

**LANGUAGE & LITERACY
ACADEMY FOR LEARNING, INC.**

**Basic Financial Statements and
Supplemental Information**

June 30, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position (Deficit)	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position (Deficit)	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-31
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	33
Schedule of Proportionate Share of Net Pension Liability	34
Schedule of Contributions	35
Notes to Required Supplemental Information	36-37
SUPPLEMENTAL INFORMATION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	38-39
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	40-42
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	43-44
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	45
MANAGEMENT LETTER	46-47
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	48



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Novinich
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
Angela M. Harr
Rachel K. Brouwer

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Language & Literacy Academy for Learning, Inc. (the "School"), which is a component unit of The School Board of Polk County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and retirement information on pages 4 to 8 and 32 to 37 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2024

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- The School's overall net position increased by \$198,240.
- Total ending unrestricted net position was a deficit of \$933,858.
- The School had total expenses for the year of \$7,085,911, compared to revenues of \$7,284,151.
- The year ended June 30, 2024, was the School's sixth year of instruction during which the School educated 342 students, serving grades K-12, compared to 283 students for the prior year.
- During fiscal 2024, the School's operations were relocated to a temporary facility until a new campus's construction is completed in fiscal 2025, which will include a new lease agreement.

Overview of the Basic Financial Statements

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements. The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid, net position, the difference between assets and liabilities, can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements. Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Debt Service Fund, and Special Revenue Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds. Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Government-Wide Financial Analysis

As noted earlier, the net position may serve, over time, as a useful indicator of the School's financial position. In the case of the School, the net deficit was \$666,329 at June 30, 2024, compared to a deficit of \$864,569 at June 30, 2023.

Comparison of the condensed statement of net position (deficit) and the statement of activities are provided below:

The School's net position at June 30 was as follows:

	Governmental Activities		
	2024	2023	Change
Assets			
Current assets	\$ 899,747	\$ 224,530	\$ 675,217
Right of use leased asset	359,156	101,951	257,205
Capital assets, net of accumulated depreciation	267,529	401,640	(134,111)
Total assets	1,526,432	728,121	798,311
Deferred outflows			
Related to changes in net position	1,185,141	1,452,767	(267,626)
Liabilities			
Current liabilities	327,772	219,869	(107,903)
Non-current liabilities	427,161	548,099	120,938
Net pension liability	2,419,297	2,092,814	(326,483)
Total liabilities	3,174,230	2,860,782	(313,448)
Deferred inflows			
Related to changes in net position	203,672	184,675	18,997
Net position (deficit)			
Investment in capital assets	267,529	401,640	(134,111)
Unrestricted (deficit)	(933,858)	(1,266,209)	332,351
Total net position (deficit)	\$ (666,329)	\$ (864,569)	\$ 198,240

Current assets increased by \$675,217 as cash and accounts receivable balances were greater primarily due to increased enrollment. Right of use leased assets and liabilities (non-current) each increased by \$330,053 as the School entered into a new long-term lease agreement for its administrative office. Payments on debts and leases decreased non-current liabilities by \$120,938. Deferred outflows, net pension liability, and deferred inflows all of which pertain to pensions, changed in total by \$39,860 during the year.

The School's change in net position (deficit) was as follows:

	Governmental Activities		
	2024	2023	Change
Revenues:			
Program revenues:			
Operating grants and contributions			
National School Lunch Program	\$ 265,116	\$ 231,789	\$ 33,327
ESSER	227,594	537,565	(309,971)
Title I	221,755	168,239	53,516
Title II	4,786	-	4,786
Capital outlay	213,755	229,561	(15,806)
Capital grants and contributions			
IDEA	357,122	389,277	(32,155)
Charges for services			
Medicaid	31,563	87,195	(55,632)
General revenues:			
Florida Education Finance Program	5,905,118	3,898,849	2,006,269
Donations	27,720	2,532	25,188
Other local revenue	29,622	72,521	(42,899)
Total revenue	<u>7,284,151</u>	<u>5,617,528</u>	<u>1,666,623</u>
Program expenses:			
Instruction	72,102	-	(72,102)
Exceptional instruction	3,469,096	2,458,118	(1,010,978)
Student support services	1,352,089	1,045,414	(306,675)
Staff development	4,490	99,584	95,094
Board expenses	61,037	3,013	(58,024)
General administration	134,137	95,674	(38,463)
General support	577,350	632,274	54,924
Facility and acquisition	305,537	332,655	27,118
Fiscal services	79,469	54,695	(24,774)
Food services	222,140	236,804	14,664
Central services	67,300	64,180	(3,120)
Transportation	393,223	274,309	(118,914)
Operation of plant	280,137	325,983	45,846
Maintenance of plant	20,972	26,709	5,737
Interest on long-term debt	46,832	81,986	35,154
Total expenses	<u>7,085,911</u>	<u>5,731,398</u>	<u>(1,354,513)</u>
Changes in net position (deficit)	198,240	(113,870)	312,110
Net position (deficit) - beginning	(864,569)	(750,699)	(113,870)
Net position (deficit) - ending	<u>\$ (666,329)</u>	<u>\$ (864,569)</u>	<u>\$ 198,240</u>

