

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND
COMPONENT UNIT OF THE DISTRICT
SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The School's net position increased compared to the prior year.
- During 2023, the School's revenues exceeded expenses by \$133,237, which was a decrease from the prior year when revenues exceeded expenses by \$6,139,667.
- Overall, revenues decreased by approximately \$5,161,000, which was a 27% decrease from the prior year.
- Overall, expenses increased by approximately \$846,000, which was a 7% increase from the prior year.
- Total assets and deferred outflows were \$23,323,054 and total liabilities and deferred inflows were \$6,804,164, resulting in net position of \$16,518,890 as of June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

This document also includes the following information required by the Uniform Guidance: schedule of expenditures of federal awards and accompanying note, independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance and the schedule of findings and questioned costs. In addition, it includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The School has two types of funds:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

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

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

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

	Governmental Activities		Increase
	2023	2022	(Decrease)
Current and other assets	\$ 14,770,294	\$ 15,406,371	-4%
Capital assets, net	7,061,899	6,797,398	4%
Deferred outflows of resources	1,490,861	1,329,582	12%
Total assets and deferred outflows	<u>23,323,054</u>	<u>23,533,351</u>	<u>-1%</u>
Current and other liabilities	1,194,266	1,784,751	-33%
Long-term liabilities	5,256,910	2,968,141	77%
Deferred inflows of resources	352,988	2,394,806	-85%
Total liabilities and deferred inflows	<u>6,804,164</u>	<u>7,147,698</u>	<u>-5%</u>
Net position:			
Net investment in capital assets	6,999,180	6,718,029	4%
Restricted for:			
Terminal employee benefits	30,000	30,000	0%
Student financial aid	738,084	638,744	16%
Financial assistance and scholarships	910,071	973,340	-7%
Transportation HUB and workforce projects	5,334,815	5,488,732	-3%
Unrestricted	<u>2,506,740</u>	<u>2,536,808</u>	<u>-1%</u>
Total net position	<u>\$ 16,518,890</u>	<u>\$ 16,385,653</u>	<u>1%</u>

Current and other liabilities changed due to the timing of payments at year-end. The changes in deferred outflows of resources, deferred inflows of resources and long-term liabilities are all related to the remeasurement of the net pension liability and the other postemployment benefits obligation for fiscal 2023. Net position restricted for student financial aid increased due to increased revenues collected as part of student fees paid for enrollment.

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

Change in Net Position

The School's total revenues decreased by 27% to \$13,695,632, and the cost of all programs and services increased by 7% to \$13,562,395 - see table below:

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2023</u>	<u>2022</u>	
Revenues:			
Federal sources	\$ 2,766,170	\$ 9,532,011	-71%
State sources	6,885,939	5,550,385	24%
Local sources	3,876,260	3,612,634	7%
Other revenue	167,263	161,448	4%
Total revenues	<u>13,695,632</u>	<u>18,856,478</u>	<u>-27%</u>
Expenses:			
Instruction and instruction-related services	9,717,567	9,503,344	2%
Board	113,131	106,357	6%
General administration	64,509	64,835	-1%
School administration	1,298,905	1,060,752	22%
Fiscal services	433,528	374,313	16%
Central services	92,987	58,122	60%
Operation of plant	1,788,031	1,487,201	20%
Maintenance of plant	51,404	51,044	1%
Community services	-	9,461	-100%
Interest	2,333	1,382	69%
Total expenses	<u>13,562,395</u>	<u>12,716,811</u>	<u>7%</u>
Change in net position	<u>\$ 133,237</u>	<u>\$ 6,139,667</u>	<u>-98%</u>

Federal sources decreased due to the receipt of a Coronavirus State and Local Fiscal Recovery Funds ("CSLFRF") grant under American Rescue Plan Act ("ARPA") in the prior year, which was non-recurring. State sources increased due to the receipt of a pipeline nursing state grant in the current year.

School administration increased due to the change in pension expense in the current year. Operation of plant increased due to an increase in enrichment funds spent in the current year based on school needs.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$13,576,028. Both revenues and expenditures changed for the same reasons described above.

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

General Fund Budgetary Highlights

Over the course of the year, the School revised its budget several times to account for variations in student enrollment and increases in appropriations.

For 2023, actual general fund revenues were approximately \$397,000 below the final budget, which represents a 4% budget variance. Actual expenditures were approximately \$43,000 above the final budget, which represents a less than 1% budget variance.

Special Revenue Fund Budgetary Highlights

For 2023, actual special revenue fund revenues were approximately \$184,000 below the final budget, which represents a 6% budget variance. Actual special revenue fund expenditures were not significantly different from the final budget amounts.

