



# **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**CAPE CORAL CHARTER SCHOOL AUTHORITY  
City of Cape Coral, Florida**

Cape Coral Charter School Authority  
Cape Coral, Florida

## **FINANCIAL STATEMENTS**



Oasis Elementary South  
Oasis Elementary North  
Oasis Middle School  
Oasis High School

For The Year Ended June 30, 2021

Prepared by:

City of Cape Coral  
Financial Services Accounting Department

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FOR THE YEAR ENDED JUNE 30, 2021**

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January 13, 2022

**START HERE. GO EVERYWHERE.**

Honorable Chairperson and Members of the  
Charter School Authority Board  
City of Cape Coral, Florida

Dear Chairperson and Members of the Charter School Authority Board:

We are pleased to present to you the Financial Statements and Independent Auditors' Report of the Cape Coral Charter School Authority (Authority), Cape Coral, Florida for the year ended June 30, 2021. State law, the School District of Lee County, and the Cape Coral Charter School Authority Charter require that a complete set of financial statements be presented in conformance with generally accepted accounting principles in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of Cape Coral. We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to fairly set forth the financial position and the results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the financial activities have been included.

Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that sufficient, reliable, adequate accounting data is compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Authority's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.


In addition, the Authority maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the Authority and approved by the Cape Coral City Council.

In compliance with the laws of the State of Florida, the Cape Coral Charter School Authority's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("Clean") opinion that the Authority's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**FOUR  
SCHOOLS,  
ONE  
VISION**

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## **PROFILE OF THE CHARTER SCHOOL AUTHORITY**

In 2004, the Cape Coral City Council adopted ordinance 41-04 establishing Chapter 26 of the City of Cape Coral Code of Ordinances entitled "Cape Coral Charter School Authority."

The powers of the Authority are exercised through a governing board. The members of the Board are as follows: a City Councilmember, a member from the business community, a member from the education community, and three (3) members from the community at large shall be appointed by the City Council. The Charter School Superintendent shall serve as an "ex officio member" of the Board for so long as he/she holds the respective position without need for further vote of the City Council or the Board. Parent members from each school shall be chosen by and from parent organizations. The positions on the Board for parents from each charter school shall be "ex officio" positions. The Charter School Superintendent and the parent level members shall have the right to participate in all decisions of the Board but shall not have the right to vote on any matter.

According to the 2010 census data, 17.1% of Cape Coral's population were school-age children. The statistics from the 2010 census reflect an increase in the Cape's overall population of 51.87% from the prior decade. During the previous decade, the Cape's explosive population growth impacted the ability of the Lee County School District to provide a sufficient number of seats for the District's West Zone, which includes all of Cape Coral, Pine Island and parts of North Fort Myers and Fort Myers. The City of Cape Coral developed the Cape Coral Charter School Authority to provide for a municipal charter school system comprised of one elementary school which opened in August 2005; one elementary and one middle school which opened August 2006; and one high school which opened August 2007.

Since the initial years of operation, enrollment has increased to capacity at both elementary schools and the middle school facility. In the 2007-2008 school years, a freshman academy for ninth grade focusing on the Cambridge University accredited curriculum was established and housed at Oasis Middle School. In the 2008-2009 school years, both ninth and tenth grades were housed at Oasis Middle. On December 2, 2008, the Charter School Governing Board approved the design and construction of Oasis High School which was built adjacent to the existing Oasis campus and opened in early August 2009. Oasis High was occupied by grades 9 through 11 for the 2009-2010 school year and grades 9 through 12 for the 2010-2011 school year. The first senior class graduated from Oasis High School in June 2011.

In January of 2007, Christa McAuliffe Elementary School began operating a Voluntary Pre-Kindergarten Program (VPK) funded by the State using available classroom space. In January 2009, this program was supplemented by a pair of portable classroom facilities at the Christa McAuliffe campus for enrollment of 40 full-time students. In August 2010, additional portable classroom space was added to accommodate up to 54 students. Since 2014, the VPK program was offered at both Oasis Elementary and Christa McAuliffe Elementary for 40 full-time students (20 FTE at each location). In FY20, the VPK program was discontinued.

In June 2010, City Council approved an additional expansion plan for the Oasis campus to accommodate enrollment demands of up to 3,200 students system-wide. The plan included twelve additional classrooms at Oasis Elementary, twelve additional classrooms at Oasis Middle, six additional classrooms and a gymnasium for Oasis High School as well as administrative offices. The expansion was completed in August 2011.

In March 2011, a special obligation revenue bond was issued to cover the initial building cost for Oasis High School as well as the 2011 Oasis campus expansion. The 30-year bond obligation of \$17.69M included a two-year capitalized payment feature. The Charter School Authority began payments for this bond in January 2013.

In October 2019, the City Council approved the renaming of Christa McAuliffe Elementary to Oasis Elementary North and Oasis Elementary School to Oasis Elementary South.

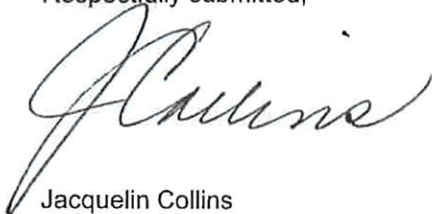
As a result of consistent high academic achievement on the Florida Standardized Assessment (FSA), as well as the efforts of the Cape Coral Charter School Authority Board, school staff, and current students, the projected enrollment for the four schools for the 2021-2022 school year is estimated to be 3,203 students.

The Charter School facilities have been built and are owned by the City. They are leased to the Charter School Authority with lease payments based on the construction debt plus one dollar. In addition, charges for facilities maintenance and building insurance are also obligations of the Charter School Authority. City Council has structured lease payments on the construction debt to coincide with the required debt payments of the City. Lease payments began in July 2008 for the 2007 Special Obligation Bond and all payments have been made in full in accordance with the terms of the debt. In January 2013, lease payments began for the remainder of the facilities occupied by schools in accordance with the terms of the 2011 Special Obligation Bond.

### ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the Financial Services Department staff of the City of Cape Coral. Their continuing effort toward improving the accounting and financial reporting system improves the quality of the information reported to the Cape Coral Charter School Authority, City Council, School District of Lee County, State and Federal Agencies, and the citizens of the City of Cape Coral. We sincerely appreciate and commend them for their contributions.

Respectfully submitted,



Jacquelin Collins  
Charter School Superintendent  
Charter School Authority



Mark C. Mason  
Financial Services Director  
City of Cape Coral

# CAPE CORAL CHARTER SCHOOL AUTHORITY CAPE CORAL, FLORIDA

## Board Members

Dr. Guido Minaya, Chair

Dr. Melissa Rodriguez Meehan, Vice Chair

John Gunter, City Council Member Liasion

Michael Campbell

Kristifer Jackson

Susan Mitchell

Neal Saiz

Dolores Menendez, City Attorney

Mark Moriarty, City Attorney

Jennifer Hoagland (ex officio)

Sara Kalbhenn (ex officio)

Tonya Frank (ex officio)

Jacquelin Collins, Charter School Superintendent



# Independent Auditor's Report



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cape Coral Charter School Authority  
Cape Coral, Florida

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

We have audited the accompanying financial statements of the governmental activities and the general fund of the Cape Coral Charter School Authority (the Authority), a component unit of the City of Cape Coral, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Cape Coral Charter School Authority as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

During fiscal year ended June 30, 2021, the Authority adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Authority reported a restatement of beginning net position of the governmental activities and fund balance of the general fund for the change in accounting principal (see Note 11). Our auditors' opinion was not modified with respect to this restatement.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
January 18, 2022

# Management's Discussion & Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Cape Coral Charter School Authority's ('Charter School') Management Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2021. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Charter School's financial activity, and identify changes in the Charter School's financial position.

Since the MD&A is designed to focus on the current year's activities, resulting changes and current known facts, please read it in conjunction with the Cape Coral Charter School Authority's financial statements (beginning on page 15) and letter of transmittal.

Comparative data presentation is provided; however, results may be significantly impacted due to changes in per pupil funding, student enrollment, or legislative mandates.

### HIGHLIGHTS

#### Financial Highlights

- At the close of fiscal year 2021, the Cape Coral Charter School Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,296,782 (net position). This is a decrease of \$1,904,055 from the prior year's restated balance at June 30, 2020 of \$3,200,837, or a decrease of 67.2% in comparison to the prior year.
- Total revenues for fiscal year 2021 were \$27,518,295 as compared to \$26,449,015, for fiscal year 2020, or a 4.0% increase.
- Total expenses for fiscal year 2021 were \$29,422,350 as compared to \$27,281,894 for fiscal year 2020, or a 7.8% increase.

#### Overview of the Charter School Financial Statements

This discussion and analysis is intended to serve as an introduction to the Cape Coral Charter School Authority's financial statements. The financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to statements.

The **Government-wide Financial Statements** distinguish the functions of the Cape Coral Charter School Authority as being principally supported by local revenues from the Lee County School District or governmental activities as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Cape Coral Charter School Authority has no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 13-14 of this report.

The **Statement of Net Position** presents information on the Cape Coral Charter School Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the charter schools is improving or deteriorating.

The **Statement of Activities** presents information for all the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will eventually result in cash flows in future fiscal periods.

**Fund financial statements.** A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Cape Coral Charter School Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Cape Coral Charter School Authority

General Fund is reported as a governmental fund and it is used to account for the operating financial resources of the Authority.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Cape Coral Charter School Authority maintains a general fund (governmental funds). Information is presented for the general fund in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. The Cape Coral Charter School Authority adopts an annual appropriated budget. Budgetary comparison schedules and notes have been provided to demonstrate compliance with these budgets. The governmental funds financial statements can be found on pages 15-18 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and funds financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

**Required Supplementary Information.** The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A) comprised of the budgetary comparison schedules and notes (pages 3-12), and the pension related schedules and notes which can be found on pages 35-43.

**Supplementary Auditors' Reports.** This section includes the following:

- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, which can be found on pages 49-53.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 54-55.

### **Government-wide Financial Analysis**

For the fiscal year ended June 30, 2021 expenses exceeded revenue by \$1,904,055 decreasing net position to \$1,296,782 mainly due to an increase in salaries and benefits of 5.1% and an increase in contractual services of 12.7%.

The administrative team, consisting of the superintendent, four school principals and the business manager, continue to focus on sound financial planning to sustain the system far into the future. With the anticipated student funding increase for the 2021-2022 school year, the system is expected to continue to improve net position year over year.

As was the case for the last seven fiscal years, all teacher and certified staff contracts were fully paid in four additional payroll cycles. In fiscal year 2021, these payments were made on June 24, 2021, which eliminated the accrual requirement for these contracts that were required prior to fiscal year 2011.

## Summary of Net Position

The following table reflects a Summary of Net Position for fiscal years 2021 and 2020.

