

Central Charter School

A Division of Assistance Unlimited, Inc.
(A Component Unit of the School
Board of Broward County, Florida)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2021



Central Charter School

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Basic Financial Statements	14-27
Required Supplemental Information	
Schedule of Revenues and Expenditures - Budget and Actual – General Fund	28
Schedule of Revenues and Expenditures - Budget and Actual – Special Revenue Fund	29
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan	30
Schedule of Proportionate Share of Net Pension Liability – Retiree Health Insurance Subsidy Program	31
Schedule of Contributions – Florida Retirement System Pension Plan	32
Schedule of Contributions – Retiree Health Insurance Subsidy Program	33
Schedule of Investment Returns – Florida Retirement System Pension Plan	34
Schedule of Investment Returns – Retiree Health Insurance Subsidy Program	35

Central Charter School

Table of Contents (continued)

Other Independent Auditor's Reports

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37
Independent Auditor's Report to the Board of Directors	38-39
Schedule of Findings and Recommendations	40

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Charter School
(a division of Assistance Unlimited, Inc.)

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School'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.

Auditor's 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 each major fund of the School, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, budgetary comparison for the General Fund and Special Revenue Fund on pages 28 and 29 and the schedules related to the pension plan on pages 30 through 35, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2021 with certain comparative information for 2020.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

Financial Highlights

The following are the highlights of financial activity for the year ended June 30, 2021.

- The School's total liabilities exceeded its assets by \$ 3,779,979 resulting in a net deficit.
- The School's total revenues were \$ 14,034,670 including \$ 10,752,883 from general revenues and \$ 3,281,797 from program revenues. The School's expenses for this year were \$ 12,262,272. Net position increased for the year by \$ 1,772,398.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplemental information in addition to the basic financial statements.

Government-wide financial statements: The government-wide basic financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net position presents information on all the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered, but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds – 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 the School'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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Special Revenue Fund, and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General and Special Revenue Funds as required supplemental information.

The government fund financial statements can be found on pages 10 through 13 of this report.

Notes to the basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 through 27 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General and Special Revenue Funds adopted budget to actual results and the schedules relating to the School's pension plan. Required supplemental information can be found on pages 28 through 35 of this report.

Government-Wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of financial position. The School's net position (deficit) was (\$ 3,779,979) at June 30, 2021, which represents net investment in capital assets of \$ 1,206,023, restricted for debt service of \$ 1,552,881, and unrestricted deficit of \$ 6,538,813. The School's net position (deficit) was (\$ 5,552,377) at June 30, 2020, which represents net investment in capital assets of \$ 872,437, restricted for debt service of \$ 1,526,592, and unrestricted deficit of \$ 7,951,406.

**Central Charter School
Management's Discussion and Analysis
June 30, 2021**

The following table reflects the condensed government- wide statements of net position as of June 30, 2021 and 2020:

Central Charter School Net Position		
	2021	2020
Current Assets:	\$ 5,842,896	\$ 4,686,025
Noncurrent assets and deferred outflows	11,890,675	11,245,152
Total assets	17,733,571	15,931,177
Current Liabilities:	1,916,894	1,441,832
Noncurrent liabilities and deferred inflows	19,596,656	20,041,722
Total liabilities	21,513,550	21,483,554
Net Position:		
Net investment in capital assets	1,206,023	872,437
Restricted net position	1,552,811	1,526,592
Unrestricted deficit	(6,538,813)	(7,951,406)
Total net position	\$ (3,779,979)	\$ (5,552,377)

A portion of the School's net position reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. The School used these capital assets to provide service to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is 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. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2021, and 2020, the School had \$ 1,552,811 and \$ 1,526,592 in restricted assets, respectively.