CAPITAL ASSET ADMINISTRATION

The School's investment in capital assets at the end of fiscal 2023 amounts to \$7,061,899 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2023	2022	
Land available for sale	\$ 22,000	\$ 22,000	0%
Construction in progress	-	21,814	-100%
Buildings and improvements	5,277,648	5,212,206	1%
Furniture, fixtures and equipment	2,921,322	2,510,448	16%
Motor vehicles	1,000,303	581,271	72%
Computer software	82,500	82,500	0%
Less accumulated depreciation	(2,241,874)	(1,632,841)	-37%
Total capital assets, net	<u>\$ 7,061,899</u>	<u>\$ 6,797,398</u>	<u>4%</u>

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

- Fire truck - \$345,123
- Computer equipment and smart boards - \$300,919
- Facility lounge furniture - \$87,673
- Shade structure - \$43,628
- Vehicle - \$39,577
- Forklift - \$34,332
- Tilting skillet - \$22,282

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-term Liabilities

As of June 30, 2023, the School had \$5,256,910 in long-term liabilities outstanding. The primary increase is due to the remeasurement of the net pension liability. More detailed information about the School's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- No change in tuition and fees revenue, with an increase in postsecondary and fee-based student enrollment
- Projected increases in workforce development funding
- Projected additional staffing and salary increases

Amounts available for appropriation in the general fund are approximately \$12,349,000, an increase of 16% from the final 2023 amount of \$10,680,398. Budgeted expenditures are expected to be approximately \$11,593,000, an increase of 10% from the final 2023 amount of \$10,541,468. The School has added no major new programs to the fiscal 2023 budget.

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 2001 Kurt Street, Eustis, Florida 32726.

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

To the Board of Directors of Lake Technical College, Inc., a Charter Technical Career Center and Component Unit of the District School Board of Lake County, Florida

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Technical College, Inc. (the "School"), a charter technical career center and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 on pages 1 – 7, the budgetary comparison information on pages 42 – 43, the pension information on pages 44 – 45 and the other postemployment benefit information on page 46 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* (CFR) 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 November 13, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Orlando, Florida
November 13, 2023

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,221,209
Restricted cash	6,982,970
Accounts receivable	565,201
Other current assets	914
Capital assets, net	7,061,899
Total assets	21,832,193
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	1,490,861
Total assets and deferred outflows of resources	\$ 23,323,054
LIABILITIES	
Accounts payable and accrued expenses	\$ 130,642
Due to the District School Board of Lake County, Florida	818,068
Prepaid tuition	245,556
Long-term liabilities:	
Due within one year	775,768
Due in more than one year	4,481,142
Total liabilities	6,451,176
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	352,988
NET POSITION	
Net investment in capital assets	6,999,180
Restricted for:	
Terminal employee benefits	30,000
Student financial aid	738,084
Financial assistance and scholarships - nonexpendable	328,000
Financial assistance and scholarships - expendable	582,071
Transportation HUB and workforce projects	5,334,815
Unrestricted	2,506,740
Total net position	16,518,890
Total liabilities, deferred inflows of resources and net position	\$ 23,323,054

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 8,506,864	\$ 3,837,604	\$ 2,101,723	\$ -	\$ (2,567,537)	\$ (2,567,537)
Student support services	677,315	-	-	-	(677,315)	(677,315)
Curriculum development	335,869	-	192,044	-	(143,825)	(143,825)
Instructional staff training	197	-	-	-	(197)	(197)
Instruction-related technology	197,322	-	-	-	(197,322)	(197,322)
Board	113,131	-	-	-	(113,131)	(113,131)
General administration	64,509	-	18,800	-	(45,709)	(45,709)
School administration	1,298,905	-	59,447	-	(1,239,458)	(1,239,458)
Fiscal services	433,528	-	-	-	(433,528)	(433,528)
Central services	92,987	-	21,593	-	(71,394)	(71,394)
Operation of plant	1,788,031	-	100,041	-	(1,687,990)	(1,687,990)
Maintenance of plant	51,404	-	-	-	(51,404)	(51,404)
Interest	2,333	-	-	-	(2,333)	(2,333)
Total primary government	<u>\$ 13,562,395</u>	<u>\$ 3,837,604</u>	<u>\$ 2,493,648</u>	<u>\$ -</u>	<u>(7,231,143)</u>	<u>(7,231,143)</u>
General revenues:						
Federal sources					272,522	272,522
State sources					6,885,939	6,885,939
Local sources					38,656	38,656
Other revenue					167,263	167,263
Total general revenues					<u>7,364,380</u>	<u>7,364,380</u>
Change in net position					133,237	133,237
Net position at beginning of year					16,385,653	16,385,653
Net position at end of year					<u>\$ 16,518,890</u>	<u>\$ 16,518,890</u>