Cape Coral Charter School Authority				
<b>Summary of Net Position</b>				
	2021	2020 <sup>1</sup>	Change	% Change
<b>Assets</b>				
Current assets	\$ 11,044,297	\$ 10,923,424	\$ 120,873	1.1%
Capital assets, net	1,824,733	2,248,951	(424,218)	(18.9%)
Total assets	<u>12,869,030</u>	<u>13,172,375</u>	<u>(303,345)</u>	<u>(2.3%)</u>
<b>Deferred outflows related to pension</b>	<u>4,587,619</u>	<u>3,965,573</u>	<u>622,046</u>	<u>15.7%</u>
<b>Liabilities</b>				
Current and other liabilities	766,408	643,106	123,302	19.2%
Noncurrent liabilities	14,875,681	12,547,531	2,328,150	18.6%
Total liabilities	<u>15,642,089</u>	<u>13,190,637</u>	<u>2,451,452</u>	<u>18.6%</u>
<b>Deferred inflows related to pension</b>	<u>517,778</u>	<u>1,112,256</u>	<u>(594,478)</u>	<u>(53.4%)</u>
<b>Net position</b>				
Net investment in capital assets	1,755,754	2,091,110	(335,356)	(16.0%)
Restricted	1,697,980	1,697,980	-	0.0%
Unrestricted	<u>(2,156,952)</u>	<u>(954,035)</u>	<u>(1,202,917)</u>	<u>126.1%</u>
Total net position	<u>\$ 1,296,782</u>	<u>\$ 2,835,055</u>	<u>\$ (1,538,273)</u>	<u>(54.3%)</u>

<sup>1</sup> The Charter School implemented GASB Statement No. 84 Fiduciary Activities in Fiscal year 2021, effectively restating the Net position for Fiscal Year 2020. Please see Note 11: Change in Accounting Principle and Adjustment to Beginning Net Position.

Net investment in capital assets is the largest portion of net position. This represents capital assets (land, buildings, improvements, and equipment), net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The net investment in capital assets balance of \$1,755,754 decreased by \$335,356 or 16.0% in comparison to the prior year. The Authority uses capital assets to provide educational services to their students. While these investments are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted net position balance reflected a decrease of \$1,202,917 or 126.1% from a negative \$954,035 in the prior fiscal year.

## Changes in Net Position

The following table reflects a comparison of the Revenues, Expenses and Changes in Net Position for fiscal years 2021 and 2020 by Program.

### Cape Coral Charter School Authority Summary of Changes in Net Position

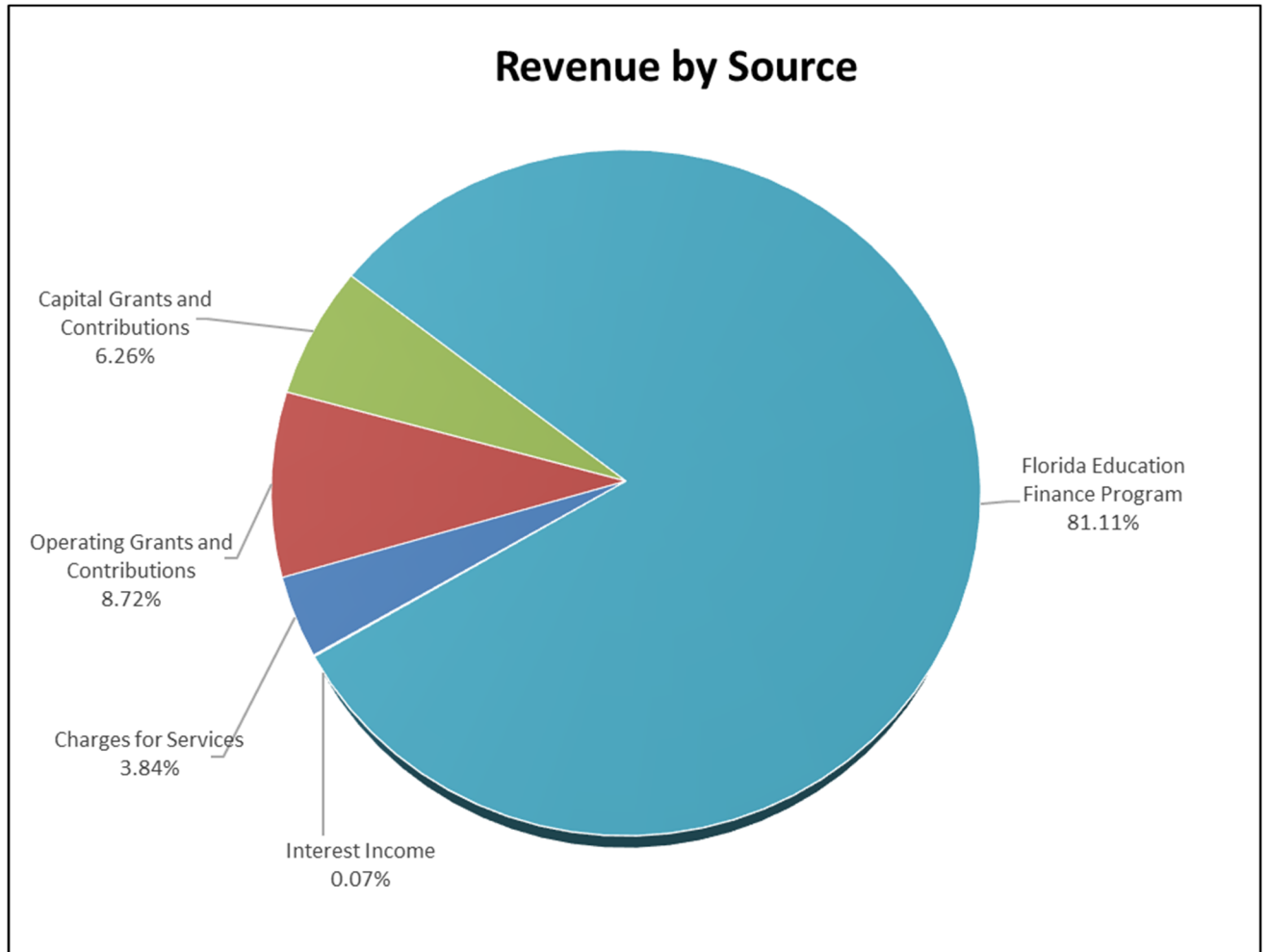
	2021	2020 <sup>1</sup>	Change	% Change
<b>REVENUES:</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 1,055,607	\$ 728,432	\$ 327,175	44.9%
Operating Grants and Contributions	2,399,452	1,843,098	556,354	30.2%
Capital Grants and Contributions	1,721,419	1,593,713	127,706	8.0%
<b>General Revenues:</b>				
Florida Education Finance Program	22,323,808	22,143,709	180,099	0.8%
Interest Income	18,009	140,063	(122,054)	(87.1%)
<b>Total Revenues</b>	<u>27,518,295</u>	<u>26,449,015</u>	<u>1,069,280</u>	<u>4.0%</u>
<b>EXPENSES:</b>				
<b>Program Activities:</b>				
Instruction Basic (FEFP K-12)	16,288,184	14,536,448	1,751,736	12.1%
Exceptional Education Services	198,631	228,519	(29,888)	(13.1%)
Pupil Personnel Services	282,367	291,207	(8,840)	(3.0%)
Health Services	261,491	216,180	45,311	21.0%
Other Pupil Personnel Services	228,872	210,938	17,934	8.5%
Instructional Media Services	98,517	105,458	(6,941)	(6.6%)
Instructional Staff Training Services	12,482	59,948	(47,466)	(79.2%)
Board	34,090	32,569	1,521	4.7%
General Administration	784,512	851,622	(67,110)	(7.9%)
School Administration	2,336,477	2,240,793	95,684	4.3%
Facilities Acquisition & Construction	29,518	17,744	11,774	66.4%
Fiscal Services	323,624	442,966	(119,342)	(26.9%)
Food Services	1,097,220	1,030,302	66,918	6.5%
Data Processing Services	351,195	225,530	125,665	55.7%
Pupil Transportation Services	1,432,518	1,326,709	105,809	8.0%
Operation of Plant	4,834,283	4,773,697	60,586	1.3%
Maintenance of Plant	822,189	680,627	141,562	20.8%
Interest on Capital Lease	6,180	10,637	(4,457)	(41.9%)
<b>Total Expenses</b>	<u>29,422,350</u>	<u>27,281,894</u>	<u>2,140,456</u>	<u>7.8%</u>
Change in Net Position	(1,904,055)	(832,879)	(1,071,176)	128.6%
Net Position - beginning	2,835,055	3,667,934	(832,879)	(22.7%)
Restatement of net position	365,782	-	365,782	100.0%
<b>Net Position - ending</b>	<u>\$ 1,296,782</u>	<u>\$ 2,835,055</u>	<u>\$ (1,538,273)</u>	<u>(54.3%)</u>

<sup>1</sup> The Charter School implemented GASB Statement No. 84 Fiduciary Activities in Fiscal year 2021, effectively restating the Net position for Fiscal Year 2020. Please see Note 11: Change in Accounting Principle and Adjustment to Beginning Net Position.



## Revenue

The following is a chart of Revenues by Major Source for the Charter School for fiscal year 2021.



Total revenue increased by \$1,069,280 or 4.0% in comparison to prior year. Outlined below are the explanations for the significant revenue changes.

Charges for Services increased by \$327,175 or 44.9%.

- Food service sales paid by parents or guardians of \$660,648 reflected an increase of \$120,144 or 22.2% from \$540,504 in the prior fiscal year. Food Service Revenue lagged in FY21 due to the number of students who participated in distance learning in the first semester of FY21. \$43,791 was considered Unearned Food Service Revenue in FY21 and is reclassified as earned revenue in FY22.
- General Administration revenue of \$157,352 reflected a decrease of \$3,953 or 2.5% from \$161,305 in the prior year. The decrease is due in part to a reduction in the amount of funds required in FY21 due to the Covid 19 Pandemic.
- Pupil Transportation Services revenue of \$5,588 reflected a decrease of \$20,003 or 78.2% from \$25,591 in the prior year mainly due to the virtual learning environment.

- Instruction Basic revenue of \$212,268 reflected an increase of \$212,013 or 99.9% from \$255 in the prior year due to the consolidation of revenue collected in the Internal Fund for the purpose of curricular needs. This revenue includes but is not limited to fundraisers and private donations earmarked for technology, sales of yearbooks, sales of student uniforms, athletic admissions and concession sales.
- Instructional Media Services revenue decreased \$673 to \$104 or 86.6% from \$777 in the prior year.
- School Administration increased by \$19,647 due to the consolidation of revenue collected in the Internal Fund for the purpose of overall building needs. This revenue is designated for School Administration by vendor rebates and donations designated for the purpose of Principal to designate for school needs.

Operating Grants and Contributions increased by \$556,354 or 30.2%.