As reflected below, the net position is showing a change of \$ 1,772,398 for the year ended June 30, 2021 and change of (\$ 750,372) for the year ended June 30, 2020 as summarized in the following table:

Central Charter School Changes in Net Position		
	2021	2020
Revenues:		
General revenues	\$ 10,730,790	\$ 9,141,377
Program revenues:		
Capital grants	776,097	784,847
Operating grants	2,527,783	1,532,661
Total revenues	14,034,670	11,458,885

Central Charter School
Changes in Net Position
(continued)

	<u>2021</u>	<u>2020</u>
Functions/Program Expenses:		
Instruction and administration	8,420,571	8,047,119
Plant operations and maintenance	1,801,167	2,022,353
Instructional supporting services	310,479	212,185
Transportation	198,169	230,879
Food services	525,911	688,455
Board services	18,606	21,867
Fiscal services	59,024	62,416
Interest expense and other fees	<u>928,345</u>	<u>923,983</u>
 Total expenses	 <u>12,262,272</u>	 <u>12,209,257</u>
 Change in net position	 1,772,398	 (750,372)
 Net Position, Beginning of Year	 <u>(5,552,377)</u>	 <u>(4,802,005)</u>
 Net Position, End of Year	 <u>\$ (3,779,979)</u>	 <u>\$ (5,552,377)</u>

The above changes in net position include adjustments adding to the losses for Florida Retirement System accruals, deferred inflows and outflows of \$ 725,340 and \$ 658,778 in 2021 and 2020 respectively. In addition, included in the above is also provisions for depreciation of \$ 557,273 and \$ 567,509 for 2021 and 2020 respectively.

Capital Assets and Debt Administration

Capital assets: The School's investment in capital assets at June 30, 2021 was \$ 9,005,737 net of accumulated depreciation compared to \$ 8,773,252 at June 30, 2020. This investment in capital assets is composed of buildings, building improvements, computer equipment, office furniture and equipment, textbooks, transportation equipment and land. A more detailed analysis is provided in Note 4 to the financial statements.

Debt: A summary of changes in debt is as follows:

	<u>2021</u>	<u>2020</u>
Debt, Beginning of Year	\$ 14,514,283	\$ 12,883,079
Additions	-	1,628,482
Payments/amortization	<u>(1,496,544)</u>	<u>2,722</u>
 Debt, End of Year	 <u>\$ 13,017,739</u>	 <u>\$ 14,514,283</u>

Additional information on the School debt can be found in Note 5 to the financial statements.

General Fund Budgetary Highlights

A budget was adopted by the board and no changes occurred throughout the year. Actual revenues were slightly below budgeted revenues. Actual expenditures were also below budget due to lower instruction and plant maintenance costs.

Economic Outlook

Total funding for capital outlay is expected to remain the same next year, and we anticipate a slight increase in regular FFEP revenue. Given the student count remains consistent, the overall effect will be a small increase in revenues.

Requests for Information

If you have any questions about this report or need additional information, please write Hugh Jarrett, CEO; 4515 North State Road 7; Lauderdale Lakes, FL 33319.

BASIC FINANCIAL STATEMENTS

**Central Charter School
Statement of Net Position
June 30, 2021**

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 3,808,463
Restricted cash and cash equivalents	1,552,811
Due from government agencies	<u>481,622</u>
Total current assets	<u>5,842,896</u>
Noncurrent Assets:	
Capital assets (depreciable), net of accumulated depreciation	9,055,737
Deposits	<u>19,197</u>
Total noncurrent assets	<u>9,074,934</u>
Deferred Outflows of Resources:	
Deferred pension outflows	<u>2,815,741</u>
Total assets and deferred outflows	<u>17,733,571</u>
Current Liabilities:	
Accounts payable and other accrued liabilities	1,664,606
Debt, due in less than one year	<u>252,288</u>
Total current liabilities	<u>1,916,894</u>
Noncurrent Liabilities:	
Net pension liability	6,433,059
Debt, due in more than one year	<u>12,765,451</u>
Total noncurrent liabilities	<u>19,198,510</u>
Deferred Inflows of Resources:	
Deferred pension inflows	<u>398,146</u>
Total liabilities and deferred inflows	<u>21,513,550</u>
Net Position (Deficit):	
Net investment in capital assets	1,206,023
Restricted for debt service	1,552,811
Unrestricted deficit	<u>(6,538,813)</u>
Total net position (deficit)	<u>\$ (3,779,979)</u>