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,221,209	\$ -	\$ 7,221,209
Restricted cash	1,648,155	5,334,815	6,982,970
Accounts receivable	470,429	94,772	565,201
Due from special revenue fund	94,772	-	94,772
Other current assets	914	-	914
Total assets	\$ 9,435,479	\$ 5,429,587	\$ 14,865,066
LIABILITIES			
Accounts payable and accrued expenditures	\$ 130,642	\$ -	\$ 130,642
Due to the District School Board of Lake County, Florida	818,068	-	818,068
Due to general fund	-	94,772	94,772
Prepaid tuition	245,556	-	245,556
Total liabilities	1,194,266	94,772	1,289,038
FUND BALANCES			
Nonspendable:			
Financial assistance and scholarships - nonexpendable	328,000	-	328,000
Other current assets	914	-	914
Restricted for:			
Terminal employee benefits	30,000	-	30,000
Student financial aid	738,084	-	738,084
Financial assistance and scholarships - expendable	582,071	-	582,071
Transportation HUB and workforce projects	-	5,334,815	5,334,815
Assigned to:			
Scholarships	5,062	-	5,062
Internal accounts	2,057,750	-	2,057,750
Unassigned	4,499,332	-	4,499,332
Total fund balances	8,241,213	5,334,815	13,576,028
Total liabilities and fund balances	\$ 9,435,479	\$ 5,429,587	\$ 14,865,066

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

JUNE 30, 2023

Total fund balances - governmental funds	\$	13,576,028
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$9,303,773 and the accumulated depreciation is \$2,241,874.		7,061,899
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Long-term liabilities, including the lease liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. Long-term liabilities at year-end consist of:

Lease liabilities		(62,719)
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Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(758,569)
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The following balances do not use current financial resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Deferred outflows of resources		1,490,861
Net pension liability		(4,242,652)
Other postemployment benefits obligation		(192,970)
Deferred inflows of resources		(352,988)

Total net position - governmental activities	\$	16,518,890
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The accompanying notes to financial statements are an integral part of this statement.

LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

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

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal sources	\$ -	\$ 2,766,170	\$ 2,766,170
State sources	6,636,875	249,064	6,885,939
Local sources	3,876,260	-	3,876,260
Other revenue	167,263	-	167,263
	10,680,398	3,015,234	13,695,632
EXPENDITURES			
Current:			
Instruction	5,388,561	2,495,675	7,884,236
Student support services	670,447	-	670,447
Curriculum development	143,825	192,044	335,869
Instructional staff training	197	-	197
Instruction-related technology	197,322	-	197,322
Board	113,131	-	113,131
General administration	42,485	22,024	64,509
School administration	1,183,683	59,447	1,243,130
Facilities acquisition and construction	43,628	-	43,628
Fiscal services	429,295	-	429,295
Central services	71,394	21,593	92,987
Operation of plant	1,666,139	100,041	1,766,180
Maintenance of plant	51,404	-	51,404
Debt service:			
Principal	16,650	-	16,650
Interest	2,333	-	2,333
Other capital outlay	520,974	308,932	829,906
	10,541,468	3,199,756	13,741,224
Excess (deficiency) of revenues over expenditures	138,930	(184,522)	(45,592)
OTHER FINANCING SOURCES (USES)			
Operating transfer in	5,805	36,410	42,215
Operating transfer out	(36,410)	(5,805)	(42,215)
	(30,605)	30,605	-
Net changes in fund balances	108,325	(153,917)	(45,592)
Fund balances at beginning of year	8,132,888	5,488,732	13,621,620
Fund balances at end of year	\$ 8,241,213	\$ 5,334,815	\$ 13,576,028

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds	\$ (45,592)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$873,534) exceed depreciation expense (\$609,033) in the current period.	264,501
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Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(32,403)
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Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	16,650
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Some revenues or expenses included in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as a net change in fund balances in the governmental funds.

Change in net pension liability, deferred outflows and deferred inflows	(72,296)
Change in other postemployment benefits obligation, deferred outflows and deferred inflows	2,377

Change in net position of governmental activities	\$ <u>133,237</u>
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The accompanying notes to financial statements are an integral part of this statement.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 396,271
Total assets	<u>\$ 396,271</u>
NET POSITION	
Restricted for:	
Student activities	\$ 396,271
Total net position	<u>\$ 396,271</u>

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Collections for student activities	\$ 183,070
Total additions	183,070
DEDUCTIONS	
Payments for student activities	114,685
Total deductions	114,685
Change in net position	68,385
Net position at beginning of year	327,886
Net position at end of year	\$ 396,271

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lake Technical College, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.34, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than five and no more than nine members. Effective July 1, 2004, the School converted from a traditional public technical center to a charter technical career center.