- State funded Teachers Classroom Supply Assistance Program stipends of \$59,272 as appropriated by the Florida Legislature increased by \$3,507 or 6.3% from \$55,765 in the prior fiscal year. There were 184 teachers eligible for the funding in FY21 where the per teacher funding increased by \$1.64 from \$320.49 to \$322.13. This funding is distributed in the fall to all eligible certified teachers for the purchase of classroom supplies. Per Florida Statute 1012.71 the Department of Education is authorized to allocate these funds to school districts and charter schools based on the district's proportionate share of the state's total unweighted full-time equivalent (FTE) student enrollment. This funding varies from year to year based on the district's proportionate share of total unweighted FTE student enrollment.
- The Cambridge Advanced International Certificate of Education, also known as AICE, is an international curriculum and examination program. This program allows students to earn an advanced diploma to boost their college applications. Students may earn college credit or place out of introductory courses as a freshman. AICE also provides the potential to earn an international diploma. Funding from the Florida Department of Education for the Advanced International Certificate of Education (AICE) Program at Oasis High School was \$429,259 as compared to \$361,363 for the prior fiscal year. This was an increase of \$67,896 or 18.8% and is due to the increase in students earning diplomas as well the number of student's passing classes. This program funds teacher bonuses and other costs associated with the operation of the Cambridge curriculum program. Funding is determined by the number of students participating in the program and the AICE test results. A bonus was paid to those teachers who instruct AICE courses at the High School based on the number of tests passed.
- Funding from the U.S. Army is a reimbursable federal grant for instructor's salaries. This grant provides a reimbursement of approximately 50% of the cost of the salary for three JROTC instructors. In the FY21 school year the Authority received \$97,387 for three instructors which reflects an increase of \$3,098 or 3.3% from \$94,289. The increase is attributable to the reimbursable portion of the raises for the three JROTC instructors.
- Donations of \$50,119 from PTO and other local organizations decreased by \$118,636 or 70.3% from \$168,755 in the prior fiscal year. These donations are designated to support curriculum needs at the building level. Due to the Pandemic, fundraising by the PTO and other local organizations was limited.
- Funding for Title II-A eligible instructional staff training and associated travel of \$17,059 decreased by \$38,158 or 69.1% from \$55,217 in the prior year. Annually, each school provides the Lee County School District with their proposed plan for Title II-A funding. This proposal is reviewed by the Lee County School District who determines the new building allocation based on the federal funding level. In FY21, only Oasis Elementary South and Oasis High School submitted plans and received funding.

- Funding for Title IV: Student Support and Academic Enhancement Grants. In FY21 all schools applied for Title IV funding through the Lee County School District. Funding is utilized on efforts to improve student mental and behavioral health, school climate or school safety. In FY21, Title IV funding of \$59,208 decreased by \$76,631 or 56.4%. The decrease is due to two factors: the decrease in the funding allocation for technology, software and curricular needs and a repayment of \$21,120 to Lee County. The Charter School repaid funds received in FY20 for the purchase of Chromebooks which the chosen vendor could not provide within the specified time frame. There was a high demand for Chromebooks due to the increase in distance learning.
- The reimbursements through the Florida Department of Education for the National School Breakfast and Lunch Program (NSLP) of \$465,463 showed an increase of \$110,083 or 31.0% from \$355,380 in FY20. The increase is due to funding received at year end for the period of March – June 2020 to offset expenditures incurred during FY20 due to the shutdown for Covid 19. NSLP revenue for the FY21 fiscal year, however lagged due to the number of students who participated in distance learning in the first semester. Reimbursements are received for meals served.
- CARES – Coronavirus Relief Fund – The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funded by the State, established the \$150 billion Coronavirus Relief Fund (“the Fund”). Payments must be used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19) between March 1, 2020 to December 31, 2020. The Authority received funding for K-3 Reading deficiency, Elementary & Secondary School Emergency Relief Fund (ESSER 1) funding (costs resulting from COVID 19), Coronavirus Prevention and Response (sanitation and cleaning), Civics Literacy K-12, and Instructional Continuity Plan (to support creating an instructional continuity plan). In FY21 \$696,373 in funding was received from the School Board of Lee County as a program beneficiary. The funding was used for Personal Protective Equipment (PPE), substitute teachers, building safety/cleaning, technology, and curriculum needs.
- FEFP Teacher Salary Allocation – House Bill 5001 funded through the Florida Education Finance Program (FEFP) focused on increasing compensation for full-time classroom teachers, assisting school districts in their recruitment and retention of classroom teachers and instructional personnel. The bill requires “a school district or charter school” to maintain the new “minimum base salary achieved for classroom teachers” in subsequent fiscal years unless changed by future General Appropriations. In FY21, the Charter School received \$524,342 in revenue to use for teacher compensation.
- VPK Program - \$670 was received from the Early Learning Coalition as a clean-up reimbursement from FY19. FY19 was the last year that the VPK Program was offered at the Charter School.
- Other Miscellaneous State Revenue - \$300 was received from the Lee County School District for an employee who completed the Data Analyst Virtual Training course.
- In FY21, the following programs were not funded by the state: School Recognition (\$313,713) and Best and Brightest (\$302,777). This represents a decrease in revenue of \$616,490.

Capital Grants and Contributions increased by \$127,706 or 8.0%.

- The Cape Coral Charter School Authority is eligible to receive Public Education Capital Outlay (PECO) funding from the State of Florida Department of Education. Capital Outlay funding is based on enrollment and is intended to help offset the cost of the school buildings. The amount of revenue received for FY21 was \$1,646,014 which is an increase of \$52,301 or 3.3% over the previous year.

- TAPS Safety and Security Funding - TAPS is an acronym used by the FDOE Grants Management team and stands for Tracking Applications. The funding received is used specifically for the purpose of Building Safety and Security needs for the school buildings. Funding in the amount of \$75,405 was received.

General Revenues increased by \$58,045 or 0.3%

- The Florida Education Finance Program (FEFP) is the funding formula adopted by the Legislature in 1973 to allocate funds appropriated to school districts for K-12 public school operations. The FEFP allocates funds to each school based on actual student enrollment through surveys on student enrollment twice a year. The major source of revenue for the Charter Schools is the funding from FEFP of \$22,323,808 which represents 81.1% of the total revenue of \$27,518,295. FEFP funding increased by \$180,099 or 0.8% from the prior fiscal year.
- Interest income of \$18,009 represents 0.07% of total revenue. Current fiscal year interest income was \$122,054 or 87.1% less than the \$140,063 earned in the prior fiscal year. Due to Covid 19 and the overall economy, interest rates have fallen effecting the amount of interest earned in FY21.

## Expense

The following table represents the Expense by Program.

Cape Coral Charter School Authority			
Expense by Program			
Program	2021	2020	% Total
Instruction Basic (FEFP K-12)	\$ 16,288,184	\$14,536,448	55.36%
Operation of Plant	4,834,283	4,773,697	16.43%
School Administration	2,336,477	2,240,793	7.94%
Pupil Transportation Services	1,432,518	1,326,709	4.87%
Food Services	1,097,220	1,030,302	3.73%
Maintenance of Plant	822,189	680,627	2.79%
General Administration	784,512	851,622	2.67%
Data Processing Services	351,195	225,530	1.19%
Fiscal Services	323,624	442,966	1.10%
Pupil Personnel Services	282,367	291,207	0.96%
Health Services	261,491	216,180	0.89%
Other Pupil Personnel Services	228,872	210,938	0.78%
Exceptional Education Services	198,631	228,519	0.68%
Instructional Media Services	98,517	105,458	0.33%
Board	34,090	32,569	0.12%
Facilities Acquisition & Construction	29,518	17,744	0.10%
Instructional Staff Training Services	12,482	59,948	0.04%
Interest on Capital Lease	6,180	10,637	0.02%
Total governmental activities	<u>\$ 29,422,350</u>	<u>\$27,281,894</u>	<u>100.00%</u>

Total expenses of \$29,422,350 increased by \$2,140,456 or 7.8% from \$27,281,894 in FY20.

The most significant expense of the Charter School is salaries, wages and employee benefits which represents 68.08% of total expenses for the year. Total salaries, wages and employee benefits increased \$1,026,740 to \$20,029,975 or a 5.1% increase as compared to \$19,003,235 in the prior year. There were 357 employees in FY21 which is an increase of 1.5% from the FY20 adopted budget.

Contractual services, materials and supplies of \$8,741,080 represent 29.7% of total expenses. Contractual services increased by \$1,105,588 or 12.7% from \$7,635,492 in the prior fiscal year mainly due to increased needs for safety supplies to combat the spread of COVID-19.

Depreciation expense of \$645,115 represents 2.2% of total expenses. Depreciation Expense increased by \$6,474 or 1.0% from \$638,641 in the prior fiscal year. This increase is due to the addition of \$243,484 in capital assets. In FY21, there were \$126,463 in assets that were either disposed of or retired.

Interest expense of \$6,180 represents 0.02% of total expenses. Interest expense decreased by \$1,655 or 26.8% from \$4,252 in the prior fiscal year. The decrease represents the pay down of the Capital Leases.

### Capital Assets

The Cape Coral Charter School Authority's investment in capital assets as of June 30, 2021, is \$1,824,733 (net of accumulated depreciation).

The following table provides capital asset information as of June 30, 2021.

	2021	2020
Equipment	\$ 935,426	\$ 1,247,508
Buildings	6,800	11,600
Vehicles	629,889	631,605
Leasehold Improvements	245,540	348,420
Computer Software	7,078	9,818
Totals	<u>\$ 1,824,733</u>	<u>\$ 2,248,951</u>

Total capital assets decreased by \$424,218 or 18.9% during the current fiscal year. The change is comprised of an increase of \$243,484 in new assets offset by \$667,702 in accumulated depreciation, and dispositions of 22,587. During FY21 the following capital assets were purchased and installed: two new school buses, range for HS classroom and HS Scoreboard. During FY21, the Charter Authority inventoried their capital assets and disposed of those assets that had exceeded their useful life and were deemed useless.

### Long-Term Debt

At June 30, 2021, the Cape Coral Charter School Authority had \$68,979 in capital lease obligations. The following is a schedule of outstanding capital leases as of June 30, 2021 and 2020:

2021	2020	Percentage Change
<u>\$ 68,979</u>	<u>\$ 157,841</u>	<u>(56.3%)</u>

Total debt decreased by \$88,862 or 56.3%, during the current fiscal year. The total debt decrease is comprised of the following: scheduled debt payments of \$82,896 and premium amortization of \$5,966 for a net change of \$88,862.

## **Economic Factors and Next Year's Budget**

Unlike a taxing authority, the Cape Coral Charter School Authority must consider factors specific to the operation of the schools in establishing next year's budget.

For FY21, the Authority realized a decrease of \$1,904,055 in net position.

The primary funding source for the Charter School is the FEFP which yearly establishes a Full-Time Equivalent (FTE) student allocation. Therefore, one of the most important considerations must be student enrollment. In addition, state and federal budget legislation can have a significant impact on the funding level per student. In the 2021-2022 adopted budget there is a decrease of 2 enrolled students (increase of 6 at Oasis Elementary School South, decrease of 9 at Oasis Elementary School North, and increase of 5 at Oasis High School). For the 2021-2022 school year, an additional \$40 in per student FEFP funding is anticipated; however, if the anticipated enrollment decreases the FEFP decreases proportionately.

