

**REPORT ON SIGNIFICANT FINANCIAL  
TRENDS AND FINDINGS  
IDENTIFIED IN CHARTER SCHOOL AND  
CHARTER TECHNICAL CAREER CENTER  
2010-11 FISCAL YEAR AUDIT REPORTS**

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**REPORT ON SIGNIFICANT FINANCIAL TRENDS AND FINDINGS  
IDENTIFIED IN CHARTER SCHOOL AND CHARTER TECHNICAL CAREER CENTER  
2010-11 FISCAL YEAR AUDIT REPORTS**

**SUMMARY**

This report provides a summary of significant financial trends and findings identified in the 2010-11 fiscal year audit reports submitted to us by May 30, 2012, for 445 charter schools and charter technical career centers (hereafter referred to as charter schools).

**Significant Financial Trends**

- Twenty-six (6 percent) of the 445 charter schools reported, collectively for all funds, a total or unassigned/assigned fund balance deficit, or total or unrestricted net assets deficit at June 30, 2011, and 24 of the 26 were reported as meeting the condition specified in Section 218.503(1)(e), Florida Statutes. The condition was met if sufficient resources of the entity as reported on the fund financial statements were not available to cover the deficit.
- Twenty-five (6 percent) of the 445 charter schools reported a deficit unassigned/assigned fund balance or unrestricted net assets for the general fund or other unrestricted fund at June 30, 2011. This is a 36 and 53 percent decrease in the number of charter schools that reported a deficit unreserved fund balance<sup>1</sup> or unrestricted net assets for the general fund or other unrestricted fund at June 30, 2010, and June 30, 2009, respectively.

**Significant Findings**

- The audit reports for two charter schools included a statement by the respective CPAs regarding the ability of the charter school to continue operations on an ongoing basis.
- The audit reports for 148 charter schools included audit findings addressing weaknesses in internal control, instances of noncompliance with applicable laws or rules, or additional matters that should be addressed by management. These included 24 audit reports that included findings that were considered by the CPAs to be material weaknesses in internal control.
- Of the 307 findings reviewed, 183 (60 percent) did not include one or more of the elements required by Chapter 10.850, Rules of the Auditor General.
- Of the 243 findings included in 2010-11 fiscal year audit reports for charter schools in operation during the 2009-10 fiscal year, 81 (33 percent) were repeated from 2009-10 fiscal year audit reports. Of the 211 findings included in the 2010-11 fiscal year audit reports for charter schools in operation during the 2009-10 and 2008-09 fiscal years, 36 (17 percent) were repeated from the 2008-09 fiscal year audit reports.

**BACKGROUND**

Charter schools and charter technical career centers are established pursuant to Sections 1002.33 and 1002.34, Florida Statutes, respectively, and are part of the State's program of public education. Additionally, State universities may grant charters to lab (developmental research) schools pursuant to Section 1002.32, Florida Statutes. Charter schools operate under a charter with a sponsoring school district or university, but are exempt from many of the laws and rules that govern the operations of school districts and universities. Charter technical career centers operate under a charter with

<sup>1</sup> Unreserved fund balance classification was used prior to the implementation of GASB Statement No. 54. For comparison purposes, unreserved fund balance is similar to the unassigned/assigned fund balance classification in GASB Statement No. 54.

a sponsoring school district, college, or a consortium of one or more of each, and are also exempt from many of the laws and rules that govern the operations of school districts and colleges. Charter schools must be organized as, or operated by, a nonprofit organization, or be operated by a municipality or other public entity. Charter technical career centers must be organized as a nonprofit organization.

Charter schools receive funding similar to other public schools. Charter technical career centers receive State funding for student enrollment and program outcomes as provided in law, in addition to funding received directly from the sponsors as stated in the charter.

Section 218.39, Florida Statutes, provides for audits of charter schools and charter technical career centers (hereafter referred to as charter schools) to be performed annually by CPAs. The scope of these audits includes an examination of the financial statements, the issuance of a report on compliance and internal control in accordance with generally accepted government auditing standards, and, if applicable, the issuance of a report on compliance and internal control relative to Federal awards in accordance with United States Office of Management and Budget Circular A-133.

Section 218.503(2), Florida Statutes, requires a charter school to notify its sponsor, the Commissioner of Education, and the Legislative Auditing Committee when one or more of the conditions specified in Section 218.503(1), Florida Statutes, have occurred or will occur if action is not taken to assist the charter school. Chapter 10.850, Rules of the Auditor General, requires the CPA to state in the management letter whether or not the charter school has met one or more of the conditions described in Section 218.503(1), Florida Statutes. Pursuant to Section 218.503(4), Florida Statutes, a charter school may be required to prepare a financial recovery plan.

