

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Financial Statements  
with Independent Auditor's Reports Thereon**

**June 30, 2022**



**McCRADY & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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## MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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Marco Island Charter Middle School, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

#### FINANCIAL HIGHLIGHTS

- ❖ For the fiscal year ended June 30, 2022, the School's revenues exceeded expenditures by approximately \$902,000 in the fund financial statements.
- ❖ As of June 30, 2022, the School's fund balance is approximately \$3,108,000 in the governmental financial statements.
- ❖ The increase in the fund balance is primarily due to current year operations as well as additional federal funds being awarded for Covid related expenses.
- ❖ The School also received a donation from the Collier County School Board (CCSB) in the approximate amount of \$456,000. See Note 6 for additional details.

#### 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 consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of the School. This document also includes the Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. Net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2022, the School had no business-type activities or component units.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in a governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. A Budgetary Comparison Schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

## **Notes to Financial Statements**

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

## **Other Reports**

This report also includes the Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

## BALANCE SHEET – GOVERNMENTAL FUNDS

The School's combined fund balance as of June 30, 2022 and 2021 is summarized as follows:

	<u>Governmental Activities</u>		Increase
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
Current and other assets	\$ 3,344,342	\$ 2,327,465	\$ 1,016,877
Total assets	<u>3,344,342</u>	<u>2,327,465</u>	<u>1,016,877</u>
Current and other liabilities	<u>236,191</u>	<u>121,680</u>	<u>114,511</u>
Total liabilities	<u>236,191</u>	<u>121,680</u>	<u>114,511</u>
Fund Balance:			
Nonspendable	91,386	79,067	12,319
Restricted	472,046	55,218	416,828
Unrestricted	<u>2,544,719</u>	<u>2,071,500</u>	<u>473,219</u>
Total fund balance	<u>\$ 3,108,151</u>	<u>\$ 2,205,785</u>	<u>\$ 902,366</u>

The change in total assets and total fund balance is due to an increase in cash and other current assets. The increase is related to the additional federal funds allocated to the school, a substantial donation from CCSD and the income from the current year operations. Accounts receivable increased due to the timing of the ESSER grant. Total fund balance increased as a result of the current year operations.

## Change in Fund Balances

The School's total revenues exceeded expenditures by approximately \$902,370 in fiscal 2022—see table below.

	<u>Governmental Activities</u>		Increase
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
<b>Revenues:</b>			
Federal Sources passes through local school sources	\$ 195,838	\$ 131,824	\$ 64,014
State and local sources	3,181,199	3,132,719	48,480
Contributions and other revenue	324,478	309,113	15,365
Donation from Collier County School District	<u>456,046</u>	<u>-</u>	<u>456,046</u>
Total revenues	<u>4,157,561</u>	<u>3,573,656</u>	<u>583,905</u>
<b>Expenditures:</b>			
Instruction	2,104,247	1,967,652	136,595
Board	19,341	30,116	(10,775)
General administration	43,336	38,368	4,968
School administration	689,316	645,260	44,056
Pupil transportation	60,885	57,511	3,374
Operation of plant	319,518	394,873	(75,355)
Capital outlay	<u>18,352</u>	<u>168,489</u>	<u>(150,137)</u>
Total expenditures	<u>3,254,995</u>	<u>3,302,269</u>	<u>(47,274)</u>
Change in fund balances	\$ <u>902,366</u>	\$ <u>271,387</u>	\$ <u>630,979</u>

Revenues from state and local sources increased due to an increase in FEFP/Categoricals funding. Federal sources increased due to the ESSER grant received in current year. Additionally, the School received approximately \$456,000 from a donation from Collier County School District. (See Note 6)

The change in instructional expenditures and school administration expenditures is due to an increase in salaries and benefits. Transportation expenditures stayed consistent with prior year. Operation of plant decreased due to the reimbursement of cleaning and supplies from federal grants.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental fund reported a fund balance of \$3,108,151 which was an increase of approximately \$900,000 from the prior year.

### General Fund Budgetary Highlights

During the fiscal year, the School did not amend its general fund budget. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations necessary to maintain services.

For the year ended June 30, 2022, actual revenues were more than budgeted amounts by approximately \$337,000. Actual expenditures were approximately \$48,000 less than budgeted, costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal 2022, the School's investment in capital assets was \$140,482, net of accumulated depreciation of \$535,711.