The School's student enrollment increased from 283 full-time equivalent ("FTE") students for fiscal 2023 to 342 for fiscal 2024. The Florida Education Finance Program ("FEFP") revenues increased to match the enrollment increase. During fiscal 2024, operating grants and contributions decreased due to the conclusion of ESSER funding. Overall, the School's instructional and student support services increased due to increased funding through FEFP which enabled the School to provide additional support to students. Also, transportation increased to meet the increase in student enrollment.

Governmental Activities. The governmental activities generated \$1,321,691 in program revenues, \$5,962,460 of general revenues, and incurred \$7,085,911 of program expenses. This resulted in a \$198,240 increase in net position.

The School's Individual Funds

General Fund. The fund balance of the General Fund increased by \$567,314, from \$4,661 to \$571,975.

Debt Service Fund. The fund balance of the Debt Service Fund remained the same at \$0 after transfers from the Special Revenue Fund of \$425,392 which means that all debt funds were spent during the year.

Special Revenue Fund. The fund balance of the Special Revenue Fund remained the same at \$0 after transfers to the General Fund of \$1,107,936 which means that all special revenue funds were spent during the year.

Budgetary Highlights

General Fund. Actual revenues were greater than originally budgeted by \$1,548,816. Actual expenditures were greater than originally budgeted expenditures by \$789,276 primarily due to the School's additional FTE and expected instruction costs which were higher than originally budgeted. The Board of Directors amends the School's budget throughout the fiscal year to reflect changes in expected revenue, expenditures, and changes in FTE counts. During fiscal 2024, the Board of Directors amended the final budget to actual, therefore, the final budget and actuals are the same. The budgetary information can be found on pages 32 through 33 of this report.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$267,529 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, leasehold improvements, computer hardware and technology, and motor vehicles. Please refer to a note to the accompanying financial statements entitled capital assets and depreciation for more detailed information about the School's capital asset activity.

Debt Administration. During the current year, the School incurred advances on its FEFP funding through a third-party loan servicer which was paid off as of June 30, 2024. Please refer to Note D to the accompanying financial statements entitled long-term liabilities for more detailed information about the School's long-term debt activity.

Economic Factors

In fiscal year 2024, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$1.1 billion. The capital outlay funding pool ended up at \$213 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2025, the funding for teacher salaries and other instructional personnel will be \$1.25 billion. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Contacting The School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Callins, Principal, Language & Literacy Academy for Learning, Inc., 222 East Central Avenue, Winter Haven, FL 33880.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2024

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 408,164
Accounts receivable	307,778
Due from other agencies	101,022
Prepaid items	77,783
Deposits	5,000
Total current assets	899,747
NONCURRENT ASSETS	
Right of use leased asset	359,156
Capital assets, net	267,529
Total assets	1,526,432
DEFERRED OUTFLOWS	
Related to changes in the net pension	1,185,141
LIABILITIES AND NET POSITION (DEFICIT)	
CURRENT LIABILITIES	
Accrued payroll	251,255
Accounts payable	76,517
Total current liabilities	327,772
NONCURRENT LIABILITIES	
Due within one year - long term debt	14,119
Due in more than one year - long term debt	53,469
Leased liabilities - due within one year	98,831
Leased liabilities - due in more than one year	260,742
Net pension liability	2,419,297
Total liabilities	3,174,230
DEFERRED INFLOWS	
Related to changes in the net pension	203,672
NET POSITION (DEFICIT)	
Investment in capital assets	267,529
Unrestricted	(933,858)
Total net position (deficit)	\$ (666,329)

