112,204
Nonspendable		28,578	24,175
Deficit in Net Pension Liability		(2,895,021)	(2,512,670)
<b>Total Net Position</b>	<b>\$</b>	<b><u>(2,537,876)</u></b>	<b>\$ <u>(2,306,004)</u></b>

Revenues from governmental activities totaled \$7,432,746 for the year ended June 30, 2023. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue amounted to \$6,139,755 and represented approximately 83% of total revenue from governmental activities.

<b><u>Revenue Source</u></b>	<b><u>6/30/23</u></b>	<b><u>% of Total 6/30/23</u></b>	<b><u>6/30/22</u></b>	<b><u>% of Total 6/30/22</u></b>
State Sources	\$ 6,387,039	70.9	\$ 5,993,700	73.2
Local Sources	1,581,425	17.5	1,622,665	19.8
Federal Sources	1,045,707	11.6	570,306	7.0
<b>Total</b>	<b><u>\$ 9,014,171</u></b>	<b><u>100.0</u></b>	<b><u>\$ 8,186,671</u></b>	<b><u>100.0</u></b>

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)**

Local revenue sources are primarily referendum, facility leasing, and internal funds.

Expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/23</u>	<u>% of Total 6/30/23</u>	<u>6/30/22</u>	<u>% of Total 6/30/22</u>
Instruction	\$ 4,584,294	48.6	\$ 4,254,340	48.4
Instructional Support Services	347,433	3.7	176,839	2.0
School Administration	1,737,527	18.4	1,539,792	17.5
General Administration	38,014	0.4	37,560	0.4
Facilities Acquisition	600,000	6.4	600,000	6.8
Fiscal Services	143,730	1.5	116,942	1.3
Board Services	28,285	0.3	36,593	0.4
Community Services	288,611	3.1	236,631	2.7
Pupil Transportation	732,443	7.8	761,879	8.7
Operation of Plant	894,535	9.5	968,832	11.0
Maintenance of Plant	-	-	951	-
Central Services	2,177	-	1,800	-
Interest Expense	4,208	-	4,985	0.1
Depreciation	26,540	0.3	57,385	0.7
<b>Total</b>	<b>\$ 9,427,797</b>	<b>100.0</b>	<b>\$ 8,794,529</b>	<b>100.0</b>

**BUDGETARY HIGHLIGHTS**

The School had \$333,442 more in state revenues than budgeted due to increased pay increases for teachers.

Expenses were lower than budgeted by approximately \$281,000 primarily due to lower instruction expenditures and an FRS/HIS pension adjustment.

**CAPITAL ASSETS**

The School's investment in capital assets at June 30, 2023 was \$78,883 (net of depreciation). The investment includes furniture and equipment, computer software, motor vehicles and audio visuals. The following is a summary of capital assets balances at June 30, 2023:

Furniture, Fixtures and Equipment	\$ 483,863
Motor Vehicles	107,710
Land Improvements	8,450
Less Accumulated Depreciation	(521,140)
	<u>\$ 78,883</u>

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**LONG TERM LIABILITIES**

The school has a note payable to a finance company for the purchase of a school bus. The note bears interest of 5.6% and monthly payments are \$1,775. The balance on this note at June 30, 2023 is \$5,339.

**PROSPECTS FOR THE FUTURE**

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The School Administration believes that the School can improve its rating from the Department of Education, based on test scores and academic achievement.
- The School Administration believes that higher test scores will continue to be achieved because of investments in reading and tutorial programs.
- The School should surpass its budgeted amount of 742 students for the 2023-2024 School Year.
- The School Administration believes that the School will continue to progress and contribute to the educational needs of Palm Beach County.

**REQUESTS FOR INFORMATION**

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Dr. Emma Banks, Founder and Chief Executive Officer, at 600 W. 28<sup>th</sup> Street, Riviera Beach, Florida 33404.