As of June 30, 2022 and 2021 information regarding the School's capital assets is as follows:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land improvements	\$ 28,230	\$ 28,230	\$ -
Furniture, fixtures, and equipment	<u>647,963</u>	<u>629,611</u>	<u>18,352</u>
Total capital assets	<u>\$ 676,193</u>	<u>\$ 657,841</u>	<u>\$ 18,352</u>

The School had approximately \$18,000 capital asset additions during 2022.

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Budget Highlights for the Fiscal Year Ending June 30, 2023**

Amounts available for appropriation in the general fund are expected to be approximately \$3.25 million, which is a decrease of \$260,000 from 2022 actual revenue.

Budgeted expenditures are expected to increase to approximately \$3.25 million from the fiscal 2022 actual amount.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1401 Trinidad Avenue, Marco Island, FL 34145.





**McCrary & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Marco Island Charter Middle School, Inc.  
A Charter School and Component Unit of the District  
School Board of Collier County, Florida

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marco Island Charter Middle School, Inc. (the "School"), a Charter School and Component Unit of the District School Board of Collier County, Florida as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marco Island Charter Middle School, Inc. a Charter School and Component Unit of the District School Board of Collier County, Florida as of and for the year ended June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022, 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 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 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.

*McCrary & Associates, PLLC*

Altamonte Springs, Florida  
July 23, 2022

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**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Statement of Net Position**

**June 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,966,764
Certificate of deposits	985,414
Due from other agencies	137,500
Other assets	117,164
Capital assets:	
Furniture, fixtures and equipment	624,639
Land improvements	51,554
Less accumulated depreciation	(535,711)
Total capital assets, net	<u>140,482</u>
Total assets	<u><u>\$ 3,347,324</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Amount deferred on pension liability	\$ 490,994
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	98,691
Long-term liability:	
Portion due or payable after one year:	
Pension liability	<u>886,862</u>
Total liabilities	<u>985,553</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Amount deferred on pension liability	1,101,086
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	140,482
Restricted:	
Computer improvement project	16,000
Capital projects	456,046
Unrestricted	1,139,151
Total net position	<u>1,751,679</u>
Total Liabilities and Net Position	<u><u>\$ 2,737,232</u></u>

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

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Statement of Activities**

**For the Year Ended June 30, 2022**

	<u>Expenses</u>	<u>Program Specific Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction	\$ 1,978,686	\$ -	\$ 134,838	\$ -	\$ (1,843,848)	\$ (1,843,848)
Board	19,341	-	-	-	(19,341)	(19,341)
General administration	43,336	-	-	-	(43,336)	(43,336)
School administration	690,576	-	-	-	(690,576)	(690,576)
Pupil transportation services	60,885	-	-	-	(60,885)	(60,885)
Operation of plant	319,518	-	-	-	(319,518)	(319,518)
Total primary government	<u>\$ 3,112,342</u>	<u>\$ -</u>	<u>\$ 134,838</u>	<u>\$ -</u>	<u>\$ (2,977,504)</u>	<u>\$ (2,977,504)</u>
General revenues:						
Federal through state				\$ 61,000	\$ 61,000	\$ 61,000
State and local sources				3,181,199	3,181,199	3,181,199
Contributions and other revenues				324,278	324,278	324,278
Donation from Collier County School District (see note 6)				456,046	456,046	456,046
Total general revenues				<u>4,022,523</u>	<u>4,022,523</u>	<u>4,022,523</u>
Changes in net position				1,045,019	1,045,019	1,045,019
Net position at beginning of year				<u>706,660</u>	<u>706,660</u>	<u>706,660</u>
Net position at end of year				<u>\$ 1,751,679</u>	<u>\$ 1,751,679</u>	<u>\$ 1,751,679</u>

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

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Balance Sheet - Governmental Fund**