Section 11.45(7)(f), Florida Statutes, requires that we annually compile a summary of significant financial trends and findings identified in audits of charter schools performed by CPAs. Section 11.45(7)(e), Florida Statutes, requires us to notify the Commissioner of Education and the Legislative Auditing Committee of any charter school audit report reviewed by us that contains a statement that the charter school has met one or more of the conditions specified in Section 218.503(1), Florida Statutes.

**NUMBER OF CHARTER SCHOOLS IN OPERATION**

As shown in Exhibit A, the total number of charter schools in operation has increased by 27 percent from 358 during the 2006-07 fiscal year to 454 during the 2010-11 fiscal year. During the 2010-11 fiscal year, one or more charter schools were in operation in 43 counties. Table 1 shows the 10 counties with the largest number of charter schools in operation during the 2010-11 fiscal year.

As of May 30, 2012, we had received audit reports for 445 of the 454 charter schools in operation during the 2010-11 fiscal year.

**Table 1**

| County       | Number of Charter Schools 2010-11 |
|--------------|-----------------------------------|
| Miami-Dade   | 92                                |
| Broward      | 66                                |
| Palm Beach   | 32                                |
| Hillsborough | 30                                |
| Orange       | 28                                |
| Polk         | 23                                |
| Lee          | 18                                |
| Alachua      | 13                                |
| Duval        | 13                                |
| Pinellas     | 13                                |

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**FINANCIAL TRENDS**

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Historical financial information for some charter schools is limited and the size and organizational structure of the schools vary significantly; consequently, identifying meaningful trend data is somewhat problematic.<sup>2</sup> However, while financial reporting models may differ, there is basic financial information that is subject to review and analysis for determining the financial condition of charter schools as a whole.

We reviewed the 445 charter school audit reports submitted to us for the 2010-11 fiscal year and analyzed the ending fund balance or unrestricted net assets. These balances generally represent residual amounts at fiscal year-end that are available to finance the subsequent fiscal year's operations and may provide some indication of the financial health of the entity as of the end of the reporting period.

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**Financial Emergency Act Conditions**

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Part V of Chapter 218, Florida Statutes, is entitled the "Local Governmental Entity, Charter School, Charter Technical Center, and District School Board Financial Emergencies Act" (Act). The purposes of the Act are to promote fiscal responsibility of the specified entities, to assist the entities in providing essential services without interruption and in meeting their financial obligations, and to assist the entities through the improvement of local financial management procedures.

Pursuant to Chapter 10.850, Rules of the Auditor General, auditors conducting financial audits of charter schools must indicate in the management letter whether the school met one or more of the conditions specified in Section 218.503(1), Florida Statutes, which may result in a financial emergency. The condition specified in Section 218.503(1)(e), Florida Statutes (2011), is based on a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable as reported on the fund financial statements of entities required to report under governmental financial reporting standards or a total unrestricted net assets deficit as reported on the basic financial statements of entities required to report under not-for-profit financial reporting standards. The condition was met if sufficient resources of the entity as reported on the fund financial statements were not available to cover the deficit.

As shown on Exhibit B, 26 of the 445 charter schools reported a deficit unassigned/assigned or total fund balance deficit, or an unrestricted or total net assets deficit, at June 30, 2011. Twenty-four of the 26 charter schools were reported as meeting the condition specified in Section 218.503(1)(e), Florida Statutes, at June 30, 2011. The other 2 charter schools that reported deficits, Manatee School for the Arts, and S.O.C.K. Outstanding Students (S.O.S.) Academy, were not reported as meeting the condition specified in Section 218.503(1)(e), Florida Statutes, because the auditors indicated that there were sufficient resources available reported on the financial statements to cover the deficits.

During the 2012 Legislative session the particular condition specified in Section 218.503(1)(e), Florida Statutes, regarding deficit balances was eliminated from Section 218.503(1), Florida Statutes, with the provisions moved under

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<sup>2</sup> As of June 30, 2011, approximately 34 percent of the charter schools had been in operation for three years or less, with 56 charter schools newly opened during the 2010-11 fiscal year. Many charter schools are small, single entity organizations. Some are operated by municipalities or not-for-profit organizations. Some present audited financial information on the governmental accounting basis, while others present the information of the not-for-profit basis. Charter schools reported annual revenues of up to approximately \$40,500,000 for the fiscal year ended June 30, 2011.