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions/ Programs	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	\$ 72,102	\$ -	\$ -	\$ -	\$ (72,102)
Exceptional instruction	3,469,096	31,563	454,135	-	(2,983,398)
Student support services	1,352,089	-	-	-	(1,352,089)
Instructional staff training services	4,490	-	-	-	(4,490)
Board expenses	61,037	-	-	-	(61,037)
General administration	134,137	-	-	-	(134,137)
General support	577,350	-	-	357,122	(220,228)
Facility and acquisition	305,537	-	-	-	(305,537)
Fiscal services	79,469	-	-	-	(79,469)
Food services	222,140	-	265,116	-	42,976
Central services	67,300	-	-	-	(67,300)
Transportation	393,223	-	-	-	(393,223)
Operation of plant	280,137	-	213,755	-	(66,382)
Maintenance of plant	20,972	-	-	-	(20,972)
Interest on long-term debt	46,832	-	-	-	(46,832)
Total governmental activities	<u>\$ 7,085,911</u>	<u>\$ 31,563</u>	<u>\$ 933,006</u>	<u>\$ 357,122</u>	<u>(5,764,220)</u>
General revenues:					
					5,905,118
					57,342
					<u>5,962,460</u>
					198,240
					<u>(864,569)</u>
					<u>\$ (666,329)</u>

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 408,164	\$ -	\$ -	\$ 408,164
Accounts receivable	307,778	-	-	307,778
Due from other agencies	-	-	101,022	101,022
Due from other funds	101,022	-	-	101,022
Prepaid expenses	77,783	-	-	77,783
Deposits	5,000	-	-	5,000
Total assets	<u>899,747</u>	<u>-</u>	<u>101,022</u>	<u>1,000,769</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	\$ 251,255	\$ -	\$ -	\$ 251,255
Accounts payable	76,517	-	-	76,517
Due to other funds	-	-	101,022	101,022
Total liabilities	<u>327,772</u>	<u>-</u>	<u>101,022</u>	<u>428,794</u>
FUND BALANCES				
Nonspendable				
Prepaid expenditures	77,783	-	-	77,783
Deposits	5,000	-	-	5,000
Unassigned	489,192	-	-	489,192
Total fund balances	<u>571,975</u>	<u>-</u>	<u>-</u>	<u>571,975</u>
Total liabilities and fund balances	<u>\$ 899,747</u>	<u>\$ -</u>	<u>\$ 101,022</u>	<u>\$ 1,000,769</u>

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2024

Fund balances - total governmental funds		\$ 571,975
The net position reported for governmental activities in the statement of net position is different because:		
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
		359,156
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Furniture, fixtures, and equipment, net of \$101,723 of accumulated depreciation	22,065	
Leasehold improvements, net of \$347,862 of accumulated depreciation	132,373	
Computer hardware and technology, net of \$85,962 of accumulated depreciation	29,684	
Motor vehicles, net of \$17,884 of accumulated depreciation	<u>83,407</u>	
Total capital assets		267,529
Long-term debt are not due and payable in the current period and, therefore, not reported in the funds.		(67,588)
Leased liabilities		(359,573)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,437,828)</u>
Total net position (deficit) of governmental activities		<u><u>\$ (666,329)</u></u>