**June 30, 2022**

	<b>General Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,966,764	\$ -	\$ 1,966,764
Certificate of deposits	985,414	-	985,414
Due from other agencies	-	137,500	137,500
Other assets	117,164	-	117,164
Due from Other Governmental Fund	<u>137,500</u>	<u>-</u>	<u>137,500</u>
Total assets	<u><u>\$ 3,206,842</u></u>	<u><u>\$ 137,500</u></u>	<u><u>\$ 3,344,342</u></u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 98,691	\$ -	\$ 98,691
Due to General Fund	<u>-</u>	<u>137,500</u>	<u>137,500</u>
Total liabilities	<u>98,691</u>	<u>137,500</u>	<u>236,191</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid expenses	71,386	-	71,386
Other real estate asset	20,000	-	20,000
Restricted:			
Computer improvement project	16,000	-	16,000
Board designated			
Capital projects	456,046	-	456,046
Spendable:			
Unassigned	<u>2,544,719</u>	<u>-</u>	<u>2,544,719</u>
Total fund balance	<u>3,108,151</u>	<u>-</u>	<u>3,108,151</u>
Total liabilities and fund balance	<u><u>\$ 3,206,842</u></u>	<u><u>\$ 137,500</u></u>	<u><u>\$ 3,344,342</u></u>

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

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position**

**June 30, 2022**

**Total fund balance - governmental fund** \$ 3,108,151

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the capital assets and accumulated depreciation at year end consisted of:

Capital assets	676,193
Accumulated depreciation	(535,711)

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at the end of the period consist of:

Pension liability	(886,862)
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Deferred amounts are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the general fund.

(610,092)

**Total net position - governmental activities** \$ 1,751,679

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

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Fund**

**For the Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Federal sources passed through local school district □	\$ -	\$ 195,838	\$ 195,838
State and local sources	3,181,199	-	3,181,199
Contributions and other revenues	324,278	-	324,278
Donation, Collier County School District	456,046	-	456,046
Total revenues	<u>3,961,523</u>	<u>195,838</u>	<u>4,157,361</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,969,409	134,838	2,104,247
Board	19,341	-	19,341
General administration	43,336	-	43,336
School administration	689,316	-	689,316
Pupil transportation services	60,885	-	60,885
Operation of plant	319,518	-	319,518
Capital outlay	18,352	-	18,352
Total expenditures	<u>3,120,157</u>	<u>134,838</u>	<u>3,254,995</u>
Excess (deficiency) of revenue over expenditures	<u>841,366</u>	<u>61,000</u>	<u>902,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in	61,000	-	61,000
Operating transfer out	-	(61,000)	(61,000)
Total other financing sources	<u>61,000</u>	<u>(61,000)</u>	<u>-</u>
Net changes in fund balances	902,366	-	902,366
Fund balance at beginning of year	2,205,785	-	2,205,785
Fund balance at end of year	<u>\$ 3,108,151</u>	<u>\$ -</u>	<u>\$ 3,108,151</u>

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



**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and  
Change in Fund Balance of Governmental Fund  
to the Statement of Activities**

**For the Year Ended June 30, 2022**

**Net change in fund balances - total governmental funds** \$ 902,366

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amounts incurred in the current period:

Capital outlays	18,352
Depreciation expense	(39,847)

In the Statement of Activities, some revenues and expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflows outflows of resources.

164,148

**Change in net position of governmental activities** \$ 1,045,019

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

# MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.

## A Charter School and Component Unit of the District School Board of Collier County, Florida

### Notes to Financial Statements

For the Year Ended June 30, 2022

#### 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

Marco Island Charter Middle School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors (the "Board"), which is composed of four members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Collier County, Florida (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

##### Charter Contract

The School operates under a charter granted by the School Board. The current charter expires on June 30, 2026 and may be renewed for a maximum of an additional fifteen years, unless a longer term is required by law, by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert to the School Board.

##### Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the Florida Department of Education ("FDOE").

# MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.

## A Charter School and Component Unit of the District School Board of Collier County, Florida

### Notes to Financial Statements

For the Year Ended June 30, 2022

#### Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

#### Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are major individual governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the School, except those that are required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted or committed to expenditures for a specific purpose.

For the purpose of these statements, the general fund is considered the major fund. The special revenue fund is non-major and reported in Other Governmental Funds.

#### Basis of Accounting

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

# **MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

## **A Charter School and Component Unit of the District School Board of Collier County, Florida**

### **Notes to Financial Statements**

#### **For the Year Ended June 30, 2022**

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

#### **Budgetary Basis Accounting**

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

#### **Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

#### **Cash and Cash Equivalents**

The School's cash consists of demand deposits, certificates of deposits and money market accounts with financial institutions.

As Florida Statutes and the School's policy require, all deposits must be made into and 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 the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability of the institution to guarantee deposits made by members of the pool should the need arise. The School also has deposits in institutions that are not qualified public depositories. These funds are fully insured by the FDIC as they fall under the mandatory insurance limits of \$250,000.

