

Sigsbee Charter School, Inc.

A Charter School and Component Unit of
the Monroe County District School Board

Basic Financial Statements
For the Year Ended June 30, 2022



Table of Contents

Independent Auditor’s Report 1-3

Management’s Discussion and Analysis

Management’s Discussion and Analysis
(Not covered by Independent Auditor’s Report) 4-8

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position 9

Statement of Activities 10

Fund Basic Financial Statements:

Balance Sheet - Governmental Funds 11

Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position 12

Statement of Revenues, Expenditures and Changes in
Funds Balances - Governmental Funds 13

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities 14

Notes to Basic Financial Statements 15-21

Required Supplementary Information

Schedule of Revenues and Expenditures Budget and Actual - General Fund 22

Schedule of Revenues and Expenditures Budget and Actual - Special Revenue Fund 23

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 the Financial Statements
Performed in Accordance with *Government Auditing Standards* 24-25

Independent Auditor’s Report to the Board of Directors 26-27

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sigsbee Charter School, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sigsbee Charter School, Inc. (the "School"), a component unit of the Monroe County District School Board, 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 27, 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 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
October 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



Our discussion and analysis of the Sigsbee Charter School, Inc.'s (the "School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022, with certain comparative information for 2021. Please read it in conjunction with the School's basic financial statements which immediately follow this discussion.

Overview of the Basic 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 the basic financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the statement of net position and the statement of activities, are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education must be considered in order to reasonably assess the School's overall performance.

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.

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 has only one (1) 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 assessing 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 change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

Sigsbee Charter School, Inc.
Management's Discussion and Analysis
June 30, 2022

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. A budgetary comparison statement has been provided for the General Fund as required supplemental information.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position:

Sigsbee Charter School Summary of Net Position			
	June 30, 2022	June 30, 2021	Variance
Assets:			
Current and other assets	\$ 9,007,148	\$ 8,288,218	\$ 718,930
Capital assets, net of depreciation	10,235,699	10,240,455	(4,756)
Noncurrent assets	<u>-</u>	<u>15,300</u>	<u>(15,300)</u>
Total assets	<u>19,242,847</u>	<u>18,543,973</u>	<u>698,874</u>
Liabilities:			
Current liabilities	426,956	450,517	(23,561)
Noncurrent liabilities	<u>83,179</u>	<u>92,245</u>	<u>(9,066)</u>
Total liabilities	<u>510,135</u>	<u>542,762</u>	<u>(32,627)</u>
Net Position:			
Net investment in capital assets	10,235,699	10,240,455	(4,756)
Unrestricted	<u>8,497,013</u>	<u>7,760,756</u>	<u>736,257</u>
Total net position	<u>\$ 18,732,712</u>	<u>\$ 18,001,211</u>	<u>\$ 731,501</u>

The School continues its effort to increase its net position in order to fund future capital expenditures in accordance with the Facilities Master Plan developed in March 2019. The School operates in a 60-year-old facility with no gymnasium and nine portable classrooms. The plan includes replacing modular classrooms with a STEAM center, replacing the outdated cafeteria, and adding a gymnasium to the campus. The projected cost of the plan was updated in March 2022 and is now estimated to be between \$ 42 and \$ 60 million over 10 years.

Government-Wide Financial Analysis (continued)

A portion of the School's net position reflects its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources that are subject to external restrictions on how they may be used are classified as restricted net position. As of June 30, 2022, and 2021, the School had no restricted net position. The remaining unrestricted balance may be used in any of the School's ongoing operations.