Section 218.39(5), Florida Statutes, requiring auditors to notify members of the governing body of the respective entity for which the condition exists. Twenty-one of the 24 charter schools met only the condition specified in Section 218.503(e), Florida Statutes. The remaining 3 charter schools, LifeForce Arts and Technology Academy, Smart School Charter Middle, and Palm Bay Community Charter School – Patriot Campus, also met one or more of the other conditions specified in Section 218.503(1), Florida Statutes.

**Financial Condition Trends**

The financial condition measure used in this report is the ratio of the unreserved or unassigned/assigned fund balance or unrestricted net assets to the general fund or other unrestricted fund revenues. Table 2 shows the number of charter schools for which the financial condition ratio was above and below the average ratio, and the number of charter schools ending the fiscal year with a deficit unreserved or unassigned/assigned fund balance or unrestricted net assets for the general fund or other unrestricted fund for each of the past three fiscal years:

**Table 2**

| Fund Balance or Net Assets:              | Fiscal Year |         |         |
|--|-------------|---------|---------|
|  | 2008-09     | 2009-10 | 2010-11 |
| Average Ratio (percent)                  | 16.5        | 16.2    | 17.8    |
| Schools Above Average                    | 128         | 141     | 153     |
| Schools Below Average (positive balance) | 189         | 214     | 267     |
| Schools Below Average (negative balance) | 53          | 39      | 25      |
| Total                                    | 370         | 394     | 445     |

Effective for the 2010-11 fiscal year, charter schools required to report using the governmental accounting basis were required to implement the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54, which established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Our review indicated 91 percent of the applicable charter schools implemented GASB Statement No. 54 for the fiscal year ending June 30, 2011.

Twenty-five (6 percent) of the 445 charter schools reported a deficit unassigned/assigned fund balance or unrestricted net assets for the general fund or other unrestricted fund at June 30, 2011. This represented a 36 and 53 percent decrease from the 2009-10 and 2008-09 fiscal years, respectively. The significant decrease in the number of charter schools reporting a deficit unassigned/assigned fund balance or restricted net assets may be attributable to the implementation of GASB Statement No. 54, which established new fund balance classifications and governmental fund type definitions, and the effect of Chapter 2009-214, Laws of Florida, which, effective for the 2009-10 fiscal year, provided for increased monitoring of charter school financial conditions. Chapter 2009-214, Laws of Florida, amended Section 218.503(2), Florida Statutes, to provide the Commissioner of Education the authority to require and approve a financial recovery plan for charter schools meeting one or more of the conditions specified in Section 218.503(1), Florida Statutes. Chapter 2009-214, Laws of Florida, also created Section 1002.345, Florida Statutes, which provides that a charter school will be subject to an expedited review by its sponsor if one or more of certain specified conditions occur, including: (1) failure to provide for a financial audit; (2) failure to comply with specified reporting requirements; (3) a deteriorating financial condition identified through a financial audit, or a monthly financial statement pursuant to Sections 1002.33(9)(g) or 1002.34(11)(f), Florida Statutes; or (4) notification pursuant to Section 218.503(2), Florida Statutes, that one or more of the conditions specified in Section 218.503(1), Florida Statutes, have occurred or will occur if action is not taken to assist the charter school.

The financial condition ratio for the 25 charter schools that reported deficit balances ranged from less than a negative 1 percent to a negative 91 percent, with an average of negative 15 percent. Three of the 25 charter schools reporting a deficit balance were in their first year of operation.

### Financial Condition Monitoring

The weakness in Florida's economy for the last few fiscal years has, at times, resulted in State funding reductions from the original budgeted funding amounts via mid-year holdbacks for the school districts. However, for the 2010-11 fiscal year, the base Florida Education Finance Program (FEFP) allocation was initially estimated to be \$3,623.76 per full-time equivalent (FTE) student, and the allocation was not revised. This amount represents a decrease of \$6.86 from the final per FTE FEFP allocation of \$3,630.62 for the 2009-10 fiscal year. Based on the 2011-12 FEFP Fourth Calculation released by the Florida Department of Education in May 2012, the per FTE FEFP allocation for the 2011-12 fiscal year is expected to further decline by \$144.54, from the 2010-11 fiscal year final allocation, to \$3,479.22. For comparison purposes, this per FTE FEFP allocation amount of \$3,479.22 is the lowest since the 2001-02 fiscal year final per FTE FEFP allocation amount of \$3,298.48. In addition, 74 charter schools operating during both the 2009-10 and 2010-11 fiscal years experienced enrollment declines ranging from 10 to 426 FTE from the 2009-10 fiscal year to the 2010-11 fiscal year. Under these conditions, effective financial monitoring and timely and appropriate adjustments to operations are critical to charter schools to ensure that the costs of operations remain within available financial resources.