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**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

**Interfund Receivables and Payables**

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund has recorded total receivables of approximately \$137,000 which relates to amounts paid by the special revenue fund on behalf of the general fund.

**Interfund Transfers**

The School awarded funds under the ESSER grant for reimbursement of expenses previously incurred. For the year ended June 30, 2022, the School received approximately \$61,000 for allowable expenses incurred by the general fund in previous fiscal years. For the year ended June 30, 2022, the Other Governmental Fund transferred approximately this portion of funding to the general fund.

**Other Receivables**

Other Receivables consist of amounts due from governmental agencies for various programs.

**Capital Assets and Depreciation**

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Furniture, fixtures, and equipment	5
Land improvements	10

Information related to the change in capital assets is described in Note 3.

**Pensions**

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this

# MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.

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### Notes to Financial Statements

#### For the Year Ended June 30, 2022

purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The School's retirement plans and related amounts are described in Note 4.

#### Long-Term Liabilities

Long-term liabilities financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund.

#### Net Position and Fund Balance Classifications

##### *Government-wide financial statements*

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

##### *Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

# **MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

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### **Notes to Financial Statements**

#### **For the Year Ended June 30, 2022**

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

#### **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

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

In addition to assets, the statement of financial 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 school has one item that qualifies for reporting in this category which is the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of financial 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category, which is the deferred amount on pension reported in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provide with pensions through the pension plan except earnings which are amortized over 5 years.

# MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.

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### Notes to Financial Statements

For the Year Ended June 30, 2022

#### Revenue Sources

Revenues for operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 2% administrative fee from the School, which is withheld from the respective Florida Education Finance Program ("FEFP") payments. The administrative fee is 2% as opposed to 5% because the school is considered a high performing school. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental fund. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2022, the School reported 364 unweighted FTE.

#### Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. This pronouncement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The original effective implementation date was June 30, 2021. However, GASB Statement No. 95 postponed the implementation of this statement to be effective for reporting periods beginning after June 15, 2021. Therefore, management's adoption of this Statement did not result in any adjustments to the prior year's financial statements as the School is not currently engaged in leasing activities.



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#### For the Year Ended June 30, 2022

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement would now require interest costs incurred before the end of construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2022. Currently, the School is not engaged in any construction projects but is aware of the effect of the adoption of this Statement for future projects.

## 2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2:* Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

*Level 3:* Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

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**For the Year Ended June 30, 2022**

The estimated fair value of the School's pension liability and related deferred outflows and inflows determined using Level 3 inputs is based on information provided by the Auditor General. The estimated fair value of the School's pensions and related deferred outflows and inflows using Level 3 inputs is determined by calculating the present value of the future distributions expected to be paid, using published life expectancy tables and discount rates ranging from approximately 3% to 7.6%. There were no changes in valuation techniques during the year.

The carrying values of cash and cash equivalents and cash restricted for long-term purposes do not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value. As such, these assets are considered level 3.

Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2022, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Deferred outflows related to pension liability	\$ -	\$ -	\$ 490,994	\$ 490,994
Pension liability	-	-	(886,862)	(886,862)
Deferred inflows related to pension liability	-	-	(1,101,086)	(1,101,086)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,496,954)</u>	<u>\$ (1,496,954)</u>

**3 DUE FROM OTHER AGENCIES**

Due from other agencies included in the accompanying financial statements primarily consists of reimbursements from the School Board for expenses related to ESSER grant. Based on the source of these funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

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**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

Capital asset activity during the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets:</b>				
Furniture, fixtures and equipment	\$ 629,611	\$ 18,352	\$ -	\$ 647,963
Land improvements	28,230	-	-	28,230
Total capital assets	<u>657,841</u>	<u>18,352</u>	<u>-</u>	<u>676,193</u>
 <b>Accumulated Depreciation</b>				
Furniture, fixtures and equipment	467,634	39,847	-	507,481
Land improvements	28,230	-	-	28,230
Total accumulated depreciation	<u>495,864</u>	<u>39,847</u>	<u>-</u>	<u>535,711</u>
Capital assets, net	<u>\$ 161,977</u>	<u>\$ (21,495)</u>	<u>\$ -</u>	<u>\$ 140,482</u>

Governmental activities:

Instructional	\$ 31,878
School administration	7,969
Total governmental activities depreciation expense	<u>\$ 39,847</u>

**SCHOOL FACILITY AND CAPITAL ASSETS**

The School Board completed the construction of a permanent School facility as of June 30, 2007. The School Board also purchased the related capital assets, including but not limited to student desks, workstations, audio visual equipment and lockers, which will remain the property of the School Board. The School Board retains the title to the school building and facility. No rental or leasing fee is being charged by the School Board to the School. Administrators of the School and the School Board believe that considerable uncertainty exists regarding the valuation of facilities utilized by the School. Consequently, the financial statements reflect no such charges of expense.