The following table presents comparative information of the condensed government-wide statements of changes in net position:

Sigsbee Charter School Summary of Change in Net Position			
	June 30, <u>2022</u>	June 30, <u>2021</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 6,711,211	\$ 7,125,686	\$ (414,475)
Program revenues:			
Charges for services	25,915	13,800	12,115
Operating grants and contributions	617,685	243,660	374,025
Capital grants and contributions	<u>283,995</u>	<u>329,210</u>	<u>(45,215)</u>
Total revenues	<u>7,638,806</u>	<u>7,712,356</u>	<u>(73,550)</u>
Expenses:			
Instruction	4,076,299	4,077,522	(1,223)
Instructional support services	2,570,805	2,254,634	316,171
Non-instructional services	<u>260,201</u>	<u>290,316</u>	<u>(30,115)</u>
Total expenses	<u>6,907,305</u>	<u>6,622,472</u>	<u>284,833</u>
Change in net position	<u>\$ 731,501</u>	<u>\$ 1,089,884</u>	<u>\$ (358,383)</u>

- General revenues decreased primarily because the Payroll Protection Program loan was forgiven in November 2020.
- FEFP student funding increased 6.9%. A 2.3% increase in student enrollment contributed \$ 142,000 to the increase. The Discretionary Local Effort (the MCSD voted 0.5 millage) contributed \$100,000 to the increase.
- Charges for services increased because we were able to resume many of the activities that were prevented during the 2020-21 school year. The USDA continued to provide free meals to all students in 2021-22 so charges for services remain well below pre-pandemic levels.
- Operating grants and contributions increased due to ESSER funding and Federal Impact Aid.

Government-Wide Financial Analysis (continued)

- Capital revenues decreased as charter schools with a population of over 251 students are no longer required to allocate the difference in FEFP administrative fee calculated and the amount withheld for capital outlay purposes.
- Instructional support services increased due to the purchase of student Chromebooks and additional media licenses. Staff salaries increased in 2021-22 but expenses did not increase commensurately because of a number of mid-year staff departures resulting in unfilled positions.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds are to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements.

As of the end of fiscal year 2021/2022 the School's governmental funds reported ending fund balance of \$ 8,611,108. The fund balance unassigned and available for spending at the School's discretion is \$ 8,239,632. These funds will be available for the School's future ongoing operations. The fund balance increased by \$ 834,045.

Budgetary Highlights

The 2021-2022 school year was the first complete return to routines and procedures since the Covid-19 pandemic. Field activities, extracurricular sports, and elective classes were re-established. The Parent-Teacher Organization resurrected itself and began to provide school family events to reunite stakeholders.

The staff focused on attending to students' social-emotional well-being after seeing a rise in mental health crises amongst returning students. Counseling services and a social-emotional learning curriculum were implemented schoolwide. A partnership was developed with the Guidance Care Center, an organization that provided a mobile response unit for students in crisis.

A national exodus from the teaching profession and a rise in real estate prices posed staffing challenges, resulting in instructional positions that were not filled after staff left midyear. Instead, instructional coaches and interventionists were used to cover classrooms to ensure students received quality instruction. Tier 2 and tier 3 instruction continued as a focus for struggling students who experienced learning loss. The students and staff maintained their school grade of A and saw substantial student achievement compared to other district and state schools. Sigsbee Charter was the only A-rated school in Key West in 2022.

Capital Assets and Debt Administration

The School's investment in capital assets at June 30, 2022 was \$ 10,235,699 net of accumulated depreciation compared to \$ 10,240,455 at June 30, 2021.

At June 30, 2022 and 2021, the School had no outstanding debt.

Economic Factors

Facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2022/2023 include the following:

- The 2022/2023 school year represents the 13th year of operations of the School. The School's past has shown that they can continue to operate a high performing school providing quality education for the students, within the school-based revenues. The School has also been fortunate to have a strong business community and involved parents that participate in fundraising activities for school improvements.
- Elementary and Secondary School Emergency Relief (ESSER) Funds continue to be disseminated to school districts. The School was allocated \$ 754,000 in ESSER III funds. These funds will be used to reimburse the School for pandemic related expenses from March 2020 through 2024. ESSER III expenses include two new modular classrooms, summer school staff, student desks and disinfecting and cleaning supplies.
- It is anticipated that discretionary local effort and voted operating millage line items in FEFP funding will increase due to increased real estate property values in Monroe County.
- In addition to salary increases in the 2022-23 school year, the living allowance for each employee was increased from \$ 300 to \$ 1,000 per month.
- The approved budget for 2022-23 anticipates an operational loss of \$ 407,177 and will require use of the funds from the fund balance.
- Capital expenditures will continue to focus primarily on safety and security and include perimeter fencing and security cameras.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the Finance Director of Sigsbee Charter School, Inc. at 939 Felton Road Key West, Florida 33040.