The general operating authority of the School is contained in Section 1002.34, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2027 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the conversion charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

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

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

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

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

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

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

Governmental Funds:

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

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

Fiduciary Fund:

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

Basis of Accounting

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

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

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis Accounting

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

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes. In addition, the School has deposits in an institution that is not considered a qualified public depository. These funds are collateralized in excess of the federal depository insurance limits by pledged securities in the name of the School.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The School's cash consists primarily of demand deposits and certificates of deposit with financial institutions.

Receivables

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

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

Donations are defined as voluntary contributions of resources to a governmental entity by a non-governmental entity. Donated capital assets shall be reported at fair market value at the time of acquisition plus ancillary charges, if any. Fair market value is the amount at which an asset could be exchanged in a current transaction between willing parties. According to applicable guidance, long-lived assets and assets available for sale should be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. During the fiscal year, the School did not record an adjustment to the fair value of its long-lived assets or assets available for sale.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	20 - 39
Furniture, fixtures and equipment	5 - 15
Motor vehicles	5 - 20
Computer software	3

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

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year in the government-wide financial statements as the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 7.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Long-Term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 7.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the governing body or by an official to which the governing body delegates the authority. Under the School's charter, the School is required to develop a fund balance reserve of \$30,000 for terminal employee benefits. The School is also required to maintain a minimum fund balance within the general fund at the percentage of the total annual operating fund revenues from the general fund that is equal to the percentage defined by the School Board's policies for the school district. The School is in compliance with these requirements as of June 30, 2023.

Revenue Sources

Revenues for current operations are received primarily through the Florida Workforce Development Education Fund. Funding is generated based on student enrollment and program outcomes as provided by law. In addition, students are required to pay registration and other fees for course enrollment.

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

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, plus a fee based on the annual salaries of all employees in the collective bargaining agreements processed by the School Board, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The School also receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Beneficial Interest in Trusts

The School has been notified that it has been named the beneficiary of two related educational trusts whereby the School will receive the balance remaining in the trusts on their termination (split-interest remainder trusts). The future benefit to be received on the termination of these trusts has not been recorded in the government-wide financial statements because sufficient information was not available to calculate the present value of the future benefit to be received.

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events through November 13, 2023, the date these financial statements were available to be issued.

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$94,772 in amounts due from governmental agencies and \$470,429 in other receivables and reimbursements from third parties. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2023:

	Interfund Receivables	Interfund Payables
General fund	\$ 94,772	\$ -
Special revenue fund	-	94,772
Total interfund	\$ 94,772	\$ 94,772

The amount payable by the special revenue fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

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

	Operating Transfers In	Operating Transfers Out
General fund	\$ 5,805	\$ 36,410
Special revenue fund	36,410	5,805
Total interfund	\$ 42,215	\$ 42,215

The general purpose for transfers is to move funds for the payment of miscellaneous instructional costs.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

4 CHANGES IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land available for sale	\$ 22,000	\$ -	\$ -	\$ 22,000
Construction in progress	21,814	-	(21,814)	-
Total capital assets not being depreciated	<u>43,814</u>	<u>-</u>	<u>(21,814)</u>	<u>22,000</u>
Capital assets being depreciated:				
Buildings and improvements	5,212,206	65,442	-	5,277,648
Furniture, fixtures and equipment	2,510,448	410,874	-	2,921,322
Motor vehicles	581,271	419,032	-	1,000,303
Computer software	82,500	-	-	82,500
Total capital assets being depreciated	<u>8,386,425</u>	<u>895,348</u>	<u>-</u>	<u>9,281,773</u>
Less accumulated depreciation for:				
Buildings and improvements	(619,234)	(145,172)	-	(764,406)
Furniture, fixtures and equipment	(729,510)	(382,428)	-	(1,111,938)
Motor vehicles	(201,597)	(81,433)	-	(283,030)
Computer software	(82,500)	-	-	(82,500)
Total accumulated depreciation	<u>(1,632,841)</u>	<u>(609,033)</u>	<u>-</u>	<u>(2,241,874)</u>
Capital assets being depreciated, net	<u>6,753,584</u>	<u>286,315</u>	<u>-</u>	<u>7,039,899</u>
Governmental activities capital assets, net	<u>\$ 6,797,398</u>	<u>\$ 286,315</u>	<u>\$ (21,814)</u>	<u>\$ 7,061,899</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 576,781
School administration	10,401
Operation of plant	<u>21,851</u>
Total governmental activities depreciation expense	<u>\$ 609,033</u>

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

5 DUE TO THE SCHOOL BOARD

The amount due to the School Board as of June 30, 2023 of \$818,068 is comprised of \$668,680 in payroll expenses/expenditures paid by the School Board on behalf of the School, as well as \$149,388 in other expenses/expenditures.