In FY19, the Authority outsourced the custodial services to provide a cleaner, safer environment for all students and staff. Maintenance and pupil transportation services continue to be in-sourced with Charter School employees. The Administration keeps a close eye on the cost of employee benefits, the future impact of the Affordable Health Care Act on the budget and the cost of the outside service contracts which remain for landscape maintenance, and technical and professional services provided through the City of Cape Coral.

In January 2013, the charter schools began paying the debt service to the City of Cape Coral for the 2011 Special Obligation Bond which funded the building of Oasis High School and the Oasis High gymnasium, as well as the expansion of Oasis Elementary and Oasis Middle. For FY22, all debt service will be once again paid in equal monthly payments to meet the City's debt requirement.

The City of Cape Coral owns the Charter School Authority (Authority) buildings and the associated debt. Now that the buildings are aging, the City Council has been in discussions with the Charter School to restructure the lease agreement with the Authority. The restructure would allow for the City's general fund to support the debt payments currently paid 100% by the Authority. Because the debt, and resulting lease agreement, is not level throughout the years, it is difficult for the Authority to pay for both capital purchases and capital maintenance while also paying down the debt. The City Council is considering a smoothing of the lease payments that cover the City's debt to improve the Authority's ability to make capital purchases and perform capital maintenance.

City Management, along with City Council has proposed a business model to address long-term sustainability that incorporates a pro-active capital maintenance and capital purchases budget. The Charter Authority and the City are confident this business model will be adopted during FY22.

All four City Charter Schools maintain an "A" rating with the Florida Department of Education and are considered a valued asset to the City of Cape Coral.

The Administration considers all of these factors in preparing the Cape Coral Charter School Authority's budget for FY22.

## **Request for Information**

This financial report is designed to present users with a general overview of the Cape Coral Charter School Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Cape Coral Charter School Authority through the Financial Services Department of the City of Cape Coral, 1015 Cultural Park Blvd., Cape Coral, FL 33990.

# Basic Financial Statements

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

**STATEMENT OF NET POSITION**

For the Year Ended June 30, 2021

**ASSETS**

Cash and cash equivalents	\$ 10,545,257
Intergovernmental receivables	397,498
Prepaid expense	101,542
Capital assets (net of accumulated depreciation)	
Equipment	935,426
Buildings	6,800
Vehicles	629,889
Leasehold Improvements	245,540
Computer Software	7,078
Total capital assets	<u>1,824,733</u>
Total assets	<u>12,869,030</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension	<u>4,587,619</u>
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**LIABILITIES**

Current Liabilities	
Accounts payable and other accrued liabilities	503,179
Accrued payroll	219,438
Unearned Revenue	43,791
Noncurrent liabilities:	
Due within one year	201,498
Due in more than one year	952,443
Net pension liability	13,721,740
Total liabilities	<u>15,642,089</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pension	<u>517,778</u>
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**NET POSITION**

Net investment in capital assets	1,755,754
Restricted - discretionary capital	1,697,980
Unrestricted	<u>(2,156,952)</u>
Total net position	<u>\$ 1,296,782</u>

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



**CAPE CORAL CHARTER SCHOOL AUTHORITY**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

FUNCTIONS	Expenses	Program Revenues			Unit Activities	Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Instruction Basic (FEFP K-12)	\$ 16,288,184	\$ 212,268	\$ 1,857,052	\$ -	\$ (14,218,864)	
Exceptional Education Services	198,631	-	-	-	(198,631)	
Pupil Personnel Services	282,367	-	-	-	(282,367)	
Health Services	261,491	-	-	-	(261,491)	
Other Pupil Personnel Services	228,872	-	-	-	(228,872)	
Instructional Media Services	98,517	104	-	-	(98,413)	
Instructional Staff Training Services	12,482	-	17,059	-	4,577	
Board	34,090	-	-	-	(34,090)	
General Administration	784,512	157,352	-	-	(627,160)	
School Administration	2,336,477	19,647	-	-	(2,316,830)	
Facilities Acquisition & Construction	29,518	-	-	-	(29,518)	
Fiscal Services	323,624	-	-	-	(323,624)	
Food Services	1,097,220	660,648	465,463	-	28,891	
Data Processing Services	351,195	-	59,208	-	(291,987)	
Pupil Transportation Services	1,432,518	5,588	-	-	(1,426,930)	
Operation of Plant	4,834,283	-	-	1,721,419	(3,112,864)	
Maintenance of Plant	822,189	-	-	-	(822,189)	
Voluntary Pre-Kindergarten Program	-	-	670	-	670	
Interest on Capital Lease	6,180	-	-	-	(6,180)	
<b>Totals</b>	<b>\$ 29,422,350</b>	<b>\$ 1,055,607</b>	<b>\$ 2,399,452</b>	<b>\$ 1,721,419</b>	<b>\$ (24,245,872)</b>	
General Revenues:						
Florida Education Finance Program (State through Lee County School District)						\$ 22,323,808
Interest income						18,009
Total general revenues						22,341,817
Change in net position						(1,904,055)
Net position - beginning as restated						3,200,837
Net position - ending						<u>\$ 1,296,782</u>

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

CAPE CORAL CHARTER SCHOOL AUTHORITY

BALANCE SHEET  
Governmental Funds

For the Year Ended June 30, 2021

		<u>General Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 10,545,257
Intergovernmental receivables		397,498
Prepaid items		101,542
Total assets		<u>11,044,297</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other accrued liabilities		503,179
Accrued wages and benefits		219,438
Unearned revenue		43,791
Total liabilities		<u>766,408</u>
Fund balances:		
Nonspendable		101,542
Restricted		1,697,980
Committed		476,289
Assigned		
Encumbrances	22,763	
Amount for Subsequent Year's Budget	<u>1,891,859</u>	1,914,622
Unassigned		<u>6,087,456</u>
Total fund balances		<u>10,277,889</u>
Total liabilities and fund balances		<u>\$ 11,044,297</u>

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

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

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

For the Year Ended June 30, 2021

**Total fund balances - governmental funds** \$ 10,277,889

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 in the funds. These assets consist of:

Capital Assets	5,173,784	
Accumulated depreciation	(3,349,051)	1,824,733

Deferred outflows of resources related to pension liability are not recognized in the governmental funds; however they are recorded in the statement of net position under full accrual accounting.		4,587,619
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Long-term liabilities, including debt payable, are not due and payable in the current period and therefore not reported as fund liabilities

Compensated absences	(1,084,962)	
Capital leases payable	(68,979)	(1,153,941)

Net pension liability is not recognized in the government funds; however it is recorded in the statement of net position under full accrual accounting		(13,721,740)
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Deferred inflows of resources related to pension liability are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(517,778)
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**Net position of governmental activities** \$ 1,296,782

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2021

<b>Revenues:</b>	<u><b>General Fund</b></u>
<b>Federal Direct Sources</b>	
JROTC reimbursable charges	\$ 97,387
<b>Federal through State Sources</b>	
NSLP Lunch Reimbursement	388,260
NSLP Breakfast Reimbursement	77,203
<b>Federal through Local Sources</b>	
Title II-A funding	17,059
Title IV funding	59,208
<b>State through Local Sources</b>	
Florida Education Finance Program	22,323,808
Florida Teachers Salary Allocation	524,342
Florida Teachers Classroom Supply Assistance Program	59,272
VPK Program	670
Public Education Capital Outlay (PECO)	1,646,014
Coronavirus Aid, Relief, and Economic Security Act (CARES)	696,373
Advanced International Certificate of Education (AICE Diploma Program)	429,259
TAPS Safety & Security	75,405
Other Miscellaneous State Shared	300
<b>Local Sources</b>	
Food service sales	660,648
Transportation service charges	5,588
Contributions and donations	50,119
Interest income	18,009
Other revenue	389,371
<b>Total Revenues</b>	<u><b>27,518,295</b></u>
 <b>Expenditures:</b>	
Instruction Basic (FEFP K-12)	15,434,157
Exceptional Education Services	185,938
Guidance Services	265,509
Health Services	247,072
Other Pupil Personnel Services	208,762
Instructional Media Services	97,816
Instructional Staff Training Services	12,482
Board	34,090
General Administration	728,266
School Administration	2,165,200
Fiscal Services	322,614
Food Services	1,049,741
Data Processing Services	314,318
Pupil Transportation Services	1,173,766
Operation of Plant	4,607,469
Maintenance of Plant	694,570
Facilities Acquisition & Construction	12,176
Capital Outlay	243,484
Debt Service:	
Principal	82,896
Interest and fiscal charges	6,180
<b>Total Expenditures</b>	<u><b>27,886,506</b></u>
<b>Net change in Fund Balance</b>	<b>(368,211)</b>
Fund balance - beginning as restated	10,646,100
Fund balance - ending	<u><u><b>\$ 10,277,889</b></u></u>

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

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

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

For the Year Ended June 30, 2021

**Net change in fund balance - total governmental funds** \$ (368,211)

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 depreciation exceeded capital outlay in the current period.

Capital outlay	243,484	
Depreciation and loss on disposals	(667,702)	(424,218)

Changes to compensated absences (88,467)

The issuance of debt provides current financial resources to governmental funds, while the repayment of the principal of the long term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has an effect on net position.

Principal on capital lease	82,896	
Amortization of premium	5,966	88,862

Net effect of pension related expenses which decrease net position (1,112,021)

**Change in net position of governmental activities** \$ (1,904,055)

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

# Notes to Financial Statements

**CAPE CORAL CHARTER SCHOOL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2021

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## **NOTE I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Organization**

The Cape Coral Charter School Authority (“Authority”) was created for the purpose of operating and managing, on behalf of the City of Cape Coral (“City”), all charter schools for which a charter is held by the City. The powers of the Authority are exercised through a governing board, which is known as the Cape Coral Charter School Authority Board which provides governance of the charter schools. Seven (7) members of the governing board are appointed by City Council including one member of the City Council. The charter school superintendent serves as an “ex officio member” of the board. The parent members from each school level also serve as “ex officio” members of the board. The Charter School Superintendent and parent members are non-voting members. The City Council approves the Charter School Authority’s budget and must approve any debt issuances. The Cape Coral Charter School Authority will be presented as a discretely presented component unit within the City of Cape Coral’s Annual Comprehensive Financial Report. The Charter School Authority has no component unit of its own.

### **2. Related Organization**

The Cape Coral Municipal Charter Schools Foundation (“Foundation”) was established in October 2004 as the fundraising arm of the City of Cape Coral Municipal Charter Schools system. The Foundation is a legally separate 501(c)3 nonprofit organization with a separate governing board. Because the Authority does not appoint a voting majority of the Foundation’s governing body, and the Foundation is not fiscally dependent upon the Authority, the financial information of the Foundation has not been included within these financial statements of the Authority since the Foundation does not meet the requirements of a component unit for financial reporting purposes.