BASIC FINANCIAL STATEMENTS

Sigsbee Charter School, Inc.
Statement of Net Position
June 30, 2022

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 8,629,943
Accounts receivable	5,729
Prepaid expenses	371,476
	<hr/>
Total current assets	9,007,148
	<hr/>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	10,235,699
	<hr/>
Total noncurrent assets	10,235,699
	<hr/>
Total assets	19,242,847
	<hr/>
Current Liabilities:	
Accounts payable	46,766
Salaries and wages payable	338,912
Unearned revenue	10,362
Compensated absences, due within one year	30,916
	<hr/>
Total current liabilities	426,956
	<hr/>
Noncurrent Liabilities:	
Compensated absences, due in more than one year	83,179
	<hr/>
Total noncurrent liabilities	83,179
	<hr/>
Total liabilities	510,135
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Net Position:	
Net investment in capital assets	10,235,699
Unrestricted	8,497,013
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Total net position	\$ <u><u>18,732,712</u></u>

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

Sigsbee Charter School, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	Program Revenues			Governmental	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
Functions/Programs:					
Instruction	\$ 3,754,775	\$ -	\$ 284,453	\$ -	\$ (3,470,322)
Exceptional programs	321,524	-	-	-	(321,524)
Instructional media services	208,374	-	33,636	-	(174,738)
Behavioral services	76,157	-	-	-	(76,157)
Operation of plant	776,584	-	106,938	283,995	(385,651)
Instructional related technology	92,853	-	-	-	(92,853)
Board services	13,295	-	-	-	(13,295)
General administration - district	61,323	-	-	-	(61,323)
School administration	538,111	-	2,000	-	(536,111)
Transportation	26,249	-	-	-	(26,249)
Food services	181,344	1,518	127,036	-	(52,790)
Maintenance of plant	459,827	-	-	-	(459,827)
Community services	4,239	24,397	63,622	-	83,780
Student support services	147,061	-	-	-	(147,061)
Instructional staff training services	245,589	-	-	-	(245,589)
Total governmental activities	\$ 6,907,305	\$ 25,915	\$ 617,685	\$ 283,995	(5,979,710)
General revenues:					
FTE nonspecific revenues					6,617,264
Half cent sales tax					67,902
Investment earnings					10,272
Miscellaneous					15,773
Total general revenues					6,711,211
Change in net position					731,501
Net position, July 1, 2021					18,001,211
Net position, June 30, 2022					\$ 18,732,712

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

Sigsbee Charter School, Inc.
Balance Sheet - Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 8,629,943	\$ -	\$ -	\$ 8,629,943
Accounts receivable	5,729	-	-	5,729
Prepaid items	371,476	-	-	371,476
	<u>371,476</u>	<u>-</u>	<u>-</u>	<u>371,476</u>
Total assets	<u>\$ 9,007,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,007,148</u>
Liabilities:				
Accounts payable	\$ 46,766	\$ -	\$ -	\$ 46,766
Salaries and wages payable	338,912	-	-	338,912
Unearned revenue	10,362	-	-	10,362
	<u>10,362</u>	<u>-</u>	<u>-</u>	<u>10,362</u>
Total liabilities	<u>396,040</u>	<u>-</u>	<u>-</u>	<u>396,040</u>
Fund Balance:				
Nonspendable	371,476	-	-	371,476
Unassigned	8,239,632	-	-	8,239,632
	<u>8,239,632</u>	<u>-</u>	<u>-</u>	<u>8,239,632</u>
Total fund balances	<u>8,611,108</u>	<u>-</u>	<u>-</u>	<u>8,611,108</u>
Total liabilities and fund balances	<u>\$ 9,007,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,007,148</u>