**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Governmental Fund Balance Sheet**  
**June 30, 2023**

	<u>General Funds</u>	<u>Special Revenue</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 77,042		\$ 77,042
Investments	538,609		538,609
Grant receivables		2,904	2,904
Other Current Assets	28,578		28,578
<b>Total Assets</b>	<u>644,229</u>	<u>2,904</u>	<u>647,133</u>
<b>LIABILITIES</b>			
Accrued payroll and benefits	238,209		238,209
Accounts Payable	92,196		92,196
Other Liabilities	35,562	2,904	38,466
<b>Total Liabilities</b>	<u>365,967</u>	<u>2,904</u>	<u>368,871</u>
<b>FUND BALANCE</b>			
Restricted			
Nonspendable	28,578		28,578
Unassigned	249,684		249,684
<b>Total fund balances</b>	<u>278,262</u>	<u>-</u>	<u>278,262</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 644,229</u>	<u>\$ -</u>	<u>\$ 647,133</u>

The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**For the Year ended June 30, 2023**

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	\$ 77,042		\$ 77,042
Investments	1160	538,609		538,609
Accounts Receivable, Net	1130	2,904		2,904
Due from Other Agencies	1220			
Other Current Assets	1230	28,578		28,578
Capital Assets:				
Land	1310			
Land Improvements	1320	8,450		8,450
Less Accumulated Depreciation	1329	(2,535)		(2,535)
Buildings & Fixed Equipment	1330			
Less Accumulated Depreciation	1339			
Furniture, Fixtures and equipment	1340	483,863		483,863
Less Accumulated Depreciation	1349	(456,069)		(456,069)
Motor Vehicles	1350	107,710		107,710
Less Accumulated Depreciation	1359	(62,536)		(62,536)
Deferred outflow of resources FRS/HIS		2,312,041		2,312,041
<b>Total Assets</b>		<b>3,038,057</b>		<b>3,038,057</b>
LIABILITIES				
Salaries and Wages Payable	2110	238,209		238,209
Other Liabilities	2210	33,127		33,127
Accounts Payable	2120	92,196		92,196
Noncurrent Liabilities:				
Portion Due Within One Year:				
Deferred inflows of resources FRS/HIS	2320	445,657		445,657
Liability for Compensated Absences	2330	400,753		400,753
Deferred Revenue		-		-
Note Payable		5,339		5,339
Net Pension Liability		4,360,652		4,360,652
<b>Total Liabilities</b>		<b>5,575,933</b>		<b>5,575,933</b>
NET POSITION				
Invested in Capital Assets, Net of Related Debt		78,883		78,883
Deficit in accounting for net pension liability	2750	(2,895,021)		(2,895,021)
Nonspendable		28,578		28,578
Unrestricted		249,684		249,684
<b>Total Net Position</b>		<b>\$ (2,537,876)</b>		<b>\$ (2,537,876)</b>

The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Reconciliation of the Governmental Fund (General Fund)**  
**Balance Sheet To The Statement of Net Position**  
**June 30, 2023**

Fund Balance- Governmental Funds	278,262
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Deferred outflow of resources	\$ 2,312,041	
Governmental capital assets	600,023	
Less accumulated depreciation	<u>(521,140)</u>	
		2,390,924

Long-Term Liabilities not due and payable in the current period and therefore are not reported in the governmental funds

Net Pension Liability	(4,360,653)	
Compensated absences	(400,753)	
Deferred inflow of resources	<u>(445,656)</u>	
		(5,207,062)

Net Position of Governmental activities	<u><u>\$ (2,537,876)</u></u>
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The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Statement of Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Year ended June 30, 2023**

	Governmental Funds	Special Revenue	Total
<b>EXPENSES</b>			
Instruction	\$ 3,287,499	\$ 950,425	\$ 4,237,924
Instructional Support Services	304,415	43,018	347,433
Board Services	28,285		28,285
General Administration	38,014		38,014
School Administration	1,700,586	36,941	1,737,527
Facilities Acquisition	600,000		600,000
Fiscal Services	143,730		143,730
Pupil Transportation Services	727,618	4,825	732,443
Central services	2,177		2,177
Operation of Plant	894,535		894,535
Maintenance of Plant	-		-
Community Services	288,611		288,611
Debt service	4,208		4,208
<b>TOTAL EXPENSES</b>	<u>8,019,678</u>	<u>1,035,209</u>	<u>9,054,887</u>
<b>PROGRAM REVENUES</b>			
Florida Education Finance Program (FEFP)	6,139,755		6,139,755
Charges for services	-		-
<b>Total program revenues</b>	<u>6,139,755</u>		<u>6,139,755</u>
<b>GENERAL REVENUES:</b>			
Other federal sources		1,045,707	1,045,707
Other state sources	247,284		247,284
Other local sources	1,581,425		1,581,425
<b>Total general revenues</b>	<u>1,828,709</u>	<u>1,045,707</u>	<u>2,874,416</u>
<b>Excess of Expenses over Revenues</b>	(51,214)	10,498	(40,716)
<b>Transfers in</b>	10,498		10,498
<b>Transfers out</b>		(10,498)	(10,498)
<b>Total other financing sources/(uses)</b>	10,498	(10,498)	
<b>Fund balance, beginning of year as restated</b>	318,978	-	318,978
<b>Fund balance, end of year</b>	<u>\$ 278,262</u>	<u>\$ -</u>	<u>\$ 278,262</u>