6 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

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

Legal Matters

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

Risk Management Program

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

7 LONG-TERM LIABILITIES

Long-term liabilities activity during 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 726,166	\$ 32,403	\$ -	\$ 758,569	\$ 758,569
Lease liabilities	79,369	-	(16,650)	62,719	17,199
Net pension liability	1,951,617	2,291,035	-	4,242,652	-
Other postemployment benefit obligation	210,989	-	(18,019)	192,970	-
Governmental activities, long-term liabilities	<u>\$ 2,968,141</u>	<u>\$ 2,323,438</u>	<u>\$ (34,669)</u>	<u>\$ 5,256,910</u>	<u>\$ 775,768</u>

Lease Liabilities

The School leases a portion of its equipment under a lease agreement that expires in 2027. The equipment lease requires monthly payments of principal and interest at a rate of 3.25%.

Leased assets as of June 30, 2023 consist of the following:

	Governmental Activities
Furniture, fixtures and equipment	\$ 87,478
Less accumulated depreciation	(34,992)
	<u>\$ 52,486</u>

Future debt service requirements related to the lease are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 17,199	\$ 1,784	\$ 18,983
2025	17,766	1,217	18,983
2026	18,352	631	18,983
2027	9,402	89	9,491
	<u>\$ 62,719</u>	<u>\$ 3,721</u>	<u>\$ 66,440</u>

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

8 PENSION PLANS

Pension Plan Descriptions

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

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

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

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

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

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

- (A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy and 0.06% for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.
- (B) Contribution rates are dependent upon the retirement class in which reemployed.

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

Assumptions and Other Inputs

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

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

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

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The following changes in actuarial assumptions occurred in 2022:

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

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

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
Current Discount Rate			Current Discount Rate		
1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
5.70%	6.70%	7.70%	2.54%	3.54%	4.54%
\$ 5,327,826	\$ 3,080,681	\$ 1,201,800	\$ 1,329,390	\$ 1,161,971	\$ 1,023,435

The Pension Plans' Fiduciary Net Positions

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

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

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

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

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

As of June 30, 2023, the School reported a liability of \$4,242,652 for its proportionate share of the net pension liabilities. The School’s proportionate share was calculated using accrued retirement contributions related to the reporting periods included in the System’s fiscal years ended June 30, 2013 through June 30, 2022, for employers that were members of the FRS and HIS during those fiscal years. The proportion calculated based on contributions for each of the fiscal years was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School’s proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The School’s proportions are as follows:

	FRS	HIS
June 30, 2022	0.0083%	0.0110%
June 30, 2021	0.0082%	0.0109%
Change	0.0001%	0.0001%

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

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

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- Differences between expected and actual earnings on pension plan investments are amortized over five years.

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

For the year ended June 30, 2023, the School recognized pension expense of \$72,296. As of June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 181,584	\$ 5,113
Changes of assumptions	446,004	179,756
Net difference between projected and actual earnings on pension plan investments	205,099	-
Changes in proportion and differences between School contributions and proportionate share of contributions	191,496	60,488
School contributions subsequent to the measurement date	<u>446,717</u>	<u>-</u>
Total	<u>\$ 1,470,900</u>	<u>\$ 245,357</u>

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

Reporting Period Ended June 30:	Amount
2024	\$ 188,552
2025	67,756
2026	(75,922)
2027	604,174
2028	6,366
Thereafter	(12,100)

9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The Postemployment Health Care Plan is a single-employer defined benefit plan administered by the School Board for which employees of the School may participate. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the School or School Board are eligible to participate in the School Board's self-insured health and hospitalization plan for medical and prescription drug coverages. The School Board subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the School Board and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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Employees Covered by Benefit Terms

As of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	73
Total	73

Total OPEB Liability

The School's total OPEB liability of \$192,970 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Salary increase rates used in the July 1, 2021 actuarial valuation of the Florida Retirement System; 3.4% - 7.8%, including inflation.
Discount rate	3.69%
Healthcare cost trend rates	6.0% for 2022 (-8.8% in the first year for actual premiums), followed by 5.75% for 2023 and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.99% in 2040.
Retirement age	Retirement rates used in the July 1, 2021 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used in the July 1, 2021 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

The discount rate was based on the municipal bond rate of 1.92% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date).

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The actuarial assumptions used in the actuarial valuation were the same as those employed in the July 1, 2021 actuarial valuation of the FRS Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB actuarial valuation. These include assumed rates of future termination, mortality, disability and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2021 actuarial valuation of FRS Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the FRS Pension Plan.

Changes in the Total OPEB Liability

The following table shows the School's annual allocated OPEB cost for the year, the amount actually contributed to the plan and changes in the School's net OPEB obligation:

	Amounts
Balance at June 30, 2022	\$ 210,989
Service cost	15,033
Interest	4,254
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(28,409)
Benefit payments	(8,897)
Net changes	(18,019)
Balance at June 30, 2023	\$ 192,970

There were no benefit changes during the year.