## AUDIT FINDINGS

### Classification of Audit Findings

Auditing standards require auditors to report significant deficiencies and material weaknesses in internal control that are disclosed during the course of a financial statement audit. 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

The audit reports for 297 charter schools contained no audit findings, while the audit reports for 148 charter schools included a total of 307 findings. For purposes of this report, audit findings are generally classified in one of two categories. The first category consists of material weaknesses, as defined above. The second category of other audit findings consists of significant deficiencies as defined above, instances of noncompliance with applicable laws or rules, or additional matters that should be addressed by management.

### Going Concern

The 2010-11 fiscal year audit reports for two charter schools (see Table 3) included statements by the respective CPAs regarding the ability of the charter schools to continue operations on an ongoing basis (going concern). For the 2009-10 fiscal year, there were five charter school audit reports with similar statements. One of these closed, and two merged to create one charter school subsequent to the 2010-11 fiscal year.



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**Significant Deficiencies and Other Audit Findings**

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Of the 148 charter schools for which audit reports included findings, 134 had findings that were considered by the respective CPAs to be significant deficiencies, instances of noncompliance with applicable laws and rules, or additional matters not considered to be material weaknesses (this includes 10 charter schools that had both significant deficiencies and material weaknesses). The following is a summary of the predominant audit findings not considered to be material weaknesses:

**Separation of Duties.** For 13 charter schools, the CPAs noted certain duties and responsibilities were not adequately separated. Consequently, the charter schools' ability to properly safeguard assets was limited and there was an increased risk that errors or fraud, should they occur, may not be detected on a timely basis. Although some of the findings indicated that the lack of separation of duties was due to the small size of the charter schools and staff involved, there were several instances in which the auditors recommended that the charter schools reassign duties and responsibilities or establish compensating controls.

**Budget Administration.** For 20 charter schools, the CPAs noted inadequate controls over budget administration. The CPAs noted for 14 (70 percent) of the 20 charter schools that the budget had been overexpended. Other findings included failure to prepare a budget, purchased items were not included in the budget, and incorrect classification of budgeted expenses. Weaknesses in budgetary controls could result in inefficient or inappropriate use of financial resources resulting in deteriorating financial condition.

**Cash Controls.** For 18 charter schools, the CPAs noted inadequate controls over cash and investments. Control deficiencies included charter schools with bank reconciliations that were not timely or correctly prepared, inadequate safeguarding of collections, and failure to use qualified public depositories. Such cash control issues increase the risk of unauthorized disbursements or that a loss of cash could occur and not be detected in a timely manner.

**Capital Assets.** For 23 charter schools, the CPAs noted a lack of adequate accountability for capital assets. Findings included inadequate or lack of subsidiary tangible personal property records, capital expenditures being improperly expensed, failure to reconcile annual physical inventory results to the subsidiary records, and errors in calculating depreciation expense. Lack of controls over capital assets increases the risk that misuse or misappropriations could occur without being promptly detected.

**Payroll and Personnel Administration.** For 50 charter schools, the CPAs noted inadequate controls, or noncompliance with applicable legal requirements, regarding payroll and personnel administration. Deficiencies included inadequate documentation maintained in personnel files, inadequate procedures over summer payroll estimates, and failure to timely remit payroll taxes to the Internal Revenue Service. Such payroll and personnel problems affect the charter schools' ability to demonstrate compliance with legal requirements and increase the risk of inappropriate or inefficient use of public resources.

**Other Expenditures.** For 30 charter schools, the CPAs noted purchasing and other disbursement control deficiencies. Deficiencies included failure to prevent the payment of sales tax, lack of proper approval for disbursements, and inadequate documentation to support expenditures. Lack of controls over purchasing and invoice payment functions could affect the charter school's ability to demonstrate the appropriate use of public resources.