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

**Central Charter School
Statement of Activities
For the Year Ended June 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
Instruction:					
Regular instruction	\$ 7,186,766	\$ -	\$ 1,135,674	\$ -	\$ (6,051,092)
Instructional supporting services:					
School administration	1,233,805	-	-	-	(1,233,805)
Plant operations	1,646,510	-	366,535	776,097	(503,878)
Plant maintenance	154,657	-	-	-	(154,657)
Transportation	198,169	-	248,920	-	50,751
Instructional services	310,479	-	-	-	(310,479)
Operation of non-instructional services:					
Food services	525,911	-	776,654	-	250,743
Board services	18,606	-	-	-	(18,606)
Fiscal services	59,024	-	-	-	(59,024)
Debt service:					
Interest expense and other fees	928,345	-	-	-	(928,345)
Total governmental activities	<u>\$ 12,262,272</u>	<u>\$ -</u>	<u>\$ 2,527,783</u>	<u>\$ 776,097</u>	<u>(8,958,392)</u>
General revenues:					
Grants and entitlements					9,126,408
Forgiveness of debt - Paycheck Protection Program					1,434,900
Miscellaneous revenues					<u>169,482</u>
Total general revenues					<u>10,730,790</u>
Change in net position					1,772,398
Net position (deficit), July 1, 2020					<u>(5,552,377)</u>
Net position (deficit), June 30, 2021					<u>\$ (3,779,979)</u>

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

Central Charter School
Balance Sheet - Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 3,808,463	\$ -	\$ -	\$ 3,808,463
Restricted cash and cash equivalents	1,552,811	-	-	1,552,811
Due from government agencies	13,750	467,872	-	481,622
Due from other funds	467,872	-	-	467,872
Deposits	19,197	-	-	19,197
	<u>5,862,093</u>	<u>467,872</u>	<u>-</u>	<u>6,329,965</u>
Total assets	<u>\$ 5,862,093</u>	<u>\$ 467,872</u>	<u>\$ -</u>	<u>\$ 6,329,965</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,349,489	\$ -	\$ -	\$ 1,349,489
Due to other funds	-	467,872	-	467,872
	<u>1,349,489</u>	<u>467,872</u>	<u>-</u>	<u>1,817,361</u>
Total liabilities	<u>1,349,489</u>	<u>467,872</u>	<u>-</u>	<u>1,817,361</u>
Fund Balances:				
Nonspendable:				
Deposits	19,197	-	-	19,197
Restricted for debt service	1,033,932	-	-	1,033,932
Unassigned	3,459,475	-	-	3,459,475
	<u>4,512,604</u>	<u>-</u>	<u>-</u>	<u>4,512,604</u>
Total fund balances	<u>4,512,604</u>	<u>-</u>	<u>-</u>	<u>4,512,604</u>
Total liabilities and fund balances	<u>\$ 5,862,093</u>	<u>\$ 467,872</u>	<u>\$ -</u>	<u>\$ 6,329,965</u>

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

Central Charter School
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2021

Total Fund Balances - Governmental Funds \$ 4,512,604

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

The cost of capital assets acquired is reported as an expenditure in the governmental fund. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$ 14,124,239	
Accumulated depreciation	<u>(5,068,502)</u>	9,055,737

Certain funds related to pension assets and liabilities are not reported in the governmental funds:

Deferred outflows, relating to the net pension liability	2,815,741
Deferred inflows, relating to the net pension liability	<u>(398,146)</u>

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(315,117)
Net pension liability	(6,433,059)
Capital leases, bonds and note payable	<u>(13,017,739)</u>

Net Position (Deficit) of Governmental Activities \$ (3,779,979)

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

**Central Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
Federal sources	\$ -	\$ 2,278,863	\$ -	\$ 2,278,863
State sources	9,375,328	-	776,097	10,151,425
Local sources	169,482	-	-	169,482
	<u>9,544,810</u>	<u>2,278,863</u>	<u>776,097</u>	<u>12,599,770</u>
Total revenues				
Expenditures:				
Current:				
Instruction:				
Regular instruction	5,027,069	1,434,357	-	6,461,426
Instructional supporting services:				
General administration	1,233,805	-	-	1,233,805
Plant operations and maintenance	722,702	366,535	-	1,089,237
Plant maintenance	154,657	-	-	154,657
School administration	-	-	-	-
Transportation	198,169	-	-	198,169
Instructional services	310,479	-	-	310,479
Operation of non-instructional services:				
Food services	47,940	477,971	-	525,911
Board services	18,606	-	-	18,606
Fiscal services	59,024	-	-	59,024
Capital outlay:				
Equipment and improvements	63,661	-	776,097	839,758
Debt service:				
Principal	215,388	-	-	215,388
Interest and fees	778,820	-	-	778,820
	<u>8,830,320</u>	<u>2,278,863</u>	<u>776,097</u>	<u>11,885,280</u>
Total expenditures				
Net changes in fund balances	714,490	-	-	714,490
Fund Balances, July 1, 2020	<u>3,798,114</u>	<u>-</u>	<u>-</u>	<u>3,798,114</u>
Fund Balances, June 30, 2021	<u>\$ 4,512,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,512,604</u>