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

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

Year Ended June 30, 2024

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Federal passed through state				
National School Lunch Program	\$ -	\$ -	\$ 265,116	\$ 265,116
ESSER	-	-	227,594	227,594
Title I	-	-	221,755	221,755
Title II	-	-	4,786	4,786
Medicaid	-	-	31,563	31,563
IDEA	-	-	357,122	357,122
State passed through local school district				
Florida Education Finance Program	5,905,118	-	-	5,905,118
Capital outlay	213,755	-	-	213,755
Local revenue				
Donations	27,720	-	-	27,720
Other local revenues	29,622	-	-	29,622
Total revenues	6,176,215	-	1,107,936	7,284,151
Expenditures				
Current:				
Instruction	72,102	-	-	72,102
Exceptional instruction	2,811,895	-	-	2,811,895
Student support services	1,352,089	-	-	1,352,089
Instructional staff training services	4,490	-	-	4,490
Board expenses	61,037	-	-	61,037
General administration	134,137	-	-	134,137
General support	577,329	-	-	577,329
Facility and acquisition	214,337	-	-	214,337
Fiscal services	79,469	-	-	79,469
Food services	222,140	-	-	222,140
Central services	67,300	-	-	67,300
Transportation	384,011	-	-	384,011
Operation of plant	290,137	-	-	290,137
Maintenance of plant	20,972	-	-	20,972
Debt service:				
Principal	-	1,181,560	-	1,181,560
Interest	-	46,832	-	46,832
Total expenditures	6,291,445	1,228,392	-	7,519,837
Excess (deficiency) of revenues over (under) expenditures	(115,230)	(1,228,392)	1,107,936	(235,686)
Other financing sources (uses):				
Loan proceeds	-	803,000	-	803,000
Transfer in	682,544	425,392	-	1,107,936
Transfer out	-	-	(1,107,936)	(1,107,936)
Total other financing sources (uses)	682,544	1,228,392	(1,107,936)	803,000
Net change in fund balances	567,314	-	-	567,314
Fund balances at July 1, 2023	4,661	-	-	4,661
Fund balances at June 30, 2024	\$ 571,975	\$ -	\$ -	\$ 571,975

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

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

Year Ended June 30, 2024

Net change in fund balances - total government funds	\$	567,314
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current year expenditures for capital assets	10,000	
Current year depreciation expense	<u>(144,111)</u>	
Total capital assets		(134,111)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Proceeds from Charter School Capital advance		(803,000)
Principal payments on long-term debt		1,181,560
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 governmental funds. Changes in:		
Net pension	(326,483)	
Deferred inflows related to net pension	(18,997)	
Deferred outflows related to net pension	(267,626)	
Other	<u>(417)</u>	
		<u>(613,523)</u>
Change in net position of governmental activities	\$	<u><u>198,240</u></u>

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Language & Literacy Academy for Learning, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation began conducting business as Language & Literacy Academy for Learning, Inc. (the "School") in December 2017. The governing body of the School is the not-for-profit corporation's Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, The School Board of Polk County, Florida (the "District"). The current charter is effective until June 30, 2028, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

2. Government-wide financial statements

The government-wide financial statements (the Statement of Net Position (Deficit) and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2. Government-wide financial statements (continued)

The Statement of Net Position (Deficit) reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, other items not properly included among program revenues are reported instead as general revenues.

3. Fund financial statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund - The general fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Debt Service Fund - The debt service fund is used to account for the resources accumulated and payments made for principal and interest on the debt.

Special Revenue Fund - The special revenue fund is used to account for financial resources associated with grants that are restricted to operational uses – i.e., National School Lunch Program, IDEA funds, Title I and Title II, ESSER, Medicaid, etc.

In the accompanying fund financial statements, the general fund, debt service fund, and special revenue fund are considered to be major funds and, therefore, are separately displayed.

4. Measurement focus and basis of accounting

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

4. Measurement focus and basis of accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

5. Cash

Cash consists of checking accounts held at financial institutions. The School has no cash equivalents.

6. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaid items do not represent available expendable resources.

7. Capital assets and depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$750 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5
Leasehold improvements	5
Computer hardware and technology	5
Motor vehicles	10

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

8. Leases

The School is a lessee for a building lease. The School recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements. At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

9. Revenue sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of FTE students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

10. Long-term liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

11. Net position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

12. Fund equity

Governmental funds report separate classifications of fund balance.

Non-Spendable: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned: Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Principal. Assigned fund balance includes spendable fund balance amounts established by the Principal that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Principal. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned: Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

13. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make various estimates. Actual results could differ from those estimates.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

14. Transfers

The purpose of interfund transfers is to cover receipts and payments made from the general fund on behalf of the other funds.

15. Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan, the Health Insurance Subsidy (HIS) defined benefit plan, and additions to/deductions from the FRS and the HIS, fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

16. Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, represents an acquisition of net position that applies to a future period.

17. Income taxes

Language and Literacy Academy for Learning Inc. is a charter school, which qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Management has analyzed the School's various federal and state filing positions, including those pertaining to charter academy contracts and tax-exempt status, and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The School remains subject to the examination by the Internal Revenue Service for the three years prior to June 30, 2024.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

18. New GASB pronouncement

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 increases the usefulness of governments' financial statements by requiring recognition of liabilities for compensated absences that previously were not recognized as an obligation of the government. It establishes a criteria for the recognition and measurement of the government. The provisions in GASB 101 will be implemented in the year ended June 30, 2025. The School is evaluating the effect of this new standard on its financial statements.