In management's opinion, the value of facilities utilized by the School is significant; therefore, any substantial changes in this arrangement with the School Board could have a material effect on the School's operations.

# MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.

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### Notes to Financial Statements

For the Year Ended June 30, 2022

#### 4 RETIREMENT PLANS

##### PENSION PLANS

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2022, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the Division.

##### Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

- The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service

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### Notes to Financial Statements

#### For the Year Ended June 30, 2022

credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Over 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

#### **Basis of Accounting**

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's ACFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the Division. There have been no significant changes since the publication of the financial statements.

#### **Employer Contributions**

Contributions are recognized as revenue in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

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**For the Year Ended June 30, 2022**

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

**Contributions**

Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. Effective July 1, 2011, FRS members are required to make employee contributions in addition to employer contributions to establish service credit for work performed in a regularly established position. The total uniform contribution rates by membership class for Fiscal Year 2021-22- are as follows:

<u>Class or Plan</u>	<b>Percent of Gross Salary</b>	
	<u>Employee</u>	<u>Employer (A)</u>
<b>Regular class</b>	<b>3%</b>	<b>10.82%</b>
<b>Senior management</b>	<b>3%</b>	<b>29.01%</b>
<b>Drop</b>	<b>N/A</b>	<b>18.34%</b>

(A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy, assessment of 0.06% for administration for the FRS Investment Plan and the administration of the MyFRS Financial Guidance Program for both plans, and an unfunded actuarial liability contribution determined by membership class.

**Net Pension Liability**

The components of the collective net position liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2021 are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
<b>Total pension liability</b>	<b>\$ 209,636,046</b>	<b>\$ 12,719,121</b>
<b>Plan fiduciary net position</b>	<b>(202,082,183)</b>	<b>(452,618)</b>
<b>Net pension liability</b>	<b>\$ 7,553,863</b>	<b>\$ 12,266,503</b>
<b>Plan fiduciary net position as a percentage Of the total pension liability</b>	<b>96.40%</b>	<b>3.56%</b>

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### **Notes to Financial Statements**

#### **For the Year Ended June 30, 2022**

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

#### **Actuarial Methods and Assumptions**

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and HIS Program were based on the PUB-2010 base table.

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**For the Year Ended June 30, 2022**

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2021.

<b>School's Proportionate Share of FRS Net Pension Liability</b>			<b>School's Proportionate Share of HIS Net Pension Liability</b>		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.80%	6.80%	7.80%	1.16%	2.16%	3.16%
\$1,159,687	\$259,318	(\$493,290)	\$725,502	\$627,544	\$547,290

**Basis of Allocation**

At June 30, 2021, the School reported a liability of \$259,318 for its proportionate share of the Plan's net pension liability. The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ended June 30, 2013, through June 30, 2021, for employers that were members of the FRS and HIS during those fiscal years.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-21 fiscal year contributions of all participating members.



**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

The School's proportions are as follows:

	<u>FRS</u>	<u>HIS</u>
June 30, 2021	0.00343%	0.005115%
June 30, 2020	<u>0.00368%</u>	<u>0.005885%</u>
Change	<u>0.00025%</u>	<u>0.000073%</u>

**Pension Expense and Deferred Outflow / Inflow of Resources**

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

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

Employer contributions to the pension plans from the School's employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2021, was 5.7 years for FRS and 6.4 years for HIS.