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

**Central Charter School
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021**

Net Changes in Fund Balances - Governmental Funds \$ 714,490

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

Cost of capital assets	\$ 839,758	
Provision for depreciation	<u>(557,273)</u>	282,485

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows, related to the pension liability		363,038
Change in deferred inflows, related to the pension liability		340,634

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Change in accrued interest payable		4,219
Change in net pension liability		<u>(1,429,012)</u>

Debt issued in the prior year and forgiven in the current year is reported within the general revenues in the statement of activities but was recognized previously in the statement of revenues, expenditures and change in fund balances.		1,434,900
---	--	-----------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payments on debt	215,388	
Amortization of bond issuance costs	(134,412)	
Amortization of bond discounts	<u>(19,332)</u>	<u>61,644</u>

Change in Net Position of Governmental Activities \$ 1,772,398

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

Note 1 - Organization and Operations

Central Charter School (the "School") is a division of Assistance Unlimited, Inc., a not-for-profit organization incorporated in the State of Florida and established as a charter school for children from pre-kindergarten through eighth grade in Broward County. As of June 30, 2021, 1,187 students were enrolled in the School. The School is funded primarily through the School Board of Broward County and certain other governmental grants.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Assistance Unlimited, Inc. as of June 30, 2021, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America though the School is its only current activity at present.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district, the Broward County Public School District (the "District"). The current charter is effective until June 30, 2025. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Central Charter School is considered a component unit of the Broward County Public School Board.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Note 2 - Summary of Significant Accounting Policies (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School reports the following major governmental funds:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for the state capital outlay funding that is legally restricted to expenditures for particular purposes.

Net position: Net position is classified in three categories.

The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets (if any).
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that will need to be funded by future operations.

Fund balance: The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

Note 2 - Summary of Significant Accounting Policies (continued)

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – consists of amounts that are not in spendable form and of net position that are legally or contractually required to be maintained intact.
- Restricted fund balance – consist of amounts constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Committed fund balance – consists of amounts that can be used for specific purposes pursuant to constraints imposed by the government itself, using its highest level of decision making authority.
- Assigned fund balance – consists of amounts that are constrained by the government's intended use of resources but are neither restricted nor committed.
- Unassigned – consists of net resources in excess of what can be properly classified in one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School's governing body or its delegated official or body has provided otherwise in its commitment or assignment actions. The details of the fund balances are included in the Balance Sheet – Governmental Funds.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the current is period is defined as sixty days.

Cash and cash equivalents: The School maintains its cash accounts with several financial institutions. The School's accounts at these institutions, at time may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Note 2 - Summary of Significant Accounting Policies (continued)

Due to and from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Due from other governments: Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000 and a useful life of over one year. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expended/expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	30 years
Building improvements	5-10 years
Computer equipment	3-5 years
Transportation equipment	5-7 years
Office furniture and equipment	3-15 years
Textbooks	5 years

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report 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. At June 30, 2021 the School had deferred outflows of \$ 2,815,741, which is related to the net pension liability.

In addition to liabilities, the statement of net position will sometimes report 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. At June 30, 2021 the School had deferred inflows of \$ 398,146, which is related to the net pension liability.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Note 2 - Summary of Significant Accounting Policies (continued)

Grant and contract revenue: Grant and contract revenue are recognized when the allowable costs as defined by the individual grant or contract are incurred.

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Available is defined as one year.

Unearned revenue: Unearned revenue arises when the School receives resources before it has legal claim to them.

Allowance for doubtful accounts: Management of the School reviews the contract receivable balances and provides an allowance for accounts which may be uncollectible. At June 30, 2021, management considers the contracts receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

Compensated absences: The School's policy allows certain employees to carry over ten personal days per calendar year. Unused vacation days are not paid upon separation from service. No liability for compensated absences was recorded for the year ended June 30, 2021.