NOTE B - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets depreciated:				
Furniture, fixtures, and equipment	\$ 123,788	\$ -	\$ -	\$ 123,788
Leasehold improvements	480,235	-	-	480,235
Computer hardware and technology	115,646	-	-	115,646
Motor vehicles	91,291	10,000	-	101,291
Total assets depreciated	<u>810,960</u>	<u>10,000</u>	<u>-</u>	<u>820,960</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	79,235	22,488	-	101,723
Leasehold improvements	257,079	90,783	-	347,862
Computer hardware and technology	64,334	21,628	-	85,962
Motor vehicles	8,672	9,212	-	17,884
Total accumulated depreciation	<u>409,320</u>	<u>\$ 144,111</u>	<u>\$ -</u>	<u>553,431</u>
Total governmental activities capital assets, net	<u>\$ 401,640</u>			<u>\$ 267,529</u>

Depreciation expense for 2024 included in the Statement of Activities is as follows:

Facility and acquisition	\$ 90,783
Exception instruction	44,095
Transportation	9,212
General support	<u>21</u>
Total governmental activities depreciation expense	<u>\$ 144,111</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE C - CONCENTRATIONS

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
School Board of Polk County, Florida:	
FEFP	\$ 3,080,137
ESE guarantee allocation	1,324,145
Supplemental academic instruction	85,983
Safe schools	26,060
Teacher salary increase allocation	182,652
Discretionary local effort	226,900
Discretionary millage	134,591
Student transportation	288,796
Class size reduction	553,454
Teacher supply	2,400
Federal passed through state	
National School Lunch Program	265,116
IDEA funds	357,122
Medicaid	31,563
ESSER III	227,594
Title I	221,755
Title II	4,786
Capital outlay	203,207
Capital improvements	10,548
Total passed through The School Board of Polk County, Florida	7,226,809
Local revenue	
Donations	27,720
Other local revenues	29,622
Total general revenues	\$ 7,284,151

The administration fee paid to the District during the year ended June 30, 2024, totaled \$134,137.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE D - LONG-TERM LIABILITIES

The School entered into various loan agreements during the year ended June 30, 2024. The following is a summary of changes:

	<u>Long-term obligations at July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Long-term obligations at June 30, 2024</u>	<u>Due within one year</u>
Grow Schools	\$ 364,000	\$ 803,000	\$ (1,167,000)	\$ -	\$ -
Note - Vehicle #1	29,511	-	(6,382)	23,129	5,873
Note - Vehicle #2	52,637	-	(8,178)	44,459	8,246
	<u>\$ 446,148</u>	<u>\$ 803,000</u>	<u>\$ (1,181,560)</u>	<u>\$ 67,588</u>	<u>\$ 14,119</u>

Grow Schools

The School has a receivable purchase agreement with Grow Schools (formerly, Charter School Capital, Inc.) for purchasing receivable balances of District FEFP funds. The School receives advances against the receivables for operational needs. The advances have no fixed payment and are considered to be due within one year, carrying interest rates at the date of advance based upon short-term LIBOR and Prime interest rates. During fiscal 2024, payments for interest totaled \$41,423, with rates between approximately 0.09% to 5.00%.

Note Payable – Vehicle #1

On March 18, 2022, the School entered into a six-year note payable for \$35,449 for the purchase of a motor vehicle. Monthly principal and interest payments total \$522 through April 2028. During 2024, payments for interest totaled \$607.

Note Payable – Vehicle #2

On September 20, 2022, the School entered into a six-year note payable for \$55,842 for the purchase of a motor vehicle. Monthly principal and interest payments total \$1,113 through October 2028. During 2024, payments for interest totaled \$4,802.

Future maturities of the notes payable as of June 30, are as follows:

2025	\$ 14,119
2026	15,327
2027	16,683
2028	17,160
2029	4,299
	<u>\$ 67,588</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE E - OPERATING LEASE

Main Campus

In July 2018, the School entered into an operating lease agreement for its main campus with an unrelated party that expired in June 2021 and was subsequently renewed through October 2023. Minimum monthly lease payments included \$15,500 plus utilities and applicable sales and use tax, for the life of the agreement. Effective March 2023, the monthly lease payment amount was changed to \$13,000 and renewed through June 30, 2024, with no renewal options.