### **3. Summary of Significant Accounting Policies**

The financial statements of the Cape Coral Charter School Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Cape Coral Charter School Authority is reported as a governmental fund and it is used to account for the operating financial resources of the Authority.

### **4. Basic Financial Statements**

The basic financial statements include the Statement of Net Position, Statement of Activities, Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance. These statements report all assets, liabilities, deferred inflows and outflows of resources, revenues, and expenses providing a financial picture of the Cape Coral Charter School Authority as a whole.

The Statement of Net Position reports all non-fiduciary financial and capital resources and obligations of the Authority as a whole. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position.

The Statement of Activities summarizes the Authority’s revenues and expenditures for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The Statement of Revenues, Expenditures and Changes in Fund Balance reports revenues and expenditures resulting in a change in fund balance for the period and total ending fund balance.

### **5. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the Financial Statements. The Cape Coral Charter School Authority’s Government-wide Financial

Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available). "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers all revenues available if they are collected within 60 days after year-end.

## **Assets, Liabilities and Net Position, Revenues, and Expenditures/Expenses**

### **1. Cash and Investments**

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. On August 8, 2011, the City of Cape Coral adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect cash and investment assets. This policy is adopted as the Cape Coral Charter School Authority Board's investment policy as stipulated in section 6144 of the Charter School bylaws. The Charter School Authority maintains a common cash and investment pool for the use of all funds. The investment policy applies to all cash and investments held or controlled by the Charter School Authority.

The cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

As of June 30, 2021, the Authority's investment portfolio did not include any investments that are required to be held by a third-party custodian.

Detailed information on allowable investments and actual holdings can be found in Note III, Detailed Notes 1: Cash and Investments.

### **2. Accounts and Intergovernmental Receivables**

Receivables are monies due to the Cape Coral Charter School Authority at the end of the fiscal year. Receivables are distinguished between those due from other governmental agencies including the City of Cape Coral and those due from non-governmental sources (accounts receivable). Both are described in Note III, Detailed Notes 2 Receivables.

The Authority has the following receivables:

#### **Intergovernmental**

An intergovernmental receivable for Universal Service Administrative Company (E-Rate) is reimbursement for telephone expense and purchase of new server in fiscal year 2020. This receivable was still an open item as of June 30, 2021.

An intergovernmental receivable has been recorded for funding from the US Army to offset approximately 50% of the cost of the three JROTC instructors' salaries. Oasis High School receives reimbursements from the Army Junior Reserve Officer (JROTC) program which is a program that teaches students character education, student achievement, wellness, leadership, and diversity. This receivable represents the June payroll reimbursement which is paid a month in arrears.

An intergovernmental receivable has been recorded for Title II-A Revenue for fiscal year 2021 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for Title IV Revenue for fiscal year 2021 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for Coronavirus Aid, Relief & Economic Security Act - CARES Revenue for fiscal year 2021 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for TAPS, Security and Safety Revenue for fiscal year 2021 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for After School Revenue from the Internal Funds for FY21. Revenue is received in the Internal Fund and then transferred to the General Fund to cover the cost of payroll for the Employee assigned to the After-School Program.

An intergovernmental receivable has been recorded for a P-Card reimbursement from the City of Cape Coral for FY21.

An intergovernmental receivable has been recorded for the National School Lunch Program revenue for fiscal year 2021 for the June breakfast and lunch reimbursement and additional funding for the period of March – June 2020 to offset expenditures during the shutdown for Covid 19 not received by fiscal year end.

All receivables are considered to be collectible. No allowances for uncollectible amounts are recorded.

### 3. Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of \$5,000 or more and a useful life in excess of one year. Capital assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized but are expensed as incurred.

Capital assets are depreciated using the straight-line method of depreciation over the useful lives of the related assets. The depreciable life of each asset is determined by City of Cape Coral Administrative Regulation 51 and complies with generally accepted accounting principles.

<u>Asset</u>	<u>Years</u>
Equipment	3-5
Buildings	3-10
Vehicles	3-10
Leasehold Improvements	3-13
Computer Software	3

### 4. Long-term Liabilities

Compensated Absences - The Authority permits employees to accumulate earned but unused leave, which will be paid to the employee upon separation if they meet certain criteria. These benefits plus the related taxes are classified as compensated absences.

In April 2015, an additional 4 busses were purchased to accommodate increasing student enrollment and ridership. The Authority began payments to the City for the additional 4 busses in June 2015. The total of the Capital Lease for the additional busses will be repaid over 76.5 months. The Authority recognized the lease of buses from the City of Cape Coral as a capital lease. This is recorded as a long-term liability in the Statement of Net Position. The final payment will be September 2021.

In January 2019, the Authority entered into a lease agreement with Canon Copiers for 9 copiers to be utilized at the schools and in Administrative Services. The lease term is five years. The Authority recognized this as a capital lease. This is recorded as a long-term liability in the Statement of Net Position.

## **5. Operating Leases**

A master lease agreement for all charter school facilities was negotiated in October 2011 which replaced all previous agreements and includes an automatic renewal clause. The master lease requires payments by the Authority equal to the debt service on the long-term debt from the 2011 and 2017 Special Obligation bonds, plus the cost of commercial general liability insurance, and one dollar. The amount of future insurance premiums is not known and is not included in the schedule of operating lease obligations. In fiscal year 2009, capital outlay revenue became available based on current Florida State Statute 1013.62 to offset a portion of the building lease obligations. In FY21, the final payment for the 2011 long-term debt was paid off.

## **6. Fund Balance**

The following classifications describe the relative strength of the spending constraints within the Authority's fund balance.

**Non-Spendable Fund Balance** - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as the long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

**Restricted Fund Balance** - Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** - Amounts that can be used only for the specific purposes determined by a formal action of the Governing Board; the Charter Authority's highest level of decision making authority. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally, which is by resolution.

**Assigned Fund Balance** – Portion that reflects a government's intended use of resources. Includes spendable fund balance amounts established by management of the Authority that are intended to be used for specific purposes that are neither considered restricted or committed.

**Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the general fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**Unrestricted Fund Balance** – The total of committed fund balance, assigned fund balance, and unassigned fund balance.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Authority established restricted fund balances in the General Fund for Local Capital Improvement Revenue (1013.62, Florida Statutes, (F.S.)). These fund balances are restricted by Florida Statute as set forth in the annual budget and any amendments thereto.

In the general fund, the Authority strives to maintain an unassigned balance of 5% of annual resources of the general fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan. Detailed information on fund balances can be found in Note III, Detailed Notes 7: Fund Balances.

## **7. Intergovernmental Revenue**

### **Federal Revenue Sources**

Cape Coral Charter Schools Authority receives Federal monies distributed through the Florida Department of Education for the National School Lunch Program.

The Authority receives Title II-A funding which is designed to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools; hold local educational agencies and schools accountable for improvements in student academic achievement.

Title IV is a block grant that supports the needs for improvement in three key areas: access to and opportunities for a well-rounded education, safe and supportive conditions for learning, and access to personalized learning experiences supported by technology. In fiscal year 2021, all buildings received Title IV funding.

Oasis High School receives reimbursement from the Army Junior Reserve Officer (JROTC) program. This funding is to offset approximately 50% of the cost of the three JROTC instructors' salaries. The program is offered to high schools that teach students character education, student achievement, wellness, leadership, and diversity. It is a cooperative effort between the Army and the high schools to produce successful students and citizens, while fostering in each school a more constructive and disciplined learning environment.

### **State Revenue Sources**

Revenue from State sources for current operations is primarily from the Florida Education Finance Program, administered by the Florida Department of Education under the provisions of Section 1011.62, Florida Statutes. In accordance with the law, the Cape Coral Charter School Authority determines and reports to the Lee County School District the number of full-time equivalent students (FTE). The Department performs certain edit checks on the reported number of FTE students and remits funding based on the Department's current year adopted allocations.

The Cape Coral Charter School Authority is eligible to receive Public Education Capital Outlay (PECO) funding from the State of Florida Department of Education. Capital Outlay funding is based on enrollment and is intended to help offset the cost of the school buildings.

Funding is received from the Florida Department of Education for the Advanced International Certificate of Education Program at Oasis High School. This program funds teacher bonuses and additional costs to operate the Cambridge curriculum program. Funding is determined by the number of students participating in the program and the AICE testing results.

The Authority receives funding for Florida Teachers Classroom Supply Assistance Program which provides funding to teachers for the purchase of classroom supplies each September. This program was funded by the Florida legislature for the 2020-2021 school year. Future funding is contingent upon legislative approval.

The Authority receives funding for Teacher Salary Allocation which provides funding to increase compensation for full-time classroom teachers assisting school districts in their recruitment and retention of classroom teachers and instructional personnel.

The Authority received funding from the School board of Lee County as a program beneficiary from the Coronavirus Aid, and Economic Security Act (CARES) which was established to cover expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19) between March 1, 2020 and December 31, 2021.

TAPS Safety and Security Funding - TAPS is an acronym used by the FDOE Grants Management team and stands for Tracking Applications. The funding received is used specifically for the purpose of Building Safety and Security needs for the school buildings.

## **8. Pensions**

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

## **9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the Authority's statement of net position pertain to the Authority's participation in the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Authority's statement of net position pertain to the Authority's participation in the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program.

The potential components of deferred inflows or outflows relating to pensions include differences between expected and actual economic experience, changes in actuarial assumptions, the net difference between projected and actual earnings on pension plan investments, changes in proportion between Authority contributions and the proportionate share of contributions, and the Authority's contributions subsequent to the measurement date.

## **10. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

## **11. Unearned Revenue**

Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period. Revenue that is earned but not available is reported as deferred inflow of resources in the General Fund until such time as the revenue becomes available.

## 12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

## NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Compliance with Finance-Related Legal and Contractual Provisions

The Authority believes it is not in violation of any finance-related legal or contractual provisions.

## NOTE III. DETAILED NOTES

### 1. Cash and Investments

As of June 30, 2021, the Cape Coral Charter School Authority had the following cash and investment amounts:

<u>Category</u>	<u>Fair Value</u>
Checking and savings accounts	\$ 2,119,226
Cash on hand	841
Local Government Investment Pool - Florida Prime (SBA)	4,974,420
Intergovernmental Investment Pool - Florida Class	3,450,770
Total	<u>\$ 10,545,257</u>

### A. Cash and Cash Equivalents

The cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

### B. Investment Portfolio

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. On August 8, 2011, the City of Cape Coral adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect cash and investment assets. This policy is adopted as the Cape Coral Charter School Authority Board's investment policy as stipulated in section 6144 of the Charter School bylaws. The Charter School Authority maintains a common cash and investment pool for the use of all funds. The investment policy applies to all cash and investments held or controlled by the Charter School Authority.