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

Date of management review: Subsequent events have been evaluated by management through September 28, 2021, which is the date the financial statements were available for issuance.

Note 3 - Cash and Cash Equivalents

Deposits: At June 30, 2021, the carrying amount of the deposits and cash on hand totaled \$ 3,808,463 with a bank balance of \$ 3,808,628.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Restricted cash and cash equivalents: At June 30, 2021, the School maintains cash and cash equivalents restricted for future debt service payments in the amount of \$ 1,552,881.

Central Charter School
Notes to Basic Financial Statements
June 30, 2021

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,037,570	\$ -	\$ -	\$ 4,037,570
Construction in process	<u>-</u>	<u>212,453</u>	<u>-</u>	<u>212,453</u>
Total capital assets, not being depreciated	<u>4,037,570</u>	<u>212,453</u>	<u>-</u>	<u>4,250,023</u>
Capital assets, being depreciated:				
Building	3,735,094	-	-	3,735,094
Building improvements	1,817,529	35,450	-	1,852,979
Computer equipment	1,618,266	579,983	-	2,198,249
Transportation equipment	926,405	10,453	-	936,858
Office furniture and equipment	509,726	1,419	-	511,145
Textbooks	<u>639,891</u>	<u>-</u>	<u>-</u>	<u>639,891</u>
Total capital assets, being depreciated	<u>9,246,911</u>	<u>627,305</u>	<u>-</u>	<u>9,874,216</u>
Accumulated depreciation:				
Building	311,258	124,503	-	435,761
Building improvements	1,230,265	86,907	-	1,317,172
Computer equipment	1,329,912	172,867	-	1,502,779
Transportation equipment	598,358	126,306	-	724,664
Office furniture and equipment	465,572	14,778	-	480,350
Textbooks	<u>575,864</u>	<u>31,912</u>	<u>-</u>	<u>607,776</u>
Total accumulated depreciation	<u>4,511,229</u>	<u>557,273</u>	<u>-</u>	<u>5,068,502</u>
Total capital assets being depreciated, net	<u>4,735,682</u>	<u>70,032</u>	<u>-</u>	<u>4,805,714</u>
Governmental activities capital assets, net	<u>\$ 8,773,252</u>	<u>\$ 282,485</u>	<u>\$ -</u>	<u>\$ 9,055,737</u>

The provision for depreciation for the year ended June 30, 2021, amounted to \$ 557,273 and is allocated to plant operations in the statement of activities.

Note 5 - Debt

Charter School Revenue Bonds – Series 2017 C&D Issuance: The School previously issued \$ 14,000,000 in Charter School Revenue Bonds, Series 2017C for \$ 13,255,000 and Series 2017D for \$ 745,000. These bonds were used to provide financing for real property of the School as well as refinance the Series 2017 A&B Issuance Bonds. These bonds bear interest at 5.625% through July 2047. The bonds required monthly payments to be made to a bond sinking escrow fund of approximately \$ 72,000 through July 2019 where cash is accumulated for the annual principal and interest to be redeemed. Payments to the sinking fund are adjusted annually thereafter and are expected to be approximately \$ 79,000.

Central Charter School
Notes to Basic Financial Statements
June 30, 2021

Note 5 - Debt (continued)

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 215,000	\$ 750,234	\$ 965,234
2023	230,000	737,719	967,719
2024	245,000	724,359	969,359
2025	260,000	710,156	970,156
2026	275,000	695,109	970,109
2027-2031	1,620,000	3,218,906	4,838,906
2032-2036	2,155,000	2,691,703	4,846,703
2037-2041	2,850,000	1,992,094	4,842,094
2042-2046	3,765,000	1,068,047	4,833,047
2047-2048	1,830,000	104,344	1,934,344
	<u>\$ 13,445,000</u>	<u>\$ 12,692,671</u>	<u>\$ 26,137,671</u>

At June 30, 2021, the above Series 2017 C&D Charter School Revenue Bonds has a reserve balance requirement of approximately \$ 992,000 which was met. Additionally, the bonds provide for certain financial covenants to be met annually including a debt service ratio of at least 110% and days cash on hand of at least 30 days. As of June 30, 2021, the School was in compliance with the days cash on hand and the debt service coverage ratio.