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

**Sigsbee Charter School, Inc.
 Reconciliation of the Balance Sheet - Governmental
 Funds to the Statement of Net Position
 June 30, 2022**

Total Fund Balances - Governmental Funds \$ 8,611,108

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

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the governmental funds:

Cost of capital assets	\$	12,608,298	
Accumulated depreciation		<u>(2,372,599)</u>	10,235,699

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

Compensated absences			<u>(114,095)</u>
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Net Position of Governmental Activities \$ 18,732,712

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

Sigsbee Charter School, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
State sources	\$ 6,604,586	\$ -	\$ 283,995	\$ 6,888,581
Federal through state	-	554,063	-	554,063
Local sources	10,086	-	-	10,086
Investment earnings	10,272	-	-	10,272
Community support	88,019	-	-	88,019
Half cent sales tax	160,154	-	-	160,154
After school program	7,205	-	-	7,205
Teacher Lead	12,678	-	-	12,678
	<u>6,893,000</u>	<u>554,063</u>	<u>283,995</u>	<u>7,731,058</u>
Total revenues				
Expenditures:				
Instruction	3,470,322	284,453	-	3,754,775
Operation of plant	571,959	106,938	97,687	776,584
Facilities acquisition and construction	-	-	186,308	186,308
School administration	530,575	2,000	-	532,575
Instructional media services	420,714	33,636	-	454,350
Behavioral services	76,157	-	-	76,157
Exceptional programs	321,524	-	-	321,524
Instructional staff training services	245,589	-	-	245,589
Food services	54,308	127,036	-	181,344
Student support services	147,061	-	-	147,061
Instructional related technology	92,853	-	-	92,853
General administration - district	61,323	-	-	61,323
Transportation	26,249	-	-	26,249
Community services	4,239	-	-	4,239
Maintenance of plant	22,787	-	-	22,787
Board services	13,295	-	-	13,295
	<u>6,058,955</u>	<u>554,063</u>	<u>283,995</u>	<u>6,897,013</u>
Total expenditures				
Net changes in fund balances	834,045	-	-	834,045
Fund Balances, July 1, 2021	<u>7,777,063</u>	<u>-</u>	<u>-</u>	<u>7,777,063</u>
Fund Balances, June 30, 2022	<u>\$ 8,611,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,611,108</u>

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

**Sigsbee Charter School, Inc.
 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, 2022**

Net Changes in Fund Balances - Governmental Funds \$ 834,045

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

The governmental funds reports capital outlays as expenditures; however, in the statement of activities these costs are allocated over their estimated useful lives as provision for depreciation:

Cost of capital assets	\$	396,617	
Current year loss on disposal of capital assets		(53,452)	
Current year provision for depreciation		<u>(347,921)</u>	(4,756)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently recognized in the governmental fund financial statements as they become available. The net difference is recorded as a reconciling item. (92,252)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds:

Change in compensated absences			<u>(5,536)</u>
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Change in Net Position of Governmental Activities \$ 731,501

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

Note 1 - Organization and Operations

Reporting Entity: The Sigsbee Charter School, Inc. (the "School") was incorporated as a nonprofit corporation on October 1, 2008 organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporations Act and Section 228.056, Florida Statutes, to provide each child with the opportunities and skill sets to realize his or her fullest potential in surroundings tailored to meet the needs of the transient military child as well as to provide another option for children in the Key West community. The School aims to inspire and empower students to become lifelong learners who meet high academic standards and demonstrate responsible citizenship. Enhanced by an environmental and marine education program, all students will capitalize on our unique aquatic surroundings while acquiring a level of empathy that encourages them to be assets to their community and stewards of their environment. The governing body of the School is the not for profit corporation's Board of Directors (the "Board"), which is comprised of seven to nine members. The School's charter started July 1, 2010 and operations began August, 2009.