The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 4,583,935		\$ 1,292,991	\$ (3,290,944)
Instructional Support Services	347,433			(347,433)
Board Services	28,285			(28,285)
General Administration	38,014			(38,014)
School Administration	1,737,527			(1,737,527)
Facilities Acquisition	600,000			(600,000)
Fiscal Services	143,730			(143,730)
Pupil Transportation Services	732,443			(732,443)
Central Services	2,177			(2,177)
Operation of Plant	894,535			(894,535)
Maintenance of Plant	-			-
Community Services	288,611			(288,611)
Interest Expense	4,208			(4,208)
Depreciation	26,540			(26,540)
Total governmental activities	<u>9,427,438</u>		<u>1,292,991</u>	<u>(8,134,447)</u>
		General Revenues		
		State through local school district		6,139,755
		Investment earnings		53
		Miscellaneous revenues		1,581,372
		Total General revenues		<u>7,721,180</u>
		Change in net position		(413,266)
		Net position, beginning restated		(2,124,620)
		Net position, ended		<u>\$ (2,537,876)</u>

The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**of Governmental Fund (General Fund) To The**  
**Statement of Activities**  
**June 30, 2023**

Net Changes in Fund Balances- Governmental Funds \$ (40,716)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Deferred outflow of resources	793,442	
Expenditures for capital assets	15,600	
Less current year depreciation	<u>(26,540)</u>	
		<u>782,502</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Net pension liability	(2,667,061)	
Compensated absences	(63,875)	
Deferred inflow of resources	<u>1,575,883</u>	
		<u>(1,155,053)</u>

Change in Net Position of Governmental Activities \$ (413,267)

The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2023**

	Governmental Funds			Special Revenue			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
	<b>EXPENDITURES:</b>								
Instruction	\$ 3,124,038	\$ 3,287,499	\$ 163,461	\$ 1,356,787	\$ 950,425	\$ (406,362)	\$ 4,480,825	\$ 4,237,924	\$ (242,901)
Instructional Support Services	324,834	304,415	(20,419)	56,193	43,018	(13,175)	381,027	347,433	(33,594)
Board Services	39,361	28,285	(11,076)				39,361	28,285	(11,076)
General Administration	38,015	38,014	(1)				38,015	38,014	(1)
School Administration	1,686,248	1,700,586	14,338	32,927	36,941	4,014	1,686,248	1,737,527	51,279
Facilities Acquisition	600,000	600,000	-				600,000	600,000	-
Fiscal Services	147,791	143,730	(4,061)				147,791	143,730	(4,061)
Pupil Transportation Services	665,024	727,618	62,594	40,000	4,825		665,024	732,443	67,419
Central services	7,019	2,177	(4,842)				7,019	2,177	(4,842)
Operation of Plant	933,086	894,535	(38,551)			-	933,086	894,535	(38,551)
Maintenance of Plant	2,162	-	(2,162)				2,162	-	(2,162)
Community Services	356,031	288,611	(67,420)				356,031	288,611	(67,420)
Debt service		4,208	4,208				-	4,208	4,208
	<u>7,923,609</u>	<u>8,019,678</u>	<u>96,069</u>	<u>1,485,907</u>	<u>1,035,209</u>	<u>(415,523)</u>	<u>9,336,589</u>	<u>9,054,887</u>	<u>(281,702)</u>

The accompanying notes are an integral part of this statement

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types ( Cont'd)**  
**For the Fiscal Year Ended June 30, 2023**