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

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

<u>Description</u>	<b>FRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 44,448	\$ -
Changes of assumptions	177,438	-
Net difference between projected and actual investment earnings	-	904,695
Employer-specific amounts due to changes in employer proportion	5,666	77,346
School FRS contributions subsequent to the measurement date	162,941	-
<b>Total</b>	<b>\$ 390,493</b>	<b>\$ 982,041</b>

<u>Description</u>	<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 20,999	\$ 263
Changes of assumptions	49,311	25,856
Net difference between projected and actual investment earnings	654	-
Employer-specific amounts due to changes in employer proportion	-	92,926
School FRS contributions subsequent to the measurement date	29,537	-
<b>Total</b>	<b>\$ 100,501</b>	<b>\$ 119,045</b>

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

Deferred outflows of resources 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<b>Measurement period ending June 30,</b>	<b>FRS Expense</b>	<b>HIS Expense</b>
<b>2022</b>	\$ 132,884	\$ 13,243
<b>2023</b>	154,956	4,219
<b>2024</b>	205,257	8,705
<b>2025</b>	263,022	11,554
<b>2026</b>	(1,630)	8,641
<b>Thereafter</b>		1,719
<b>Total</b>	<b>\$ 754,489</b>	<b>\$ 48,081</b>

**Additional Financial and Actuarial Information**

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2021. The system's ACFR and the actuarial valuation reports referenced herein are available online at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

**5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

District School Board of Collier County, Florida:	
Florida Education Finance Program	\$ 1,690,659
Discretionary millage funds	536,743
Class size reduction	354,594
Referendum _Capital .35 mill	281,025
Supplemental academic instruction	82,122
ESE guaranteed allocation	80,347
Teacher lead	66,476
Instructional materials	28,889
School Recognition	15,992
Reading allocation	15,273
Mental Health Assistance Allocation	14,783
Additional Student Reserves	8,032
Safe Schools	5,410
Digital classroom allocation	854
Total	<u>\$ 3,181,199</u>

The administrative fee paid to the School Board during the year ended June 30, 2022 totaled approximately \$43,000, which is reflected as a general administration expense in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance – governmental fund.

**6 DONATION FROM COLLIER COUNTY SCHOOL DISTRICT**

The School received approximately \$456,000 from Collier County School District as a donation. In 2004 the city received a piece of land that is referred to as Tract K. This land was deemed to be used for specific environmental purposes. The donor of the land to the CCSD specified that upon sale of Tract K, the proceeds would be allocated among educational facilities in Collier county, The amount of allocation was determined by the number of students in the educational facility. The board of Governance of Marco Island Charter Middle school has restricted for capital projects only and the financial statements report this restriction.

**7 RISK MANAGEMENT PROGRAM**

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

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

**8 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

In the opinion of the School, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal Matters**

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

**9 INCOME TAXES**

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, the school has adopted standards that examine any uncertain tax positions that they expect to take in a tax return relating to state income taxes and unrelated business taxable income. The school also assesses its ability to continue as tax exempt and a nonprofit organization for tax purposes. The School's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

**10 SUBSEQUENT EVENTS**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through July 23, 2022, which is the date the financial statements were available to be issued.

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Required Supplementary Information**

**Budget Comparison Schedule - General Fund**

**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 2,949,546	\$ 2,949,546	\$ 3,181,199	\$ 231,653
Contributions and other revenue	218,648	218,648	324,278	105,630
Donation from Collier County School C	-	-	456,046	456,046
Total revenues	<u>3,168,194</u>	<u>3,168,194</u>	<u>3,961,523</u>	<u>793,329</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,014,454	2,014,454	1,969,409	(45,045)
Board	20,040	20,040	19,341	(699)
General administration	37,631	37,631	43,336	5,705
School administration	661,869	661,869	689,316	27,447
Pupil transportation services	90,000	90,000	60,885	(29,115)
Operation of plant	344,200	344,200	319,518	(24,682)
Capital outlay	-	-	18,352	18,352
Total expenditures	<u>3,168,194</u>	<u>3,168,194</u>	<u>3,120,157</u>	<u>(48,037)</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>841,366</u>	<u>841,366</u>
Fund balance at beginning of year	<u>2,205,785</u>	<u>2,205,785</u>	<u>2,205,785</u>	
Fund balance at end of year	<u><u>\$ 2,205,785</u></u>	<u><u>\$ 2,205,785</u></u>	<u><u>\$ 3,047,151</u></u>	

See report of independent auditor's.