Note payable: On April 30, 2020, the School executed a promissory note for \$ 1,434,900 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The loan bears interest rate at 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the School maintains certain employment levels during a specified period of time. If the Small Business Administration (“SBA”) confirms full forgiveness of the unpaid balance of the note, the School’s obligation under this arrangement will be deemed fully satisfied. The School remains obligated to repay to the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the School does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. During fiscal year 2021, the School applied for and received forgiveness. As a result, the balance was considered forgiven as of June 30, 2021.

Capital leases: The School is obligated under a capital lease for vehicles. The lease requires monthly installments of approximately \$ 3,700 including interest at 5.24% through February 2025. The remaining balance of these leases at June 30, 2021 is approximately \$ 146,800.

Approximate future capital lease payments under this capital lease, and the net present minimum lease payments are approximately as follows:

Central Charter School
Notes to Basic Financial Statements
June 30, 2021

Note 5 - Debt (continued)

Year Ending June 30,	Amount
2022	\$ 44,100
2023	44,100
2024	44,100
2025	29,400
	<u>161,700</u>
Less: amount representing interest	<u>14,900</u>
Present value of future minimum lease payments	<u>\$ 146,800</u>

The following is a summary of changes in the School’s debt for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in One Year
Capital leases payable	\$ 182,191	\$ -	\$ 35,388	\$ 146,803	\$ 37,288
Note payable - PPP	1,434,900	-	1,434,900	-	-
Series 2017 C&D bonds payable	13,625,000	-	180,000	13,445,000	215,000
Series 2017 C&D bonds discount	(368,448)	-	(19,332)	(349,116)	-
Series 2017 C&D cost of issuance	<u>(359,360)</u>	<u>-</u>	<u>(134,412)</u>	<u>(224,948)</u>	<u>-</u>
Total	<u>\$ 14,514,283</u>	<u>\$ -</u>	<u>\$ 1,496,544</u>	<u>\$ 13,017,739</u>	<u>\$ 252,288</u>

Note 6 - Florida Retirement System

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (“FRS”) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Note 6 - Florida Retirement System (continued)

Pension Plan:

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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

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

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

Note 6 - Florida Retirement System (continued)

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2020 through June 30, 2021, were as follows: Regular - 10.00%; Special Risk Administrative Support - 35.84%; Special Risk - 24.45%; Senior Management Service - 27.29%; Elected Officers' - 49.18%; and DROP participants - 16.98%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods from July 1, 2020 through June 30, 2021.

HIS Plan:

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

Benefits Provided - For the fiscal year ended June 30, 2020, 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. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers asset 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 HIS contribution for the period from July 1, 2020 through June 30, 2021 was 1.66%. The School contributed 100% of its statutorily required contributions for the current and preceding four years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021, the School reported liabilities of \$ 4,447,820 for its proportionate share of the FRS Plan's net pension liability and \$ 1,985,239 for the HIS Plan's net pension liability for a total net pension liability of \$ 6,433,059. 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 School's proportion of the net pension liability was based on a projection of the School's 2020-21 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2020, the School's proportion was 0.010262272% for the FRS Plan and 0.016259338% for the HIS Plan, which was a increase of 0.000551085% and 0.001426471%, respectively from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School recognized pension expense of \$ 572,624 for the FRS Plan and \$ 152,716 for the HIS Plan for a total pension expense of \$ 725,340.

Note 6 - Florida Retirement System (continued)

At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	FRS Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 170,227	\$ 81,208	\$ 251,435
Changes of assumptions	805,197	213,470	1,018,667
Net difference between projected and actual earnings on pension plan investments	264,827	1,585	266,412
Changes in proportion and differences between School contributions and proportionate share of contributions	383,232	398,903	782,135
School contributions subsequent to the measurement date	<u>407,124</u>	<u>89,968</u>	<u>497,092</u>
Total	<u>\$ 2,030,607</u>	<u>\$ 785,134</u>	<u>\$ 2,815,741</u>

	Deferred Inflows of Resources		
	FRS Plan	HIS Plan	Total
Differences between expected and actual experience	\$ -	\$ 1,532	\$ 1,532
Changes of assumptions	-	115,434	115,434
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between School contributions and proportionate share of contributions	<u>150,428</u>	<u>130,752</u>	<u>281,180</u>
Total	<u>\$ 150,428</u>	<u>\$ 247,718</u>	<u>\$ 398,146</u>

Deferred outflows of resources related to the Pension Plan, totaling \$ 497,092 related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending June 30, 2022.