	Governmental Funds			Special Revenue			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>PROGRAM REVENUES:</b>									
Florida Education Finance Program	\$ 5,616,293	\$ 6,139,755	\$ 523,462				\$ 5,616,293	\$ 6,139,755	\$ 523,462
	<u>5,616,293</u>	<u>6,139,755</u>	<u>523,462</u>				<u>5,616,293</u>	<u>6,139,755</u>	<u>523,462</u>
<b>GENERAL REVENUES:</b>									
Other federal sources				1,485,907	1,045,707		1,485,907	1,045,707	(440,200)
Other state sources	437,304	247,284	(190,020)				437,304	247,284	(190,020)
Other local sources	1,934,736	1,581,425	(353,311)				1,934,736	1,581,425	(353,311)
	<u>2,372,040</u>	<u>1,828,709</u>	<u>(543,331)</u>	<u>1,485,907</u>	<u>1,045,707</u>		<u>3,857,947</u>	<u>2,874,416</u>	<u>(983,531)</u>
Excess of Revenues over Expenditures	<u>\$ 64,724</u>	<u>(51,214)</u>	<u>\$ 192,682</u>	<u>\$ -</u>	<u>10,498</u>	<u>\$ 415,523</u>	<u>\$ 137,651</u>	<u>(40,716)</u>	<u>\$ (178,367)</u>
<b>Transfers in</b>		10,498						10,498	
<b>Transfers out</b>					(10,498)			(10,498)	
<b>Total other financing sources/(uses)</b>		<u>10,498</u>			<u>(10,498)</u>			<u>-</u>	
<b>Fund balance, beginning of year as restated</b>		<u>318,978</u>					<u>318,978</u>		
<b>Fund balance, end of year</b>		<u>\$ 278,262</u>			<u>\$ -</u>		<u>\$ 278,262</u>		

The accompanying notes are an integral part of this statement



**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Reporting Entity**

Inlet Grove Community High School, Inc. (“the School”) was established as a nonprofit organization in May 2003 under the laws of the State of Florida and is the reporting entity.

The School District of Palm Beach County granted a contract to the School to operate a Conversion Charter School pursuant to *Florida Statute 1002.33*. Under the Contract the School provides a high school education and community education from Grade 9 through Grade 12 to citizens of Palm Beach County. For financial statement purposes, the School is not considered a component unit of the School District of Palm Beach County which is a primary government entity for financial reporting.

The Contract was renewed and is effective through June 30, 2034. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School is a tax exempt organization under 501(C)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

**Basic Financial Statements**

The School’s basic financial statements are the Statements of Net Assets and the Statement of Activities. The activities of the School are classified as governmental type activities. All the School’s governmental type activities are included in the general fund and the special revenue fund. There are no other major or non major funds. The School’s vocational programs charge fees for services at rates set by the State of Florida. In the Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP) Federal and State Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after school and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)**

**Fund Financial Statements**

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*General Fund* – is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

*Special Revenue Fund* – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual**

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

**Measurement Focus**

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

Financial instruments that subject the School to concentrations of credit risk include cash deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits of \$250,000. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida Law.

**Fair Value Measurements**

The Fair Value Measurement Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value within accounting principles generally accepted in the United States of America. The Academy’s financial Assets, measured at fair value, include cash that is valued according to level 1, which is the highest level of measurement.

**Contributed Services and Facilities**

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School’s program services. The School operates from a school campus of the School District of Palm Beach County, Florida.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Compensated Absences**

Vacation is accrued as a liability when benefits are earned by employees which occurs when the employee has performed services that give rise to the vacation liability and it is probable that the benefits will result in compensation in some manner such as cash, termination payments or in time off, prior to retirement. The School permits employees to accumulate vacation leave. A liability is also recorded for accumulating rights to receive sick pay benefits if it is probable that the benefits will result in compensation to employees for absences due to illness or other contingencies.

**Budgetary Basis of Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services, and capital outlay).

The School District of Palm Beach County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee and is included in General Administration Expenses. This amounted to approximately \$38,014 for the year ended June 30, 2023.

**Program Revenue**

Revenues for operations are received primarily from the School District of Palm Beach County pursuant to the funding provisions included in the School's Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds.