The following changes in actuarial assumptions or other inputs occurred in 2023:

- The discount rate changed from 1.92% as of the beginning of the measurement period to 3.69% as of June 30, 2022.

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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2022:

School's Proportionate Share of OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
2.69%	3.69%	4.69%
\$ 208,502	\$ 192,970	\$ 178,727

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2022:

School's Proportionate Share of Healthcare Cost Trend Rates		
1% Decrease	Current Rate	1% Increase
2.75%	3.75%	4.75%
\$ 173,146	\$ 192,970	\$ 216,244

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OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, the District recognized OPEB income of \$2,377. As of June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,189	\$ 3,267
Changes of assumptions or other inputs	7,482	104,364
Benefits subsequent to the measurement date	10,290	-
Total	\$ 19,961	\$ 107,631

Deferred outflows of resources related to the School's benefits paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the other postemployment benefits obligation in the reporting period ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Reporting Period Ended June 30:	Amount
2024	\$ (11,374)
2025	(11,374)
2026	(11,374)
2027	(11,374)
2028	(11,226)
Thereafter	(41,238)

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10 RESTRICTED NET POSITION AND FUND BALANCE

Restricted net position and fund balance represents amounts that have been collected or received by the School for specific purposes and are restricted as to the use of such funds. Included in restricted net position and fund balance is \$738,084 held by the School for student financial aid and \$30,000 held for terminal leave reserve. In addition, the School has \$910,071 restricted for financial assistance and scholarships, of which \$328,000 is nonexpendable. The School also has \$5,334,815 restricted for a transportation HUB and workforce projects funded by a Coronavirus State and Local Fiscal Relief Funds grant. With the exception of the terminal leave reserve, these funds are also classified as restricted cash in these financial statements.

11 SCHEDULE OF STATE, LOCAL AND OTHER REVENUE SOURCES

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

District School Board of Lake County, Florida:	
Florida Workforce Development Educational Fund	\$ 5,402,658
Pipeline grant	651,054
Performance based incentives	319,336
Florida Education Finance Program	198,366
Post-secondary assistance grant	163,214
Other miscellaneous state grants	72,586
Criminal justice stand and training grant	64,085
Bright futures	<u>14,640</u>
Total	<u><u>\$ 6,885,939</u></u>

The administration fee paid to the School Board during the year ended June 30, 2023 totaled approximately \$61,000, which is included in general administration expense/expenditure in the accompanying financial statements.

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

Student tuition and fees	\$ 3,229,964
Customer service fees	248,689
Bookstore sales	212,768
Financial aid fees	146,183
Other income	<u>38,656</u>
Total	<u><u>\$ 3,876,260</u></u>

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The following is a schedule of other revenue sources and amounts:

Vending commissions	\$ 71,515
Contribution - scholarships	55,175
Other income	20,946
Interest income	<u>19,627</u>
Total	<u>\$ 167,263</u>

12 CAMPUS FACILITY

Title to the school building and facilities and other capital assets acquired prior to July 1, 2004 remains with the School Board. Florida Statutes provide that the use of the school building and facilities be furnished to charter technical career centers on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the School Board to the charter technical career center or to the organizers of the charter technical career center. In management's opinion, the value of facilities utilized by the School is significant; therefore, any substantial changes in Florida Statutes related to facilities used by conversion schools could have a material effect on the School's operations.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget- Positive (Negative)</u>
REVENUES				
State sources	\$ 5,806,658	\$ 5,881,661	\$ 6,636,875	\$ 755,214
Local sources	3,981,884	4,967,904	3,876,260	(1,091,644)
Other revenue	159,876	227,542	167,263	(60,279)
Total revenues	<u>9,948,418</u>	<u>11,077,107</u>	<u>10,680,398</u>	<u>(396,709)</u>
EXPENDITURES				
Current:				
Instruction	5,826,483	5,919,504	5,388,561	530,943
Student support services	855,049	670,447	670,447	-
Curriculum development	98,818	143,825	143,825	-
Instructional staff training	-	197	197	-
Instruction-related technology	194,486	197,322	197,322	-
Board	110,000	112,730	113,131	(401)
General administration	65,000	61,285	42,485	18,800
School administration	1,035,159	1,181,567	1,183,683	(2,116)
Facilities acquisition and construction	-	-	43,628	(43,628)
Fiscal services	578,625	429,295	429,295	-
Central services	61,900	64,559	71,394	(6,835)
Operation of plant	1,169,567	1,665,864	1,666,139	(275)
Maintenance of plant	51,591	51,404	51,404	-
Debt service:				
Principal	-	-	16,650	(16,650)
Interest	-	-	2,333	(2,333)
Other capital outlay	-	-	520,974	(520,974)
Total expenditures	<u>10,046,678</u>	<u>10,497,999</u>	<u>10,541,468</u>	<u>(43,469)</u>
Excess (deficiency) of revenues over expenditures	<u>(98,260)</u>	<u>579,108</u>	<u>138,930</u>	<u>(440,178)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	5,805	5,805
Operating transfer out	-	-	(36,410)	(36,410)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(30,605)</u>	<u>(30,605)</u>
Net change in fund balance	(98,260)	579,108	108,325	(470,783)
Fund balance at beginning of year	8,132,888	8,132,888	8,132,888	-
Fund balance at end of year	<u>\$ 8,034,628</u>	<u>\$ 8,711,996</u>	<u>\$ 8,241,213</u>	<u>\$ (470,783)</u>