The School operates under a charter of the sponsoring school district, the Monroe County School District (the "District"). The current charter is effective until June 30, 2025. The School is a component unit of the District.

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

Note 2 - Summary of Significant Accounting Policies

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, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all current and noncurrent assets and all current and noncurrent liabilities. The School's net position is reported in three (3) categories: net investment in capital assets; restricted; and unrestricted.

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 certain 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.

Measurement focus and basis of accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic 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 government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is 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). Revenues susceptible to accrual include FTE nonspecific revenue, capital grant funds, operating grants and contributions and investment earnings. Intergovernmental revenues are recognized when all eligibility requirements have been met, if 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 School considers revenues to be available if they are collected within two (2) months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash or cash equivalents.

The School maintains its cash accounts at several financial institutions. The School's accounts at these institutions, at times, 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 3).

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Due to and due 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.

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

Capital assets: Capital assets purchased or acquired with an original cost of \$ 750 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. 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 expensed as incurred.

Capital assets, which include equipment acquired with state shared revenues are reported in the government-wide financial statements.

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

Buildings	39 years
Improvements	10-39 years
Equipment	5-12 years

Within the governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

State funding (primary source of revenue): Student funding is provided by the State of Florida through the Monroe County District School Board. In accordance with the Charter Agreement, the District retains not more than 5% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent ("FTE") reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

Income taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

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. The School does not have any items that qualify for reporting in this category.

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. The School does not have any items that qualify for reporting in this category.

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

Compensated absences: The School's policy permits employees to accumulate earned but unused sick time, which is eligible for payment upon separation from service. The liability for such time is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

Net position classifications: Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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) imposed by law through constitutional provisions or enabling legislation. There are no restricted net assets as of the year-end.

Unrestricted - indicates that portion of net position that is available to fund future operations and that do not meet the definition of "restricted" or "net investment in capital assets".

Fund balance classifications: The governmental fund financial statements present fund balances based on the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

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

- *Nonspendable Fund Balance* - amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - amounts that are constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* - amounts constrained to specific purposes by formal action of the Board (the highest level of decision making authority). To be reported as committed, amounts cannot be used for any other purpose unless the Board removes or changes the commitment through formal action.
- *Assigned Fund Balance* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Executive Committee or by an official or body which the Board delegated the authority at their direction.
- *Unassigned Fund Balance* - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

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

Budget: An operating budget for the general fund and special revenue fund is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budgets are adopted using the same basis of accounting that is used in the preparation of the financial statements. Negative variances were realized in certain expense categories of each budget to actual schedule, however, other positive variances that the School experienced compensated for these negative variances.

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

Date of management review: Subsequent events were evaluated by management through October 27, 2022, which is the date the financial statements were available to be issued.

Note 3 - Deposits

At June 30, 2022, the carrying amount of the School's deposits and cash on hand totaled approximately \$ 8,630,000 with a bank balance of approximately \$ 8,735,000.

Note 3 - Deposits and Investments (continued)

Subject to certain exemptions, State statutes require, and it is the School's policy, that certain 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 depository to the treasurer is defined by the 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. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2022. The School maintains a balance at one financial institution which does not qualify as a qualified public depository at June 30, 2022 as defined by Chapter 280 of the Florida Statutes. This balance is federally insured, thereby qualifying it as an exemption of Chapter 280 of the Florida Statutes.

Note 4 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets:				
Land	\$ 2,790,000	\$ -	\$ -	\$ 2,790,000
Buildings	4,496,984	-	-	4,496,984
Improvements	4,351,820	78,113	-	4,429,933
Equipment	<u>694,887</u>	<u>318,504</u>	<u>(122,010)</u>	<u>891,381</u>
Total capital assets	<u>12,333,691</u>	<u>396,617</u>	<u>(122,010)</u>	<u>12,608,298</u>
Accumulated depreciation:				
Buildings	1,217,005	115,307	-	1,332,312
Improvements	335,057	113,009	-	448,066
Equipment	<u>541,174</u>	<u>119,605</u>	<u>(68,558)</u>	<u>592,221</u>
Total accumulated depreciation	<u>2,093,236</u>	<u>347,921</u>	<u>(68,558)</u>	<u>2,372,599</u>
Net capital assets	<u>\$ 10,240,455</u>	<u>\$ 48,696</u>	<u>\$ (53,452)</u>	<u>\$ 10,235,699</u>

The provision for depreciation for the year ended June 30, 2022 amounted to \$ 347,921. The School allocated depreciation to maintenance of plant.