**General Revenue**

These revenue funds include federal grants, state revenue other than Florida Education Finance Program revenue and local source revenue including capital improvement and fundraising.

**Fund Balance Classifications**

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Fund Balance Classifications (Cont'd)**

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was a restricted fund balance at year end.
- c) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- d) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- e) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision making authority. There was no committed fund balance at year end.
- f) **Assigned** fund balance includes amounts intended to be used by the School's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- g) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund deficit at year end.

**Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest of the School.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)**

**Capital Assets (Cont’d)**

Furniture, Fixtures & Equipment	10 Years
Computer Equipment & Software	5-10 Years
Audio Visuals	10 Years

**Adoption of FASB ASC 842**

Effective July 1, 2022, the School adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The School elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the School to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net position in the period of adoption.

The School elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The School also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

For the year ended June 30, 2023, the adoption of FASB ASC 842, *Leases* did not have a material effect on the financial statements of the School.

**NOTE 2 – CAPITAL ASSETS**

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

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Furniture, Fixtures & Equipment	\$ 468,263	\$ 15,600	\$ -	\$ 483,863
Motor Vehicles	107,710	-	-	107,710
Land Improvements	8,450	-	-	8,450
	<hr/> 584,423	15,600	-	600,023
Less Accumulated Depreciation	(493,755)	(27,385)	-	(521,140)
<b>NET CAPITAL ASSETS</b>	<hr/> <b>\$ 90,658</b>	<b>\$ (11,785)</b>	<b>\$ -</b>	<b>\$ 78,883</b> <hr/>

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 2 – CAPITAL ASSETS (Cont'd.)**

Unallocated depreciation expense of \$26,540 was charged during the year ended June 30, 2023. Prior year balances were adjusted to reflect the actual amounts.

**NOTE 3 – DEFINED BENEFIT PENSION PLAN**

Plan Descriptions

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

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established, administered, and subject to amendment in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs.

For the Fiscal Year Ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (System). The School participated in two defined benefit plans administered by the Division. Beginning with the fiscal year ended June 30, 2013, the Division issued a publicly-available, audited comprehensive annual financial report (CAFR) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plan is provided in the CAFR, which is available online at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont'd.)**

The system's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P. O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service.

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.



**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the period from July 1, 2020 through June 30, 2022 were as follows: Regular—10%; and DROP participants—16.98%.

The School’s contributions, including employee contributions, to the Pension Plan totaled \$327,271 for the Fiscal Year Ended June 30, 2023.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2023, the School reported a liability of \$3,020,719 for its proportionate share of the Pension 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 School’s proportionate share of the net pension liability was based on the School’s 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the School's proportionate share was 0.008118458 percent, which was an increase of 0.001825953 percent from its proportionate share measured as of June 30, 2021.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

For the Fiscal Year Ended June 30, 2023, the School recognized pension expense of \$555,105. In addition the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 143,467	\$ -
Change of assumptions	372,014	-
Net difference between projected and actual earnings on Pension Plan investments	199,458	-
Changes in proportion and differences between School Pension Plan contributions and proportionate share of contributions	723,814	165,600
School’s Pension Plan contributions subsequent to the measurement date	<u>327,271</u>	<u>-</u>
Total	<u>\$ 1,766,024</u>	<u>\$ 165,600</u>

The School’s contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

June 30:	<u>Amount</u>
2023	\$ 130,919
2024	133,390
2025	129,684
2026	114,591
2027	134,994
Thereafter	\$ 45,556

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method, which differs from the Ultimate Entry Age Normal cost allocation method used in the actuarial valuation for funding purposes for the System.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

Valuation Date	July 1, 2022
Discount Rate	6.70%
Inflation	2.40%
Salary Increases	3.25%
Investment Rate of Return	6.70%, net of investment expense

Mortality rates were based on PUB2010 base table (varies by member category and sex), projected generationally with Scale MP-2018. The actuarial assumptions that determined the total pension liability as of June 30, 2022 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
TOTAL	<u>100.0%</u>			
Assumed inflation – Mean			2.4%	1.3%

(1) As outlined in the Plan’s investment policy

**Discount Rate**

The discount rate used to measure the total pension liability was 6.70%. 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 discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following represents the School’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

Florida Retirement System

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School’s proportionate share of the net pension liability	5,224,125	3,020,719	1,178,409

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Plan 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, 2023, the HIS contribution for the period July 1, 2022 through June 30, 2023 was 1.66%, respectively. The School contributed 100% of its statutorily required contributions for the current and preceding five 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 legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The School’s contributions to the HIS Plan totaled \$71,163 for the Fiscal Year Ended June 30, 2023.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2023, the School reported a liability of \$1,339,933 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 School’s proportionate share of the net pension liability was based on the School’s 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2023, the School's proportionate share was 0.012650908 percent.