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 8,414,892	\$ 2,955,906	\$ 2,766,170	\$ (189,736)
State sources	243,461	243,260	249,064	5,804
Total revenues	<u>8,658,353</u>	<u>3,199,166</u>	<u>3,015,234</u>	<u>(183,932)</u>
EXPENDITURES				
Current:				
Instruction	3,491,824	2,590,774	2,495,675	95,099
Curriculum development	181,584	192,044	192,044	-
General administration	3,224	22,024	22,024	-
School administration	1,112,267	184,669	59,447	125,222
Facilities acquisition and construction	3,500,000	-	-	-
Central services	24,978	21,593	21,593	-
Operation of plant	344,476	188,062	100,041	88,021
Other capital outlay	-	-	308,932	(308,932)
Total expenditures	<u>8,658,353</u>	<u>3,199,166</u>	<u>3,199,756</u>	<u>(590)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(184,522)</u>	<u>(184,522)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	36,410	36,410
Operating transfer out	-	-	(5,805)	(5,805)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>30,605</u>	<u>30,605</u>
Net change in fund balance	-	-	(153,917)	(153,917)
Fund balance at beginning of year	-	-	5,488,732	5,488,732
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,334,815</u>	<u>\$ 5,334,815</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0083%	0.0082%	0.0076%	0.0066%	0.0075%	0.0068%	0.0091%	0.0091%	0.0087%	
School's proportionate share of the net pension liability (asset)	\$ 3,080,681	\$ 618,042	\$ 3,279,753	\$ 2,260,655	\$ 2,245,924	\$ 2,004,393	\$ 2,294,108	\$ 1,169,746	\$ 530,238	
School's covered-employee payroll	\$ 2,967,212	\$ 3,022,220	\$ 1,957,038	\$ 2,879,695	\$ 2,361,392	\$ 3,485,678	\$ 3,019,938	\$ 2,909,892	\$ 2,817,771	
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	104%	20%	168%	79%	95%	58%	76%	40%	19%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	83%	96%	79%	83%	84%	84%	85%	92%	96%	
Retiree Health Insurance Subsidy (HIS)										
School's proportion of the net pension liability (asset)	0.0110%	0.0109%	0.0110%	0.0095%	0.0106%	0.0097%	0.0130%	0.0120%	0.0114%	
School's proportionate share of the net pension liability (asset)	\$ 1,161,971	\$ 1,333,575	\$ 1,343,057	\$ 1,059,784	\$ 1,122,201	\$ 1,034,689	\$ 1,517,646	\$ 1,227,214	\$ 1,070,088	
School's covered-employee payroll	\$ 3,932,166	\$ 3,903,124	\$ 2,464,217	\$ 3,539,439	\$ 2,361,392	\$ 3,485,678	\$ 3,019,938	\$ 2,909,892	\$ 2,817,771	
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30%	34%	55%	30%	48%	30%	50%	42%	38%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	5%	4%	3%	3%	2%	2%	1%	1%	1%	

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 376,291	\$ 353,306	\$ 317,224	\$ 216,026	\$ 224,499	\$ 186,110	\$ 239,729	\$ 207,054	\$ 220,801	\$ 190,355
Contributions in relation to the contractually required contribution	<u>376,291</u>	<u>353,306</u>	<u>317,224</u>	<u>216,026</u>	<u>224,499</u>	<u>186,110</u>	<u>239,729</u>	<u>207,054</u>	<u>220,801</u>	<u>190,355</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 3,034,297	\$ 2,967,212	\$ 3,022,220	\$ 1,957,038	\$ 2,879,695	\$ 2,361,392	\$ 3,485,678	\$ 3,019,938	\$ 2,909,892	\$ 2,817,771
Contributions as a percentage of covered-employee payroll	12%	12%	10%	11%	8%	8%	7%	7%	8%	7%
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 70,426	\$ 66,382	\$ 65,038	\$ 54,462	\$ 58,011	\$ 50,357	\$ 69,596	\$ 46,452	\$ 45,999	\$ 39,205
Contributions in relation to the contractually required contribution	<u>70,426</u>	<u>66,382</u>	<u>65,038</u>	<u>54,462</u>	<u>58,011</u>	<u>50,357</u>	<u>69,596</u>	<u>46,452</u>	<u>45,999</u>	<u>39,205</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 4,215,488	\$ 3,932,166	\$ 3,903,124	\$ 2,464,217	\$ 3,539,439	\$ 2,361,392	\$ 3,485,678	\$ 3,019,938	\$ 2,909,892	\$ 2,817,771
Contributions as a percentage of covered-employee payroll	2%	2%	2%	2%	2%	2%	2%	2%	2%	1%