Note 5 - Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 108,559	\$ 152,156	\$ 146,620	\$ 114,095	\$ 30,916

Note 6 - Commitments and Contingencies

Grant Funding: The School received financial assistance from federal 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 not required to conduct “single audits” since the required threshold for federal awards and state financial assistance is currently \$ 750,000 and the School did not exceed this threshold.

Note 7 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, employee health, workers’ compensation and natural disasters for which the School carried commercial insurance. Settlement amounts have not exceeded insurance coverage for the past five (5) years. In addition, there were no reductions in insurance coverage from those in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

Sigsbee Charter School, Inc.
Schedule of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 6,213,545	\$ 6,464,932	\$ 6,604,586	\$ 139,654
Local sources	-	-	10,086	10,086
Investment earnings	26,000	10,000	10,272	272
Community support	-	-	88,019	88,019
Half cent sales tax	178,167	178,167	160,154	(18,013)
After school program	-	-	7,205	7,205
Teacher Lead	-	-	12,678	12,678
	<u>6,417,712</u>	<u>6,653,099</u>	<u>6,893,000</u>	<u>239,901</u>
Total revenues				
Expenditures:				
Instruction	3,547,091	3,690,538	3,470,322	220,216
Operation of plant	582,658	627,216	571,959	55,257
School administration	491,309	530,561	530,575	(14)
Exceptional programs	302,370	315,409	321,524	(6,115)
Instructional media services	202,546	202,044	420,714	(218,670)
Behavioral services	76,014	85,582	76,157	9,425
Food services	54,993	92,722	54,308	38,414
Instructional staff training services	239,447	247,277	245,589	1,688
Student support services	130,311	148,857	147,061	1,796
Instructional related technology	91,573	92,978	92,853	125
General administration - district	59,064	61,341	61,323	18
Transportation	27,600	27,600	26,249	1,351
Community services	-	-	4,239	(4,239)
Maintenance of plant	21,000	21,000	22,787	(1,787)
Board services	13,600	13,600	13,295	305
	<u>5,839,576</u>	<u>6,156,725</u>	<u>6,058,955</u>	<u>97,770</u>
Total expenditures				
Net change in fund balance	<u>\$ 578,136</u>	<u>\$ 496,374</u>	<u>\$ 834,045</u>	<u>\$ 337,671</u>

Sigsbee Charter School, Inc.
Schedule of Revenues and Expenditures
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2022

	<u>Adopted and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal through state	\$ 334,548	\$ 554,063	\$ 219,515
Total revenues	<u>334,548</u>	<u>554,063</u>	<u>219,515</u>
Expenditures:			
Instruction	194,974	284,453	(89,479)
Operation of plant	106,938	106,938	-
School administration	-	2,000	(2,000)
Instructional media services	32,636	33,636	(1,000)
Food services	<u>-</u>	<u>127,036</u>	<u>(127,036)</u>
Total expenditures	<u>334,548</u>	<u>554,063</u>	<u>(219,515)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Sigsbee Charter School, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

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 Sigsbee Charter School, Inc. (the "School"), a component unit of the Monroe County District School Board, 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 October 27, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2022

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Sigsbee Charter School, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

Report on the Financial Statements

We have audited the financial statements of Sigsbee Charter School, Inc. (the "School"), a component unit of the Monroe County District School Board, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 27, 2022.

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 the 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 27, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 the school code assigned by the Florida Department of Education of the entity is Sigsbee Charter School, Inc. and 440341.

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Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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
October 27, 2022