For the Fiscal Year Ended June 30, 2023, the School recognized pension expense of \$141,065. In addition the School reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 40,676	\$ 5,896
Change of assumptions	76,806	207,287
Net difference between projected and actual earnings on HIS Plan investments	1,940	-
Changes in proportion and differences between School HIS Plan contributions and proportionate share of contributions	398,702	66,876
School’s HIS Plan contributions subsequent to the measurement date	71,163	-
<b>Total</b>	<b>\$ 589,287</b>	<b>\$ 280,059</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

June 30:	<u>Amount</u>
2023	\$ 71,745
2024	69,331
2025	72,054
2026	65,855
2027	53,116
Thereafter	\$ 71,471

Actuarial Assumptions – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2022
Discount Rate	3.54 %
Inflation	2.40 %
Salary increases	3.25 %, including inflation
Municipal bond rate	3.54 %

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.54%. 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.

Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the School’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	Health Insurance Subsidy		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
School’s proportionate share of the net pension liability	1,532,994	1,339,933	1,180,180

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At June 30, 2023, the School reported a payable in the amount of \$52,879 for outstanding contributions to the FRS Plan required For the Fiscal Year Ended June 30, 2023.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Cont’d.)**

Investment Plan

The State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. The School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds.

Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected School Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the Fiscal Year Ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 4 – COMPENSATED ABSENCES**

At June 30, 2023, the balance in long term compensated absences was \$400,753.

**NOTE 5 – PRIOR PERIOD ADJUSTMENT**

During the year it was noted that an error was made during the prior year and revenues were understated by \$182,599. An adjustment was made to reclassify special revenue funds that were expended in the prior year, but the funds were not received until the current fiscal year. This adjustment to prior periods resulted in an increase to beginning fund balance and net position.

**NOTE 6 – LONG-TERM LIABILITIES**

Long-term liabilities for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Note – Mercedes Benz Fin. Services	\$37,573	-	32,234	\$5,339	5,339
	<u>\$37,573</u>	<u>-</u>	<u>32,234</u>	<u>\$5,339</u>	<u>5,339</u>

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**Risk Management**

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto, and workers compensation.

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not material to the financial position of the School. A review of the last eight years reveals that settled claims have not exceeded insurance coverage.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 27, 2023.



# **Mark Escoffery, P.A.**

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## **Certified Public Accountant**

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board Members of Inlet Grove  
Community High School, Inc.  
600 W 28<sup>th</sup> Street  
Riviera Beach, Florida 33404

I have audited the financial statements of Inlet Grove Community High School, Inc. (“the School”) (a non-profit organization) as of and for the year ended June 30, 2023, and have issued my report thereon dated September 27, 2023. I conducted my 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.

#### **Internal Control over Financial Reporting**

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

*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.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**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* (Cont'd.)**

To the Board Members of Inlet Grove  
Community High School, Inc.  
600 W 28<sup>th</sup> Street  
Riviera Beach, Florida 33404

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board Members, Management, others within the School and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida  
September 27, 2023

# ***Mark Escoffery, P.A.***

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## ***Certified Public Accountant***

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### **MANAGEMENT LETTER**

To the Board Members of Inlet Grove  
Community High School, Inc.  
600 W 28<sup>th</sup> Street  
Riviera Beach, Florida 33404

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

I have audited the financial statements of Inlet Grove Community High School, Inc., (“the School”) as of and for the fiscal year ended June 30, 2023, and have issued my report thereon dated September 27, 2023.

#### **Auditor’s Responsibility**

I conducted my 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 Reports and Schedules**

I have issued my Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

#### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

#### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Inlet Grove Community High School, Inc.