The Charter School Authority's investment policy allows for the following investments:

- Florida PRIME
- United States Government Securities, unconditionally guaranteed by the United States Government
- United States Government Agencies, issued or guaranteed by the United States Government agencies
- Federal Instrumentalities, issued or guaranteed by United States Government sponsored agencies

- Non-Negotiable Interest Bearing Time Certificates of Deposit or Saving Accounts, in banks organized under the laws of the state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida
- Repurchase Agreements
- Commercial Paper, of any United States company that is rated at the time of purchase
- Bankers' Acceptances, issued by a domestic bank or a federally chartered domestic office of a foreign bank
- State and/or Local Government Taxable and/or Tax-Exempt Debt
- Registered Investment Companies (Mutual Funds), that are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R § 270.2a-7
- Intergovernmental Investment Pools, that are authorized pursuant to the Florida Inter-local Cooperation Act, as provided in Section 163.01, Florida Statutes Intergovernmental Investment Pools. A maximum of 25% of available funds may be invested in the intergovernmental investment pools
- Corporate Notes, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States
- Corporate Obligations, issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC a guaranteed by the United States Government
- Mortgage-Backed Securities (MBS) that are based on mortgages that are guaranteed by a government agency or GSE for payment
- Asset-Backed Securities (ABS) that are backed by financial assets
- Bond Funds

As of June 30, 2021, the Charter School Authority had the following investment types and effective duration presented in terms of years:

<u>Security Type</u>	<u>Fair Value</u>	<u>Weighted Average Duration (Years)</u>
Local Government Investment Pool - Florida Prime (SBA)	\$ 4,974,420	0.14
Intergovernmental Investment Pool - Florida Class	3,450,770	0.13
Total Fair Value	<u>\$ 8,425,190</u>	
Portfolio Weighted Average Duration		0.13

### **C. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available.

Market approach – This uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

Cost approach – This technique determines the amount required to replace the current asset. This approach may be ideal for valuating donations of capital assets or historical treasures.

Income approach – This approach converts future amounts (such as cash flows) into a current discounted amount. Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs should be maximized in fair value measures, and unobservable inputs should be minimized.



As of June 30, 2021, the Authority had the following investment measurements by security type:

	<b>Total Fair Value</b>
<b><u>Investments Measured at Net Asset Value (NAV)</u></b>	
Intergovernmental Investment Pool - Florida Class	\$ 3,450,770
Total Investments Measured at NAV	<u>3,450,770</u>
<b><u>Investment Measured at Amortized Cost</u></b>	
Local Government Investment Pool - Florida Prime (SBA)	4,974,420
Total investments	<u>\$ 8,425,190</u>

Other information for investments measured at the NAV or its equivalent follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled/Common/Comingled Finds:				
Intergovernmental Investment Pool - Florida Class	\$ 3,450,770	\$ -	Daily	1 Day
Total Investments Measured at NAV	<u>\$ 3,450,770</u>			

The FLCLASS investment pool seeks to generate competitive market returns in a manner that will provide safety of principal while meeting the liquidity needs of Participant.

The SBA Pool Florida PRIME manages billions of dollars for Florida local governments and purchases investments consistent with Chapter 215.47, Florida Statutes. Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Thus, the pool operates essentially as a money market fund, but is classified as an external investment pool.

Qualifying local government investment pools in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes state that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 208.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

#### **D. Interest Rate Risk**

The Charter School Authority's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

The Authority utilizes “effective duration” as a measurement of interest rate risk and as of June 30, 2021 the investment portfolio had an effective duration of .13 years.

**Credit Risk**

The Authority’s investments on June 30, 2021 are limited to credit quality ratings from nationally recognized rating agencies as follows:

Registered Investment companies (Mutual Funds)

- Rated AAAM by Standard & Poor’s or the equivalent by another rating agency.
- Are in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. § 270.2a-7.
- In addition, the Financial Services Director may invest in other types of mutual funds provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities specifically permitted under this investment policy, and are similarly diversified.

Intergovernmental Investment Pools

- Rated AAAM by Standard & Poor’s or the equivalent by another rating agency.
- Are authorized pursuant to the Florida Inter-local Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.

As of June 30, 2021, the Authority had the following credit exposure as a percentage of total investments:

<u>Security Type</u>	<u>S&amp;P Credit Rating</u>	<u>% of Portfolio</u>
Local Government Investment Pool - Florida Prime (SBA)	AAAM	59.04%
Intergovernmental Investment Pool - Florida Class	AAAM	40.96%
		<u>100.00%</u>

**E. Custodial Credit Risk**

The Authority’s investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the Authority should be properly designated as an asset of the Authority. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider’s safekeeping department for the term of the deposit.

As of June 30, 2021, the Authority’s investment portfolio did not include any investments that are required to be held by a third-party custodian.

**F. Concentration of Credit Risk**

The Authority’s investment policy has established asset allocation and issuer limits on certain investments, which is designed to reduce concentration of credit risk of the Authority’s investment portfolio. Since the Authority is invested in Florida PRIME which is a local government investment pool, a maximum of 75% of available funds may be invested in this investment category. The Authority is also invested in Florida Class which is categorized as an Intergovernmental Investment

Pool, which allows for a maximum of 75% investment in this category. Additionally, the Authority utilizes Bank United checking account as an investment tool, unlimited investing may be done to this account.

As of June 30, 2021, the Authority had the following issuer concentration based on fair value:

Issuer	Fair Value	Percentage of Portfolio
Local Government Investment Pool - Florida Prime (SBA)	\$ 4,974,420	59.04%
Intergovernmental Investment Pool - Florida Class	3,450,770	40.96%
	<u>\$ 8,425,190</u>	<u>100.00%</u>

## 2. Receivables

### Intergovernmental Receivables

JROTC	\$ 5,330
Title II-A	1,061
Title IV	80,328
Coronavirus Aid, Relief, and Economic Security Act (CARES)	144,696
Due from City of Cape Coral/P-Card Rebate	4,943
TAP - Safety and Security	18,445
After School Reimbursement from Internal Funds	2,851
National School Lunch Program	113,845
Universal Service Administrative Company (Erate Category #2)	25,999
<b>Total Intergovernmental Receivables</b>	<u><u>\$ 397,498</u></u>

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### 3. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

<b>Capital Assets</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, being depreciated				
Equipment	\$ 2,193,297	\$ 24,992	\$ (11,637)	\$ 2,206,652
Buildings	255,288	-	(2,152)	253,136
Vehicles	1,970,997	218,492	(89,144)	2,100,345
Leasehold Improvements	623,481	-	(23,530)	599,951
Computer Software	13,700	-	-	13,700
Capital assets, being depreciated	<u>5,056,763</u>	<u>243,484</u>	<u>(126,463)</u>	<u>5,173,784</u>
<b>Less Accumulated Depreciation for:</b>				
Equipment	(945,789)	(337,074)	11,637	(1,271,226)
Buildings	(243,688)	(4,800)	2,152	(246,336)
Vehicles	(1,339,392)	(210,563)	79,499	(1,470,456)
Leasehold Improvements	(275,061)	(89,938)	10,588	(354,411)
Computer Software	(3,882)	(2,740)	-	(6,622)
Total accumulated depreciation	<u>(2,807,812)</u>	<u>(645,115)</u>	<u>103,876</u>	<u>(3,349,051)</u>
<b>Total capital assets being depreciated.</b>	<u>2,248,951</u>	<u>(401,631)</u>	<u>(22,587)</u>	<u>1,824,733</u>
Total capital assets, net	<u>\$ 2,248,951</u>	<u>\$ (401,631)</u>	<u>\$ (22,587)</u>	<u>\$ 1,824,733</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

#### Governmental Activities:

Instruction Basic (FEFP K-12)	\$ 5,663
Instructional Media Services	407
School Administration	24,321
Facilities Acquisition & Construction	17,342
Fiscal Services	1,010
Food Services	14,655
Data Processing Services	28,109
Pupil Transportation Services	210,647
Operation of Plant	226,813
Maintenance of Plant	116,148
Total depreciation expense	<u>\$ 645,115</u>

### 4. Related Party Transactions

The City of Cape Coral, a related party, performs various services for the Authority and invoices the Authority monthly. These services relate to accounting services, human resources, fleet services, facility services, security services and school resource officers. Amounts incurred for these services for the year ended June 30, 2021 were \$573,301.

## 5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Capital leases	\$ 151,875	\$ -	\$ (82,896)	\$ 68,979	\$ 36,584
Lease premium	5,966	-	(5,966)	-	-
Total capital leases	157,841	-	(88,862)	68,979	36,584
Compensated absences	996,495	119,988	(31,521)	1,084,962	164,914
<b>Total</b>	<b>\$ 1,154,336</b>	<b>\$ 119,988</b>	<b>\$ (120,383)</b>	<b>\$ 1,153,941</b>	<b>\$ 201,498</b>

Capital Leases –The Authority leases school buses from the City, under a capital lease. The school buses were reported within capital assets at \$256,208, net of accumulated depreciation, as of June 30, 2021. Current year depreciation expense of the leased school buses was \$170,054.

The Authority leases copiers from Canon, under a capital lease. The copiers were reported within capital assets at \$50,847, net of accumulated depreciated, as of June 30, 2021. Current year depreciation expense of the leased copiers was \$20,339.

The capital leases are recorded at the present value of future minimum lease payments. The following schedule shows the present value of these payments at June 30, 2021.

<b>For the Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 36,584	\$ 2,324	\$ 38,908
2023	21,407	793	22,200
2024	10,988	112	11,100
Total	\$ 68,979	\$ 3,229	\$ 72,208
Total capital lease balance	\$ 68,979		

## 6. Operating Leases

The following schedule reflects the operating lease obligations for the Charter School Authority for the terms of the leases.

<b>Year ending June 30,</b>	<b>Total</b>
2022	\$ 3,082,062
2023	3,191,750
2024	3,187,437
2025	3,186,875
2026	3,184,687
2027-2031	15,934,125
2032-2036	15,935,556
2037-2044	7,562,738
	<b>\$ 55,265,230</b>

The Authority leases the buildings from the City. For FY21, lease payments totaled \$3,194,177. In FY09, capital outlay revenue became available based on current Florida State Statute 1013.62 to

offset a portion of the building lease obligations. In FY21 capital outlay revenue received was \$1,646,014.

While the lease term is set to renew every five years, the Authority's lease payment represents the City's annual debt service on the City's 2011 and 2017 Series Bonds. As such, the Authority's commitment to the City extends beyond the end of the current lease agreement to the maturity date of the bonds.

The City of Cape Coral owns the Charter School Authority (Authority) buildings and the associated debt. Now that the buildings are aging, the City Council has been in discussions with the Charter School to restructure the lease agreement with the Authority. The restructure would allow for the City's general fund to support the debt payments currently paid 100% by the Authority. Because the debt, and resulting lease agreement, is not level throughout the years, it is difficult for the Authority to pay for both capital purchases and capital maintenance while also paying down the debt. The City Council is considering a smoothing of the lease payments that cover the City's debt to improve the Authority's ability to make capital purchases and perform capital maintenance.

City Management, along with City Council has proposed a business model to address long-term sustainability that incorporates a pro-active capital maintenance and capital purchases budget. The Charter Authority and the City are confident this business model will be adopted during FY22.