**Records Management.** For 56 charter schools, the CPAs noted that accounting and financial records were not properly and accurately maintained. Deficiencies included transactions that were not posted or incorrectly posted to the general ledger, and insufficient monitoring and review of general ledger balances. For example, instances of not following accrual accounting, or recognizing expenditures and liabilities in the correct accounting period were noted.

Additionally, 17 charter schools did not correctly account for FTE FEFP revenues. Such deficiencies in recordkeeping affect the charter schools' ability to monitor use of public resources and increase the risk of inappropriate or inefficient use of such resources. Improper recording of transactions affects the reliability of the charter schools' reports on financial position and results of operations.

**Charter Contract Compliance.** For 15 charter schools, the CPAs questioned the charter schools' compliance with charter contracts. Deficiencies included board members that failed to receive required training within 90 days, contrary to State Board of Education Rule 6A-6.0784, Florida Administrative Code; noncompliance with deductible insurance requirements; and the failure to pass a health and safety inspection.

**Miscellaneous Findings.** For 16 charter schools, the CPAs noted various audit findings related to areas such as improvements needed in financial position, lack of monitoring and documentation of board meetings, and failure to fully disclose all related parties on conflict of interest statements.

### Detail of Audit Findings

Chapter 10.850, Rules of the Auditor General, prescribes the required elements of audit findings. Of the 307 findings in the audit reports reviewed, 183 (60 percent) did not include one or more of the following elements required by Section 10.856(3)(c), Rules of the Auditor General:

- A description of the criteria or specific requirement upon which the audit finding was based (e.g., statutory, regulatory, or other citation).
- A description of the condition found, including facts that support the condition identified in the finding.
- A proper perspective for judging the prevalence and consequences of the finding, such as whether the finding represents an isolated instance or a systemic problem (e.g., the number of records examined and the quantity or dollar value of the condition).
- A recommendation as to what corrective action should be taken.

Inadequately written audit findings make it difficult for audit report users to determine the exact nature of the problem being addressed by the finding and necessary corrective action.

### Repeated Findings from Prior Fiscal Years

A significant number of findings included in audit reports for the 2010-11 fiscal year were also included in audit reports for the 2009-10 and 2008-09 fiscal years. Of the 243 findings included in 2010-11 fiscal year audit reports for charter schools in operation during the 2009-10 fiscal year, 81 (33 percent) were repeated from 2009-10 fiscal year audit reports. Of the 211 findings included in the 2010-11 fiscal year audit reports for charter schools in operation during the 2009-10 and 2008-09 fiscal years, 36 (17 percent) were repeated from the 2008-09 fiscal year audit reports.

Pursuant to Section 218.39(8), Florida Statutes, on August 1, 2012, we notified the Legislative Auditing Committee of 27 charter schools that failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports.

## RECOMMENDATIONS FOR THE LEGISLATURE

Section 1002.345, Florida Statutes, provides assistance in monitoring charter school financial conditions. Section 1002.345(1)(a), Florida Statutes, provides that a charter school is subject to an expedited review by the sponsor if one of the following occurs: (1) failure to provide for an audit required by Section 218.39, Florida Statutes; (2) failure to

comply with reporting requirements pursuant to Sections 1002.33(9), 1002.34(11)(f), or 1002.34(14), Florida Statutes; (3) a deteriorating financial condition identified through an annual audit pursuant to Section 218.39(5), Florida Statutes, or a monthly financial statement pursuant to Sections 1002.33(9)(g) or 1002.34(11)(f), Florida Statutes; or (4) notification pursuant to Section 218.503(2), Florida Statutes, that one or more of the conditions specified in Section 218.503(1), Florida Statutes, have occurred or will occur if action is not taken to assist the charter school.

Sponsors are required to notify the charter school's governing board within 7 business days when the charter school is subjected to an expedited review. Section 1002.345(1)(c), Florida Statutes, requires the charter school governing board and sponsor to develop a corrective action plan and file the plan with the Commissioner of Education within 30 business days after the sponsor's notification of the expedited review. However, there is no requirement in Section 1002.345(1), Florida Statutes, for the sponsor to notify the Commissioner of Education of charter schools subjected to an expedited review. While the Commissioner of Education is notified of charter schools that fail to provide an audit pursuant to Section 218.39, Florida Statutes, and those that meet one or more of the conditions specified in Section 218.503(1), Florida Statutes, the Commissioner of Education would not be aware that additional charter schools are subject to an expedited review because of (1) failure to comply with specified reporting requirements or (2) a deteriorating financial condition identified through a financial audit, or a monthly financial statement pursuant to Sections 1002.33(9)(g) or 1002.34(11)(f), Florida Statutes. As a result, the Commissioner of Education may not be aware of all charter schools for which a corrective action plan is required and which should be included in the Commissioner of Education's annual report to the State Board of Education discussed below.