Upon expiration of the School's leased main campus, the School has executed two additional lease agreements in July 2024 with unrelated parties for a temporary School campus. The lease agreements are cancelable and are for periods of less than twelve months. Monthly lease payments on short term leases include total monthly costs of \$9,500.

Beginning in July 2023, the School began working with Grow Schools to obtain and renovate a new main campus in Winter Haven, Florida under a new lease agreement. The lease term will be for 20 years and includes four, five-year renewal options. Monthly rent costs include base rent of \$9,700 plus final acquisition costs times eight percent. As of the date of the financial statements, the construction has not been completed and the School has not moved into the new facility.

Administrative Office

In June 2024, the School executed a five-year lease agreement for an administrative office. The lease includes monthly payments of \$5,735 with annual 4% increases in base rent.

Modular Classrooms

In October 2020, the School entered into a lease agreement for three modular classroom buildings for student instruction with an unrelated party that expires September 2025. Monthly lease payments of \$4,163 include rent and property tax.

Lease expense for the year ended June 30, 2024 totaled \$214,754, which is included in facility and acquisition of the accompanying financial statements.

The School, as the lessee, is recognizing a lease asset of \$359,156 and lease liability of \$359,573 for the present value of lease obligations as of June 30, 2024. The difference between right of use leased asset and leased liabilities includes escalating lease payments. The discount rates used to recognize the right of use asset and lease liability ranged between 1.90% and 6.89%.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE E - OPERATING LEASE (continued)

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 98,832	\$ 20,139	\$ 118,971
2026	59,629	15,962	75,591
2027	62,003	11,930	73,933
2028	69,109	7,436	76,545
2029	70,000	2,435	72,435
	<u>\$ 359,573</u>	<u>\$ 57,902</u>	<u>\$ 417,475</u>

NOTE F - CASH

Cash is made up of deposits and cash on hand totaling \$500,271 at June 30, 2024. The School's deposits must be placed with a financial institution designated by the Treasurer of the State of Florida as a "qualified public depository", as defined in Chapter 280, Florida Statutes. The School deposits are held with a qualified depository and are covered by the collateral pool as the School has identified itself as a public entity. As of June 30, 2024, \$1,048,363 of the School's balances held were exposed to custodial credit risk.

NOTE G - EMPLOYEE RETIREMENT SYSTEMS

General Information about the Pension Plan – Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

General Information about the Pension Plan – Plan Description and Administration (continued)

For the fiscal year ended June 30, 2024, 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.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the 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 plan and/or class to which the member belonged when the service credit was earned.

Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Benefits Provided and Employees Covered (continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

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

Contributions

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at July 1, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Employee Contribution Rate	Employer Contribution Rate
Regular Class	3.00%	13.63%
Senior Management	3.00%	34.52%
DROP Employees	0.00%	21.13%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, included in the above rates.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Contributions (continued)

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2024, were as follows:

School Contributions - FRS	\$	205,386
School Contributions - HIS	\$	55,043
Employee Contributions - FRS	\$	81,483

At June 30, 2024, the School Reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 1,531,809
HIS	887,488
Total	\$ 2,419,297

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 that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined.

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

At June 30, 2024, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	Share
FRS	0.003844242%
HIS	0.005588246%

For the plan year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	467,139
HIS	\$	411,087
Total	\$	878,226

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Deferred outflows/inflows related to pensions:

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 143,824	\$ -	\$ 12,992	\$ 2,083
Changes of assumptions	99,857	-	23,332	76,903
Net difference between projected and actual investment earnings	63,972	-	458	-
Change in proportionate share	269,423	6,654	310,854	118,032
Contributions subsequent to measurement date	205,386	-	55,043	-
	<u>\$ 782,462</u>	<u>\$ 6,654</u>	<u>\$ 402,679</u>	<u>\$ 197,018</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Fiscal Years ending June 30,	FRS	HIS
2025	\$ 41,409	\$ (70,137)
2026	(22,748)	6,577
2027	264,295	(62,709)
2028	217,137	215,975
2029	70,328	61,512
Thereafter	-	(601)
Total	<u>\$ 570,421</u>	<u>\$ 150,617</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% as of June 29, 2023, was used to determine the total pension for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the PUB-2010 base table with projected generationally with Scale MP-2018.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	100.0%	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 2,616,641	\$ 1,531,809	\$ 624,217
HIS	3.65%	\$ 1,012,485	\$ 887,488	\$ 783,874