Note 6 - Florida Retirement System (continued)

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

Year Ended June 30	FRS Plan	HIS Plan	Total
2022	\$ 296,662	\$ 103,939	\$ 400,601
2023	\$ 476,306	\$ 77,982	\$ 554,288
2024	\$ 409,429	\$ 87,509	\$ 496,938
2025	\$ 228,280	\$ 73,336	\$ 301,616
2026	\$ 62,378	\$ 52,691	\$ 115,069
Thereafter	\$ -	\$ 51,991	\$ 51,991

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

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS Plan	HIS Plan
Inflation	2.40%	2.40%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2018	Generational RP-2000 with Projection Scale MP-2018 table

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

Note 6 - Florida Retirement System (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
	<u>100.0%</u>			
Assumed Inflation - Mean		2.4%		1.7%

(1) As outlined in the Pension Plan's investment policy

Discount Rate: The discount rate used to measure the total pension liability was 6.80% for the FRS Plan. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

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 HIS Plan's 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 Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 2.21% was used to determine the total pension liability. The Bond Buyer General Obligation Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following table represents sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact of the School's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2021.

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
School's proportionate share of the net pension liability for FRS Plan	\$ <u>7,102,421</u>	\$ <u>4,447,820</u>	\$ <u>2,230,686</u>
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
School's proportionate share of the net pension liability for HIS Plan	\$ <u>2,294,847</u>	\$ <u>1,985,239</u>	\$ <u>1,731,825</u>

Note 7 - Income Taxes

The School is a division of Assistance Unlimited, Inc., which has qualified as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and is generally exempt from income tax. Accordingly, no tax provision has been made in the accompanying basic financial statements.

Note 8 - Commitments and Contingencies

Grant funding: The School received financial assistance from Federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Florida Single Audit Act, the School is required to conduct a "single audit" when the required threshold, which is \$ 750,000 for both Federal and state financial assistance, is met. The School exceeded the Federal threshold thus a single audit is required under the Uniform Guidance. The School is currently in the process of completing this requirement.

Personal service contract: In January 2019, the School amended their agreement with an independent contractor to serve as the full-time CEO of the School. The agreement provides for annual base compensation of \$ 137,500 paid bi-monthly through June 30, 2024 at which time the agreement will automatically renew for an annual period unless terminated by the School. The Board may terminate the agreement with twelve-month notice prior to the renewal date. Upon early termination, the contract provides for certain compensation to be paid based on the agreement. For the year ended June 30, 2021 the school incurred expenses of approximately \$ 137,500 related to this agreement.

Note 9 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the current year.

Note 10 - Risks and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the School's financial position and operations. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

Central Charter School
Schedule of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ 9,338,415	\$ 9,375,328	\$ 36,913
Local sources	317,580	169,482	(148,098)
	<u>9,655,995</u>	<u>9,544,810</u>	<u>(111,185)</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	5,290,703	5,027,069	263,634
Instructional supporting services:			
General administration	1,342,105	1,233,805	108,300
Plant operation	996,050	722,702	273,348
Plant maintenance	563,800	154,657	409,143
Pupil transportation	594,842	198,169	396,673
Instructional services	264,300	310,479	(46,179)
Operation of non-instructional services:			
Food services	-	47,940	(47,940)
Board services	25,000	18,606	6,394
Fiscal services	36,000	59,024	(23,024)
Capital outlay:			
Equipment and improvements	-	63,661	(63,661)
Debt service:			
Principal	203,996	215,388	(11,392)
Interest	-	778,820	(778,820)
	<u>9,316,796</u>	<u>8,830,320</u>	<u>486,476</u>
Total expenditures	<u>9,316,796</u>	<u>8,830,320</u>	<u>486,476</u>
Change in fund balance	\$ <u>339,199</u>	\$ <u>714,490</u>	\$ <u>375,291</u>