All four City Charter Schools maintain an "A" rating with the Florida Department of Education and are considered a valuable asset to the City of Cape Coral.

## 7. Fund Balances

Fund balances for governmental funds at June 30, 2021 are as follows:

	<u>Total</u>
<b>Fund balances:</b>	
Nonspendable	
Prepaid Items	\$ 101,542
Restricted	
Discretionary Capital	1,697,980
Committed	
Telephone System	144,858
School Buses	331,431
Total Committed	<u>476,289</u>
Assigned	
Encumbrances	22,763
Amount for Subsequent Year's Budget	1,891,859
Total Assigned	<u>1,914,622</u>
Unassigned	6,087,456
Total fund balances	<u><u>\$ 10,277,889</u></u>

## 8. Risk Management

The Charter School Authority is exposed to various risks of loss related to torts, theft of, damage to and the destruction of assets; errors and omissions; injury to employees; and natural disasters. Commercial property insurance coverage for the buildings leased by the Authority is provided by the City and reimbursed by the Authority as part of the annual lease payment. The Charter School Authority has purchased insurance coverage through Preferred Governmental Insurance Trust for property (contents) and casualty with combined limits of \$1,000,000 per person/\$2,000,000 per accident, statutory workers compensation coverage, and other commercial insurance for the other exposures identified. No accrual has been provided for claims and incidents not reported to insurers. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for the past three fiscal years.

## 9. Defined Benefit Pension Plans

### Background

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

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

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Charter School defined benefit pension plans are summarized below:

	FRS	HIS	Total
Net Pension Liability	\$9,414,625	\$4,307,115	\$13,721,740
Deferred Outflows of resources related to pensions	3,658,454	929,165	4,587,619
Deferred Inflows of resources related to pensions	122,237	395,541	517,778
Pension Expense	1,977,154	354,472	2,331,626

## **Florida Retirement System Pension Plan**

### **Plan Description**

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

### **Benefits Provided – Florida Retirement System Pension Plan**

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned



<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
<b>Elected County Officers</b>	3.00
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Regular</b>	
Service from December 1, 1970, through September 30, 1974	2.00
Service on or after October 1, 1974	3.00

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

### **Contributions – Florida Retirement System Pension Plan**

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Authority, effective July 1, 2020, were applied to employee salaries as follows: regular employees 10.00%, county elected officials 49.18%, senior management 27.29%, and DROP participants 16.98%. The Authority's contributions to the FRS Plan were \$962,038 for the year ended June 30, 2021.

### **Pension Costs – Florida Retirement System Pension Plan**

At June 30, 2021, the Authority reported a liability of \$9,414,625 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2020, the Authority's proportion was .0217%, which was a decrease of .00005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Authority recognized pension expense of \$1,977,154 for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 360,317	\$ -
Changes in Actuarial Assumptions	1,704,347	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	560,556	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	71,196	122,237
Authority Contributions Subsequent to the Measurement Date	962,038	-
Total	<u>\$ 3,658,454</u>	<u>\$ 122,237</u>

\$962,038 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ 505,164
2023	831,236
2024	710,016
2025	426,732
Thereafter	101,031

### **Actuarial Assumptions – Florida Retirement System Pension Plan**

The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.80%, Net of Pension Plan Investment

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2019, valuation was based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.00%	2.2%	2.2%	1.2%
Fixed Income	19.00%	3.0%	2.9%	3.5%
Global Equity	54.20%	8.0%	6.7%	17.1%
Real Estate (Property)	10.30%	6.4%	5.8%	11.7%
Private Equity	11.10%	10.8%	8.1%	25.7%
Strategic Investments	4.40%	5.5%	5.3%	6.9%
<b>Totals</b>	<b>100%</b>			

Assumed Inflation - Mean	2.4%	1.7%
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#### **Discount Rate – Florida Retirement System Pension Plan**

The discount rate used to measure the total pension liability was 6.80% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used in the 2020 valuation was 6.90%.

#### **Pension Liability Sensitivity – Florida Retirement System Pension Plan**

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

<b>Description</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
FRS Plan Discount Rate	5.80%	6.80%	7.80%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 15,033,574	\$ 9,414,625	\$ 4,721,655

#### **Pension Plan Fiduciary Net Position – Florida Retirement System Pension Plan**

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

## **Retiree Health Insurance Subsidy Program**

### **Plan Description – Retiree Health Insurance Subsidy Program**

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

### **Benefits Provided – Retiree Health Insurance Subsidy Program**

For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

### **Contributions – Retiree Health Insurance Subsidy Program**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were \$219,354 for the year ended June 30, 2021.

### **Pension Costs – Retiree Health Insurance Subsidy Program**

At June 30, 2021, the Authority reported a liability of \$4,307,115 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020 relative to the total employer contributions received from all participating employers. At June 30, 2020, the Authority's proportion was 0.035%, which was an increase of 0.0001% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2021, the Authority recognized pension expense of \$354,472 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 176,187	\$ 3,323
Changes in Actuarial Assumptions	463,137	250,442
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,439	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	67,048	141,776
Authority Contributions Subsequent to the Measurement Date	219,354	-
Total	<u>\$ 929,165</u>	<u>\$ 395,541</u>

\$219,354 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ 86,983
2023	64,388
2024	5,904
2025	26,621
Thereafter	130,374

#### **Actuarial Assumptions – Retiree Health Insurance Subsidy Program**

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.21%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the FRS Plan for the period July 1, 2013, through June 30, 2018.

### Discount Rate – Retiree Health Insurance Subsidy Program

The discount rate used to measure the total pension liability was 2.21% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2020 valuation was 3.5%.

### Pension Liability Sensitivity – Retiree Health Insurance Subsidy Program

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.21%	2.21%	3.21%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 4,978,832	\$ 4,307,115	\$ 3,757,316

### Pension Plan Fiduciary Net Position – Retiree Health Insurance Subsidy Program

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

### 10. Defined Contribution Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member’s accounts during the 2019-20 fiscal year were as follows:

For all membership classes, employees are immediately vested in their own contributions and are vested

after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

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

The Authority's Investment Plan pension expense totaled \$122,237 for the fiscal year ended June 30, 2021. Employee contributions to the Investment Plan totaled \$141,776 for the fiscal year ended June 30, 2021.

#### 11. Change in Accounting Principle and Adjustment to Beginning Net Position

During the fiscal year ended June 30, 2021, the Charter School implemented GASB Statement No. 84 *Fiduciary Activities*. Under the new guidance an evaluation of the previously reported Agency Funds was completed, resulting in a reclassification from Fiscal Year 2020 to Fiscal Year 2021 to the general fund. This pronouncement required the restatement of the June 30, 2020 net position of the governmental activities and the general fund as follows:

	<u>Statement of Net Position</u>
	<u>Governmental</u>
	<u>Activities</u>
Net Position - Beginning of Year	\$ 2,835,055
Cumulative effect of GASB 84	365,782
Net Position as Restated	<u>\$ 3,200,837</u>
	 <u>General Fund</u>
Net Position - Beginning of Year	\$ 10,280,318
Cumulative effect of GASB 84	365,782
Net Position as Restated	<u>\$ 10,646,100</u>

#### 12. Contingencies

The Authority is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expense amounts. These amounts, if any, constitute a contingent liability of the Authority. Accordingly, such liabilities are not reflected within the financial statements. The Authority does not believe any contingent liabilities are material.

The Authority is subject to various litigation for personal injury, workers compensation and discrimination claims. The Authority intends to vigorously defend any claims through insurance or legal avenues. Management does not believe there will be a material liability as a result of these claims.

The Cape Coral Charter School Authority's lease with the City of Cape Coral expired June 30, 2021 and was renegotiated. The new lease was approved by Cape Coral City Council at the December 15, 2021 meeting and made effective July 1, 2021. The major change in the lease is a decrease of approximately \$1.7 million in annual payments from the Charter School Authority, and a shift in the responsibility for maintenance of the five buildings to the City. The City will be partnering with the Charter school to take on more administrative responsibilities such as facilities maintenance and information technology management.

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Required Supplementary  
Info

**BUDGETARY COMPARISON SCHEDULE**  
**General Fund**  
For the Fiscal Year Ended June 30, 2021

<b>REVENUE</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>Federal Direct Sources</b>				
JROTC reimbursable charges	\$ 95,241	\$ 95,241	\$ 97,387	\$ 2,146
<b>Federal through State Sources</b>				
NSLP Lunch Reimbursement	415,000	316,734	388,260	71,526
NSLP Breakfast Reimbursement	68,500	62,123	77,203	15,080
<b>Federal through Local Sources</b>				
Title II-A funding	79,554	15,998	17,059	1,061
Title IV funding	60,137	-	59,208	59,208
<b>State through Local Sources</b>				
Florida Education Finance Program	21,317,312	22,323,808	22,323,808	-
FEFP Teacher Salary Allocation	-	524,342	524,342	-
Florida Teachers Classroom Supply Assistance	57,048	59,053	59,272	219
VPK Program State Shared	-	-	670	670
Public Education Capital Outlay (PECO)	1,559,741	1,646,014	1,646,014	-
CARES	-	551,677	696,373	144,696
Advanced International Certificate of Education (AICE)	350,000	429,259	429,259	-
Best and Brightest Scholarship	-	56,960	-	(56,960)
TAPS - Safety & Security	-	-	75,405	75,405
Other Miscellaneous State Shared	-	300	300	-
<b>Local Sources</b>				
Student lunch service	823,000	660,649	660,648	(1)
Transportation service charges	25,900	3,200	5,588	2,388
Contributions and donations private	95,000	55,400	50,119	(5,281)
Short term investment interest	152,897	18,007	18,009	2
Other miscellaneous sales	195,000	200,438	389,371	188,933
Restricted Balances	1,697,980	1,697,980	-	(1,697,980)
Assigned Balances	1,748,787	2,687,924	-	(2,687,924)
Cash balances brought forward	5,493,909	6,013,248	-	(6,013,248)
<b>Total Revenue</b>	<b>34,235,006</b>	<b>37,418,355</b>	<b>27,518,295</b>	<b>(9,900,060)</b>
<b>EXPENDITURES</b>				
Instruction Basic (FEFP K-12)	14,187,301	15,958,789	15,434,157	524,632
Exceptional Education Services	209,306	196,665	185,938	10,727
Guidance Services	279,515	292,718	265,509	27,209
Health Services	158,489	266,480	247,072	19,408
Other Pupil Personnel Services	206,721	262,671	208,762	53,909
Instructional Media Services	90,763	103,016	97,816	5,200
Instructional Staff Training Services	79,554	25,174	12,482	12,692
Board	37,700	38,690	34,090	4,600
General Administration	675,817	768,914	728,266	40,648
School Administration	2,190,367	2,233,558	2,165,200	68,358
Facilities Acquisition & Construction	10,000	15,553	12,176	3,377
Fiscal Services	381,530	353,330	322,614	30,716
Food Services	1,169,434	1,060,038	1,049,741	10,297
Data Processing Services	264,761	176,449	314,318	(137,869)
Pupil Transportation Services	1,317,548	1,357,264	1,173,766	183,498
Operation of Plant	4,713,518	4,872,739	4,607,469	265,270
Maintenance of Plant	748,008	744,802	694,570	50,232
Capital Outlay	239,704	699,328	243,484	455,844
Principal	83,081	83,472	82,896	576
Interest and fiscal charges	-	6,909	6,180	729
<b>Total Expenditures</b>	<b>27,043,117</b>	<b>29,516,559</b>	<b>27,886,506</b>	<b>1,630,053</b>
Budget Reserves	7,191,889	7,901,796	-	7,901,796
<b>Total Expenditures</b>	<b>\$ 34,235,006</b>	<b>\$ 37,418,355</b>	<b>\$ 27,886,506</b>	<b>\$ 9,531,849</b>
<b>Excess of Revenues over(under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (368,211)</b>	<b>\$ 368,211</b>
Net change in Fund Balance			(368,211)	
Fund Balance - Beginning restated			10,646,100	
Fund Balance - Ending			<b>\$ 10,277,889</b>	

There are no differences in Actual Amounts between the Budgetary basis and GAAP basis of Revenues and Expenditures.