NOTE H - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2024, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district				
Florida Education Finance Program	\$ 4,343,303	\$ 5,905,118	\$ 5,905,118	\$ -
Capital outlay	228,966	213,755	213,755	-
Local revenue				
Donations	55,000	27,720	27,720	-
Other local revenues	130	29,622	29,622	-
Total revenues	<u>4,627,399</u>	<u>6,176,215</u>	<u>6,176,215</u>	<u>-</u>
Expenditures				
Current:				
Instruction	-	72,102	72,102	-
Exceptional instruction	2,397,914	2,811,895	2,811,895	-
Student support services	1,013,101	1,352,089	1,352,089	-
Instructional staff training services	118,235	4,490	4,490	-
Classroom costs	1,000	-	-	-
Board expenses	3,100	61,037	61,037	-
General administration	95,674	134,137	134,137	-
General support	698,404	577,329	577,329	-
Facility and acquisition	285,286	214,337	214,337	-
Fiscal services	59,000	79,469	79,469	-
Food services	64,764	222,140	222,140	-
Central services	65,000	67,300	67,300	-
Transportation	302,555	384,011	384,011	-
Operation of plant	370,636	290,137	290,137	-
Maintenance of plant	27,500	20,972	20,972	-
Total expenditures	<u>5,502,169</u>	<u>6,291,445</u>	<u>6,291,445</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(874,770)</u>	<u>(115,230)</u>	<u>(115,230)</u>	<u>-</u>
Other financing sources (uses):				
Transfers	-	682,544	682,544	-
Total other financing sources (uses)	<u>-</u>	<u>682,544</u>	<u>682,544</u>	<u>-</u>
Net change in fund balance	<u>(874,770)</u>	<u>567,314</u>	<u>567,314</u>	<u>-</u>
Fund balance at July 1, 2023	4,661	4,661	4,661	-
Fund balance (deficit) at June 30, 2024	<u><u>\$ (870,109)</u></u>	<u><u>\$ 571,975</u></u>	<u><u>\$ 571,975</u></u>	<u><u>\$ -</u></u>

See note to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through state				
National School Lunch Program	\$ 216,000	\$ 265,116	\$ 265,116	\$ -
Grants	200,000	227,594	227,594	-
Title I	125,000	221,755	221,755	-
Title II	7,000	4,786	4,786	-
Medicaid	90,000	31,563	31,563	-
IDEA	335,164	357,122	357,122	-
Total revenues	973,164	1,107,936	1,107,936	-
Expenditures				
Exceptional instruction	-	-	-	-
Food services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	973,164	1,107,936	1,107,936	-
Other financing sources (uses):				
Transfers	-	(1,107,936)	(1,107,936)	-
Total other financing sources (uses)	-	(1,107,936)	(1,107,936)	-
Net change in fund balance	973,164	-	-	-
Fund balance at July 1, 2023	-	-	-	-
Fund balance at June 30, 2024	\$ 973,164	\$ -	\$ -	\$ -

See note to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF JUNE 30

	2024	2023	2022	2021	2020
Florida Retirement System (FRS)					
Proportion of the net pension liability	0.003844242%	0.003846493%	0.003881624%	0.003795843%	0.001440509%
Proportionate share of the net pension liability (asset)	\$ 1,531,809	\$ 1,431,205	\$ 293,213	\$ 1,645,174	\$ 496,091
Covered-employee payroll	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.62%	64.65%	12.88%	76.03%	19.87%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%
Health Insurance Subsidy Program (HIS)					
Proportion of the net pension liability	0.005588246%	0.006246550%	0.006105463%	0.007044213%	0.002184023%
Proportionate share of the net pension liability (asset)	\$ 887,488	\$ 661,609	\$ 748,927	\$ 859,833	\$ 244,370
Covered-employee payroll	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.23%	29.88%	32.90%	39.74%	9.79%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

See notes to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30

	2024	2023	2022	2021	2020
Florida Retirement System (FRS)					
Contractually required contribution	\$ 205,386	\$ 184,933	\$ 164,137	\$ 147,873	\$ 126,119
Contributions in relation to the contractually required contribution	(205,386)	(184,933)	(164,137)	(147,873)	(126,119)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Contributions as a percentage of covered-employee payroll	7.46%	8.35%	7.21%	6.83%	5.05%
Health Insurance Subsidy (HIS)					
Contractually required contribution	\$ 55,043	\$ 36,760	\$ 37,797	\$ 35,888	\$ 40,581
Contributions in relation to the contractually required contribution	(55,043)	(36,760)	(37,797)	(35,888)	(40,581)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Contributions as a percentage of covered-employee payroll	2.00%	1.66%	1.66%	1.66%	1.63%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

See notes to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2024

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and the special revenue fund for which a legally adopted budget exists.