Central Charter School
Schedule of Revenues and Expenditures
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal sources	\$ 1,337,540	\$ 2,278,863	\$ 941,323
Total revenues	<u>1,337,540</u>	<u>2,278,863</u>	<u>941,323</u>
Expenditures:			
Current:			
Instruction	637,540	1,434,357	(796,817)
Food services	<u>700,000</u>	<u>477,971</u>	<u>222,029</u>
Total expenditures	<u>1,337,540</u>	<u>1,912,328</u>	<u>(574,788)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 366,535</u>	<u>\$ 366,535</u>

**Central Charter School
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)**

	2014	2015	2016	2017	2018	2019	2020
Central Charter School's proportion of the net pension liability	0.00902221%	0.00950770%	0.00641988%	0.00878414%	0.01011031%	0.00971119%	0.01026223%
Central Charter School's proportionate share of the net pension liability	\$ 550,488	\$ 1,228,046	\$ 1,621,024	\$ 2,598,288	\$ 3,045,278	\$ 3,344,398	\$ 4,447,820
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135	\$ 5,916,780
Central Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.27%	34.96%	37.78%	54.00%	61.39%	59.26%	75.17%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)**

	2014	2015	2016	2017	2018	2019	2020
Central Charter School's proportion of the net pension liability	0.01312141%	0.01366743%	0.01005970%	0.01343070%	0.01519631%	0.01483287%	0.01625934%
Central Charter School's proportionate share of the net pension liability	\$ 1,226,884	\$ 1,393,864	\$ 1,172,418	\$ 1,436,072	\$ 1,608,394	\$ 1,659,649	\$ 1,985,239
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135	\$ 5,916,780
Central Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.34%	39.68%	27.33%	29.84%	32.42%	29.41%	33.55%
Plan fiduciary net position as a percentage of total pension liability	0.50%	0.99%	0.97%	1.64%	2.15%	2.63%	3.00%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)**

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 325,237	\$ 268,716	\$ 313,255	\$ 383,998	\$ 403,751	\$ 469,345	\$ 579,954
Contributions in related to the contractually required contribution	<u>(325,237)</u>	<u>(268,716)</u>	<u>(313,255)</u>	<u>(383,998)</u>	<u>(403,751)</u>	<u>(469,345)</u>	<u>(579,954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135	\$ 5,916,780
Contributions as a percentage of covered payroll	7.25%	7.65%	7.30%	7.98%	8.14%	8.32%	9.80%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

Central Charter School
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 4,150	\$ 4,535	\$ 5,288	\$ 6,482	\$ 6,815	\$ 7,923	\$ 9,790
Contributions in related to the contractually required contribution	<u>(4,150)</u>	<u>(4,535)</u>	<u>(5,288)</u>	<u>(6,482)</u>	<u>(6,815)</u>	<u>(7,923)</u>	<u>(9,790)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Central Charter School covered -employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135	\$ 5,916,780
Contributions as a percentage of covered payroll	0.09%	0.13%	0.12%	0.13%	0.14%	0.14%	0.17%

* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

Central Charter School
 Schedule of Investment Returns
 Florida Retirement System Pension Plan
 Last 10 Fiscal Years *
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020
Annual money-weighted annual rate of return, net of investment expenses	17.57%	3.77%	0.057%	13.59%	9.28%	5.98%	3.35%

* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for these years for which the information is available.

Central Charter School
 Schedule of Investment Returns
 Retiree Health Insurance Subsidy Program
 Last 10 Fiscal Years *
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020
Annual money-weighted annual rate of return, net of investment expenses	17.57%	3.77%	0.057%	13.59%	9.28%	5.98%	3.35%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for these years for which the information is available.

OTHER INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Directors
Central Charter School (a division of Assistance Unlimited, Inc.)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

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

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

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

Central Charter School

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2021

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Central Charter School (a division of Assistance Unlimited, Inc.)

Report on the Financial Statements

We have audited the financial statements of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, as of and for the year ended June 30, 2021, and have issued our report thereon dated September 28, 2021.

Auditor's Responsibility

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 United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Recommendations. Disclosures in that report and schedule, which are dated September 28, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding 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 school code assigned by the Florida Department of Education of the entity is Central Charter School (a division of Assistance Unlimited, Inc.) and 065041.

CPA's + Trusted Advisors

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires 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 have any recommendations to improve financial management.

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2021

Status of Prior Year Comments and Recommendations

None

Current Year Comments and Recommendations

None