See independent auditor's report.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE SCHOOL'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	15,033	(21,167)	\$ 41,610	\$ 260	\$ (2,023)	\$ 61,211				
Interest	4,254	6,515	8,888	10,587	10,597	9,576				
Changes in benefit terms	-	-	-	-	-	-				
Differences between expected and actual experience	-	(3,908)	-	22,727	-	-				
Changes of assumptions or other inputs	(28,409)	(47,453)	11,483	(69,730)	(1,596)	(19,015)				
Benefit payments	(8,897)	(20,175)	(14,335)	(13,007)	(15,939)	(21,682)				
Net change in total OPEB liability	(18,019)	(86,188)	47,646	(49,163)	(8,961)	30,090				
Total OPEB liability - beginning	210,989	297,177	249,531	298,694	307,655	277,565				
Total OPEB liability - ending	192,970	\$ 210,989	\$ 297,177	\$ 249,531	\$ 298,694	\$ 307,655				
School's covered-employee payroll	\$ 2,731,136	\$ 2,651,584	\$ 2,681,319	\$ 2,393,907	\$ 2,262,656	\$ 2,324,820				
Total OPEB liability as a percentage of covered-employee payroll	7%	8%	11%	10%	13%	13%				

Information for the periods prior to the implementation of GASB 75 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of the Treasury / Lake County Board of County Commissioners / Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - Transportation Training and Innovation Center and Workforce Training Programs	21.027	2/22/22 - 12/31/24 *	<u>\$ 153,917</u>
United States Department of Education / Florida Department of Education / Lake County School District / Adult Education - Basic Grants to States	84.002A	7/1/22 - 6/30/23	565,221
United States Department of Education / Florida Department of Education / Lake County School District / Adult Education - Basic Grants to States (English Literacy / Civics Education Grant)	84.002A	7/1/22 - 6/30/23	<u>173,083</u>
Total Adult Education Programs			<u>738,304</u>
United States Department of Education / Florida Department of Education / Lake County School District / Career and Technical Education - Basic Grants to States (Perkins - Postsecondary)	84.048A	7/1/22 - 6/30/23	<u>213,298</u>
United States Department of Education / Federal Pell Grant Program (part of the Student Financial Assistance Programs Cluster)	84.063	7/1/22 - 9/30/23	<u>1,418,422</u>
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Higher Education Emergency Relief Fund - Emergency Financial Aid Grants to College Students and Institutional Cost Due to COVID-19)	84.425F	5/5/20 - 6/30/23 *	<u>396,145</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,920,086</u></u>

* Represents COVID-19 funds.

See accompanying note to schedule of expenditures of federal awards.

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

For the year ended June 30, 2023, the School did not elect to use the 10% de minimis indirect cost rate.

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 Lake Technical College, Inc., a Charter Technical Career Center and Component Unit of the District School Board of Lake County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Technical College, Inc. (the "School"), a charter technical career center and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 13, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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



REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

BKHM, P.A.

Orlando, Florida
November 13, 2023

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

To the Board of Directors of Lake Technical College, Inc., a Charter Technical Career Center and Component Unit of the District School Board of Lake County, Florida

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Lake Technical College, Inc.’s, (the “School”) compliance with the types of compliance requirements described 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, 2023. 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, the School 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, 2023.

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 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 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. 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.

PURPOSE OF THIS REPORT

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.

BKHM, P.A.

Orlando, Florida
November 13, 2023

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

Assistance Listing Number	Grant Period	Name of Federal Program
84.063	7/1/22 - 9/30/23	Federal Pell Grant Program (part of the Student Financial Assistance Programs Cluster)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	Yes
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SECTION II - FINANCIAL STATEMENT FINDINGS

None

**LAKE TECHNICAL COLLEGE, INC.
A CHARTER TECHNICAL CAREER CENTER AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

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

To the Board of Directors of Lake Technical College, Inc., a Charter Technical Career Center and Component Unit of the District School Board of Lake County, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Technical College, Inc. (the "School"), a charter technical career center and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2023, and have issued our report thereon dated November 13, 2023.

AUDITOR'S RESPONSIBILITY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 November 13, 2023, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Lake Technical College, Inc., and the school code assigned by the Florida Department of Education is 0531.

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 conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.



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

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

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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

BKHM, P.A.

Orlando, Florida
November 13, 2023