NOTE B - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The most recent study for the FRS Pension Plan was completed in 2019 for the period of July 1, 2013 through June 30, 2018. There were no changes in the Pension Plan benefit terms. The following were changes in actuarial assumptions in 2024:

- The inflation rate assumption remained the same at 2.4 percent.
- Payroll growth, including inflation, remained the same at 3.25 percent.
- The long-term expected rate of return remained the same at 6.7 percent.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2024

NOTE C - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HIS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent study for the FRS Pension Plan was completed in 2019 for the period of July 1, 2013 through June 30, 2018. There were no changes in the HIS Program benefit terms. The following were changes in actuarial assumptions in 2024:

- The inflation rate assumption remained the same at 2.4 percent.
- Payroll growth, including inflation, remained the same at 3.25 percent.
- The long-term expected rate of return remained the same at 6.7 percent.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% as of June 29, 2023 was used to determine the total pension liability for the program.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations

SUPPLEMENTAL INFORMATION



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Novinich
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
Angela M. Harr
Rachel K. Brouwer

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Language & Literacy Academy for Learning, Inc. (the “School”), which is a component unit of The School Board of Polk County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2024



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Novinich
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
Angela M. Harr
Rachel K. Brouwer

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Language & Literacy Academy for Learning, Inc.’s (the “School”), which is a component unit of The School Board of Polk County, Florida, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2024. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Language & Literacy Academy for Learning, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Report on Internal Control over Compliance (continued)

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2024

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as a low-risk auditee? | No |

Identification of major programs:

<u>Name of Federal Programs</u>	<u>ALN</u>
American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U
Special Education – Grants to States (IDEA, Part B) Fund	84.027

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2024

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Findings and Questioned Costs

None (there are no items related to Federal Programs required to be reported in the management letter, therefore no management letter issued)

Section IV – Status of Prior Year Audit Findings

None reported (no corrective action plan or management letter required)

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

<u>Grantor/Program Title</u>	<u>ALN</u>	<u>Award Number</u>	<u>Expenditures</u>
Federal Awards:			
U.S. Department of Agriculture:			
<i>Passed through Florida Department of Agriculture and Consumer Services</i>			
National School Lunch Program	10.555	25586	\$ 265,116
Total Child Nutrition Cluster			<u>265,116</u>
U.S. Department of Education:			
<i>Passed through Florida Department of Education and School Board of Polk County, Florida</i>			
Title I Grants to Local Educational Agencies	84.010	n/a	221,755
Title II Supporting Effective Instruction State	84.367	n/a	4,786
American Rescue Plan - Elementary and Secondary Fund	COVID-19, 84.425U	530-1211K-2C001 530-1211A-2C001	227,594
Special Education - Grants to States (IDEA, Part B)	84.027	n/a	<u>357,122</u>
Total passed through Florida Department of Education			<u>811,257</u>
U.S. Department of Health			
<i>Passed through Florida Department of Health and Human Services</i>			
Medical Assistance Program (Medicaid; Title XIX)	93.778	n/a	<u>31,563</u>
Total passed through Florida Department of Health and Human Services			<u>31,563</u>
Total Expenditures of Federal Awards			<u>\$ 1,107,936</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Indirect Cost Rates

The School has elected to not use the 10% de minimis indirect cost rate for its federal programs for the year ended June 30, 2024. The indirect cost rates used on the School's federal programs are determined by the relevant federal agency.

See independent auditor's report.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Novinich
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
Angela M. Harr
Rachel K. Brouwer

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

MANAGEMENT LETTER

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of Language & Literacy Academy for Learning, Inc. (the "School"), which is a component unit of The School Board of Polk County, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 30, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 30, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, the School did not have prior year findings.

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 entity is *Language & Literacy Academy for Learning, Inc. (8008)*.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2024

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2024, there were no management findings, recommendations or responses.