The accompanying notes to the required supplementary information-budget comparisons are an integral part of this schedule.

## CAPE CORAL CHARTER SCHOOL AUTHORITY

### NOTES TO THE BUDGETARY COMPARISON SCHEDULE

June 30, 2021

#### **Budgetary Basis**

The Cape Coral Charter School Authority approves an annual budget for the Charter School special revenue fund. The Authority's Business Manager develops the budget with information received from the school's administrative team. The primary fiscal goal of the Authority's administration is to create an environment in which the system will be self-sufficient well into the future. This goal will be achieved by continued review and refinement of operating policies and procedures. For the 2020-2021 school year, the budget was approved by the Authority Board on August 11, 2020 and adopted by City Council on September 17, 2020. For the 2021-2022 school year, the budget was approved by the Authority Board on August 17, 2021 and adopted by the City Council on September 29, 2021.

#### **Budgetary Information**

The following procedures are used in establishing the adopted budgetary data reflected in the financial statements.

1. Throughout the school year, the Charter School Business Manager keeps abreast of state and federal funding issues which impact per student funding levels. This includes state budgetary changes which impact funding levels of the Florida Education Finance Program (FEFP); changes in capital outlay funding; changes to the Florida Retirement System (FRS); and special legislation at the state or federal level.
2. The Business Manager analyzes current revenue and expenditure trends when developing the budget. To project a conservative estimate of revenue, the primary revenue sources are generally budgeted at 95% of expectation. Expenditures are based on the prior year trends with necessary modifications resulting from staffing and program changes that were implemented by the Authority Board. Salary and benefit expense is budgeted at the employee level based on the current and proposed salary step rate.
3. The Business Manager works closely with the Principals and the Superintendent to project enrollment for the upcoming school year at each school and grade level. This projection reflects consideration of available classroom space, progression of students to the next grade level, and current waitlist status at each school.
4. The Business Manager analyzes current revenue and expenditure trends when developing the budget. To project a conservative estimate of revenue, the primary revenue sources are generally budgeted at 95% of expectation. Expenditures are based on the prior year trends with necessary modifications resulting from staffing and program changes that were implemented by the Charter School Authority Board. Salary and benefit expense is budgeted at the employee level based on the current and proposed salary step rate.
5. In August, the proposed budget is presented to the Charter School Authority Board for review and approval.
6. Once approved, the budget is presented and adopted by Cape Coral City Council and included in the City's budget.
7. During the school year, the adopted budget may be amended to reflect changes in expected revenue or expense to more accurately reflect the financial
8. In position of the Authority. Budget amendments are approved by the Charter School Authority Board and included in the City's budget amendments to City Council.

**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Florida Retirement System Pension Plan**  
**Last Ten Measurement Periods<sup>1</sup>**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Authority's Proportion of the Net Pension Liability	0.023436771%	0.023294317%	0.021519187%	0.0222391010%	0.0215372830%	0.0216703100%	0.021722000%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,429,988	\$ 3,008,773	\$ 5,433,611	\$ 6,578,177	\$ 6,487,141	\$ 7,462,953	\$ 9,414,625
Authority's Covered-Employee Payroll	\$ 8,458,253	\$ 8,397,828	\$ 8,234,468	\$ 9,066,544	\$ 8,754,199	\$ 9,159,578	\$ 9,087,717
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	16.91%	35.83%	65.99%	72.55%	74.10%	81.48%	103.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%

\*The Amounts Presented for Each Measurement Period were Determined as of June 30.

**Schedule of Authority Contributions**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years<sup>1</sup>**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 513,365	\$ 567,935	\$ 524,780	\$ 578,939	\$ 613,795	\$ 671,936	\$ 721,725	\$ 962,038
Contributions in Relation to the Contractually Required Contribution	(513,365)	(567,935)	(524,780)	(578,939)	(613,795)	(671,936)	(721,725)	(962,038)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 8,458,253	\$ 8,397,828	\$ 8,234,468	\$ 9,066,544	\$ 8,754,199	\$ 9,159,578	\$ 9,087,717	\$ 9,500,826
Contributions as a Percentage of Covered Employee Payroll	6.07%	6.76%	6.37%	6.39%	7.01%	7.34%	7.94%	10.13%

1. Note: Information is required to be presented for 10 years. Until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**Schedule of the Authority's Proportionate Share of the Net Pension Liability  
Retiree Health Insurance Subsidy Program  
Last Ten Measurement Periods<sup>1</sup>**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Authority's Proportion of the Net Pension Liability	0.037154649%	0.036173026%	0.036451335%	0.371283710%	0.034978740%	0.035126000%	0.035275800%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,474,050	\$ 3,689,080	\$ 4,248,252	\$ 3,969,936	\$ 3,702,189	\$ 3,930,242	\$ 4,307,115
Authority's Covered-Employee Payroll	\$ 11,039,186	\$ 10,974,283	\$ 11,252,742	\$ 11,834,557	\$ 11,427,706	\$ 11,758,045	\$ 12,265,671
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	31.47%	33.62%	37.75%	33.55%	32.40%	33.43%	35.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%

\*The Amounts Presented for Each Measurement Period Year were Determined as of June 30.

**Schedule of Authority Contributions  
Retiree Health Insurance Subsidy Program  
Last Ten Fiscal Years<sup>1</sup>**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 127,279	\$ 138,276	\$ 186,836	\$ 196,494	\$ 189,691	\$ 195,051	\$ 203,278	\$ 219,354
Contributions in Relation to the Contractually Required Contribution	(127,279)	(138,276)	(186,836)	(196,494)	(189,691)	(195,051)	(203,278)	(219,354)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 11,039,186	\$ 10,974,283	\$ 11,252,742	\$ 11,834,557	\$ 11,427,706	\$ 11,758,045	\$ 12,265,671	\$ 13,219,076
Contributions as a Percentage of Covered Employee Payroll	1.15%	1.26%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

1. Note: Information is required to be presented for 10 years. Until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

# Other Reports



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

Board of Directors  
Cape Coral Charter School Authority  
Cape Coral, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Cape Coral Charter School Authority (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 18, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority’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*.

**Response to Findings**

The Authority’s response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
January 18, 2022



**CAPE CORAL CHARTER SCHOOL AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

**2021-001: Audit Adjustment**

**Type of Findings:** Material weakness over financial reporting

**Condition:** As part of the audit, we proposed audit adjustments to correct the Authority's financial statements at year-end related to accounts receivable and the related revenue that was not recorded in the financial statements. As such, an audit adjustment was made by the Authority to correct the financial statements.

**Criteria or specific requirement:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the Authority's ability to ensure financial transactions are authorized and accurate. Authority management is responsible for establishing and maintaining internal controls for the proper recording of all the Authority's transactions in the financial statements.

**Effect:** The Authority's financial records were misstated and we proposed adjusting entries to management to correct the financial statements. The proposed audit adjustments were recorded by management to correct the financial statements.

**Cause:** The Authority's internal controls over financial reporting did not detect or prevent the errors.

**Repeat Finding:** Yes, 2020-001.

**Recommendation:** We recommend that management enhance its review over the financial statements and supporting schedules to ensure the information is accurately presented.

**Views of responsible officials and corrective actions:** Management is in agreement with the audit finding. Management has evaluated the financial statement process review and supporting schedules and has put in place additional controls to ensure accuracy moving forward.

**2021-002: Financial Reporting**

**Type of Findings:** Material weakness over financial reporting

**Condition:** Numerous corrections were made to the Authority's financial statements and related records throughout the audit that were indicative that the Authority's internal controls were not effective in detecting or preventing errors in the financial statements.

**Criteria or specific requirement:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Control activities should include a designated review and approval on all financial transactions, including financial

**CAPE CORAL CHARTER SCHOOL AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

statements and supporting schedules, to ensure that the Authority's financial position is reflected accurately.

**Effect:** The Authority's financial records were misstated and management did not detect the errors until we noted the adjustments necessary to correct. Management corrected the financial statements.

**Cause:** The Authority's internal controls over financial reporting did not detect or prevent the errors.

**Repeat Finding:** No.

**Recommendation:** We recommend that management enhance its review over the financial statements and supporting schedules to ensure the information is accurately presented. Additionally, we recommend that financial reporting personnel receive necessary training and related skills to fully understand the requirements of preparing financial statements and financial records in accordance with Generally Accepted Accounting Principles.

**Views of responsible officials and corrective actions:** Management is in agreement with the audit finding. Management has evaluated the financial statement processes and has made the appropriate adjustments to personnel to ensure that the information is presented accurately moving forward.



## MANAGEMENT LETTER

Board of Directors  
Cape Coral Charter School Authority  
Cape Coral, Florida

### Report on the Financial Statements

We have audited the financial statements of the Cape Coral Charter School Authority (the Authority), a component unit of the City of Cape Coral, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated January 18, 2022.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 18, 2022, 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. See Appendix A for the current year status of findings and recommendations made in the preceding annual financial audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the four schools that comprise the Authority are Oasis Charter Elementary School – South (4143), Oasis Charter High School (4181), Oasis Charter Middle School (4171), and Oasis Elementary Charter School – North (4151).

### **Financial Condition and Management**

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

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

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

### **Transparency**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
January 18, 2022

**CAPE CORAL CHARTER SCHOOL AUTHORITY  
APPENDIX A – STATUS OF PRIOR YEAR’S FINDINGS AND CURRENT YEAR FINDING  
YEAR ENDED JUNE 30, 2021**

<b>Prior Year Findings</b>		<b>Current Year Status</b>		
<b>Finding Reference #</b>	<b>Comment</b>	<b>Cleared</b>	<b>Partially Cleared</b>	<b>Not Cleared</b>
2020-001	Audit Adjustment			X See 2021-001
2020-002	Evaluating Florida Retirement System (FRS) Plan Changes	X		