**MANAGEMENT LETTER  
(Continued)**

**Financial Condition**

Sections 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not the Inlet Grove Community High School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Inlet Grove Community High School, Inc. 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, I applied financial condition assessment procedures for the Inlet Grove Community High School, Inc. It is management's responsibility to monitor the Inlet Grove Community High School, Inc.'s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Inlet Grove Community High School, Inc.'s financial condition is deteriorating.

**Transparency**

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

**Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address 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 my audit, I did not have any such findings.

**Purpose of this Letter**

My 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 Palm Beach County School District and is not intended to be and should not be used by anyone other than these specified parties.



Mark Escoffery, P.A.  
September 27, 2023

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Schedule of the School's Proportionate Share of the Net Pension Liability –**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years**  
**(Required Supplementary Information)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
School's proportion of the FRS net pension liability	0.008118458%	0.006292505%	0.005149280%	0.006469815%	0.005508093%	0.005272079%	0.005296727%	0.005536783%	0.005949205%
School's proportionate share of the FRS net pension liability	3,020,709	475,327	2,231,775	2,228,114	1,659,066	1,559,446	1,337,428	715,150	362,989
School's covered-employee payroll	4,285,819	4,185,149	3,514,147	3,469,429	3,403,213	2,670,705	2,688,778	2,541,302	2,625,130
School's proportionate share of the FRS net pension liability as a percentage of its covered payroll	70.48%	11.36%	63.51%	64.22%	48.75%	58.39%	49.7%	28.1%	13.8%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**Notes to Schedule:**

- 1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- 2) Amounts are as of June 30, each year.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Schedule of the School's Proportionate Share of the Net Pension Liability –**  
**Health Insurance Subsidy Plan**  
**Last Ten Fiscal Years**  
**(Required Supplementary Information)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the HIS net pension liability	0.012650908%	0.009931630%	0.008974490%	0.009960912%	0.009010001%	0.008378849%	0.008709768%	0.008365692%	0.008835314%
School's proportionate share of the HIS net pension liability	1,339,933	1,218,264	1,095,771	1,114,526	953,629	895,905	1,015,087	853,169	826,123
School's covered-employee payroll	4,285,819	4,185,149	3,514,147	3,469,429	3,403,213	2,670,705	2,688,778	2,541,302	2,625,130
School's proportionate share of the HIS net pension liability as a percentage of its covered payroll	31.26%	29.11%	31.18%	32.12%	28.02%	33.5%	37.8%	33.6%	31.5%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**Notes to Schedule:**

- 1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- 2) Amounts are as of June 30, each year.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Schedule of the School's Contributions –**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years**  
**(Required Supplementary Information)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required FRS contribution	327,271	346,429	239,717	171,088	200,611	137,245	129,169	134,991	130,313
FRS contributions in relation to the contractually required contribution	327,271	346,429	239,717	171,088	200,611	137,245	129,169	134,991	130,313
FRS contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
School's covered-employee payroll	4,285,819	4,185,149	3,514,147	3,469,429	3,403,213	2,670,705	2,688,778	2,541,302	2,625,130
FRS contributions as a percentage of covered employee payroll	7.64%	8.27%	6.82%	4.9%	5.9%	5.1%	4.8%	5.3%	5.0%

**Notes to Schedule:**

- 1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

**INLET GROVE COMMUNITY HIGH SCHOOL, INC.**  
**Schedule of the School's Contributions –**  
**Health Insurance Subsidy Pension Plan**  
**Last Ten Fiscal Years**  
**(Required Supplementary Information)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required HIS contribution	71,163	76,549	58,378	51,716	55,312	44,343	44,643	31,979	30,267
HIS contributions in relation to the contractually required contribution	71,163	76,549	58,378	51,716	55,312	44,343	44,643	31,979	30,267
HIS contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
School's covered-employee payroll	4,285,819	4,185,149	3,514,147	3,469,429	3,403,213	2,670,705	2,688,778	2,541,302	2,625,130
HIS contributions as a percentage of covered employee payroll	1.7%	1.8%	1.6%	1.5%	1.6%	1.7%	1.7%	1.3%	1.2%

**Notes to Schedule:**

- 1) GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten-year trend data. Additional years will be displayed as the data becomes available.