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Required Supplementary Information  
(continued)**

Schedule of the School's Proportionate Share of the Net Pension Liability-  
Florida Retirement System Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the FRS net pension liability (asset)	0.00343%	0.00369%	0.00369%	0.00376%	0.00376%	0.00360%	0.00401%	0.00410%
School's proportionate share of the FRS net pension liability (asset)	\$ 259,318	\$1,597,350	\$ 1,273,156	\$ 1,129,905	\$ 1,113,354	\$ 908,200	\$ 518,315	\$ 250,159
School's covered-employee payroll	\$1,949,276	\$1,942,193	\$ 2,042,700	\$ 1,957,799	\$ 1,956,831	\$ 1,973,327	\$ 1,933,979	\$ 1,945,670
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	13.3%	82.2%	62.3%	57.7%	56.9%	46.0%	26.8%	12.9%
FRS Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Schedule of School Contributions  
Florida Retirement System Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	162,941	137,610	108,627	106,908	114,313	\$ 114,313	\$ 87,714	\$ 97,837
FRS contribution in relation to the contractually required FRS contribution	(162,941)	(137,610)	(108,627)	(106,908)	(114,313)	(114,313)	(87,714)	(97,837)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$1,949,276	\$1,942,193	\$ 2,042,700	\$ 1,957,799	\$ 1,956,831	\$ 1,973,327	\$ 1,933,979	\$ 1,945,670
FRS contribution as a percentage of covered-employee payroll	8.4%	7.1%	5.3%	5.5%	5.8%	5.8%	4.5%	5.0%

See report of independent auditor's.

**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Required Supplementary Information  
(continued)**

Schedule of the School's Proportionate Share of the Net Pension Liability-  
Health Insurance Subsidy Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the HIS net pension liability (asset)	0.0051%	0.0059%	0.0060%	0.0062%	0.0062%	0.0063%	0.0064%	0.0067%
School's proportionate share of the HIS net pension liability (asset)	\$ 627,544	\$ 718,608	\$ 661,765	\$ 661,956	\$ 661,956	\$ 729,621	\$ 654,048	\$ 624,876
School's covered-employee payroll	\$ 1,949,276	\$ 1,942,193	\$ 2,042,700	\$ 1,973,327	\$ 1,973,327	\$ 1,973,327	\$ 1,933,979	\$ 1,945,670
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	32.2%	37.0%	32.4%	33.5%	33.5%	37.0%	33.8%	32.1%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.10%	0.50%	0.99%

Schedule of School Contributions  
Health Insurance Subsidy Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 29,537	\$ 34,617	\$ 32,386	\$ 32,413	\$ 32,757	\$ 32,757	\$ 32,104	\$ 24,515
HIS contribution in relation to the contractually required HIS contribution	(29,537)	(34,617)	(32,386)	(32,413)	(32,757)	(32,757)	(32,104)	(24,515)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 1,949,276	\$ 1,942,193	\$ 2,042,700	\$ 1,973,327	\$ 1,973,327	\$ 1,973,327	\$ 1,933,979	\$ 1,945,670
HIS contribution as a percentage of covered employee payroll	1.5%	1.8%	1.6%	1.6%	1.7%	1.6%	1.7%	1.3%

See report of independent auditor's.



**MARCO ISLAND CHARTER MIDDLE SCHOOL, INC.**

**A Charter School and Component Unit of the  
District School Board of Collier County, Florida**

**Notes to Financial Statements**

**For the Year Ended June 30, 2022**

**1 BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.



**Report of Independent Auditor's on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

To the Board of Directors of Marco Island Charter Middle School, Inc.  
a Charter School and Component Unit of the District  
School Board of Collier County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Marco Island Charter Middle School (the "School"), a charter school and component unit of the District School Board of Collier County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated July 23, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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.

*McCrary & Associates, PLLC*

Altamonte Springs, Florida  
July 23, 2022

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**Additional Information Required by  
Rules of the Auditor General,  
Chapter 10.850, *Audits of Charter Schools  
and Similar Entities***



**McCrary & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Marco Island Charter Middle School, Inc.,  
a Charter School and Component Unit of the District  
School Board of Collier County, Florida.

**Report on the Financial Statements**

We have audited the financial statements of Marco Island Charter Middle School, Inc. (the “School”) as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated July 23, 2022.

**Auditor’s Responsibility**

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

**Other Reports and Schedules**

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

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Marco Island Charter Middle School, Inc. The School code is 9018.

**Financial Condition**

Sections 10.854(1)(e)2. Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with 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.

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report 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.

### **Other Matters**

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

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

*McCrary & Associates, PLLC*

Altamonte Springs, Florida  
July 23, 2022

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