Section 1002.345(3), Florida Statutes, requires the Commissioner of Education to annually report to the State Board of Education each charter school that is subject to a financial recovery plan or a corrective action plan. However, this section of law does not specify the date by which the report is required to be provided to the State Board of Education. This requirement was effective July 1, 2009, and according to Florida Department of Education staff, the Commissioner of Education had been notified of 55 charter schools that were subjected to expedited reviews as of June 29, 2012.

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**Recommendation: The Legislature should consider revising Section 1002.345(1), Florida Statutes, to require sponsors to notify the Commissioner of Education of those charter schools that are subjected to expedited reviews. The Legislature should also consider revising Section 1002.345(3), Florida Statutes, to specify the date by which the report of charter schools that were subjected to a financial recovery plan or corrective action plan should be filed with the State Board of Education.**

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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The objective of this project was to identify significant financial trends and findings based on our review of charter school audit reports submitted pursuant to Section 218.39, Florida Statutes.

The scope of this project included a review of 445 audit reports prepared by independent CPAs and submitted to us by May 30, 2012, for the fiscal year ended June 30, 2011.

Our methodology included a review of applicable audit reports and a compilation of significant financial trends and findings. We conducted this review in accordance with applicable generally accepted government auditing standards. We believe that the procedures performed provide a reasonable basis for the summaries of significant financial trends and findings included in this report.

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**AUTHORITY**

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Pursuant to the provisions of Section 11.45(7)(f), Florida Statutes, I have directed that this report be prepared to present the summary of financial trends and significant findings identified in charter school audit reports prepared by independent CPAs for the 2010-11 fiscal year.



David W. Martin, CPA  
Auditor General

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**EXHIBIT A**  
**NUMBER OF CHARTER SCHOOLS AND CHARTER TECHNICAL CAREER CENTERS IN OPERATION**

| County        | Fiscal Years |            |            |            |            |
|---------------|--------------|------------|------------|------------|------------|
|               | 2006-07      | 2007-08    | 2008-09    | 2009-10    | 2010-11    |
| Alachua       | 14           | 13         | 13         | 12         | 13         |
| Bay           | 2            | 2          | 3          | 3          | 8          |
| Bradford      | 1            | 0          | 0          | 0          | 0          |
| Brevard       | 13           | 8          | 8          | 9          | 9          |
| Broward (1)   | 43           | 48         | 53         | 56         | 66         |
| Charlotte     | 0            | 0          | 0          | 1          | 1          |
| Citrus        | 1            | 1          | 1          | 1          | 1          |
| Collier       | 2            | 2          | 2          | 2          | 2          |
| Duval         | 4            | 5          | 5          | 7          | 13         |
| Escambia      | 8            | 8          | 7          | 6          | 7          |
| Flagler       | 4            | 4          | 5          | 4          | 3          |
| Franklin      | 1            | 1          | 1          | 1          | 1          |
| Gadsden       | 1            | 1          | 1          | 1          | 1          |
| Glades        | 0            | 1          | 1          | 1          | 2          |
| Hernando      | 1            | 1          | 1          | 1          | 1          |
| Highlands     | 1            | 0          | 0          | 0          | 0          |
| Hillsborough  | 25           | 27         | 26         | 27         | 30         |
| Indian River  | 4            | 4          | 5          | 5          | 5          |
| Jefferson     | 0            | 0          | 1          | 1          | 1          |
| Lake (2)      | 11           | 11         | 11         | 9          | 10         |
| Lee           | 10           | 10         | 17         | 17         | 18         |
| Leon (1)      | 4            | 5          | 6          | 6          | 6          |
| Levy          | 3            | 2          | 2          | 2          | 2          |
| Manatee       | 9            | 8          | 9          | 8          | 10         |
| Marion        | 2            | 2          | 3          | 3          | 3          |
| Martin        | 2            | 2          | 2          | 2          | 2          |
| Miami-Dade    | 56           | 57         | 73         | 85         | 92         |
| Monroe        | 3            | 3          | 3          | 3          | 4          |
| Okaloosa      | 3            | 3          | 3          | 3          | 3          |
| Orange        | 18           | 17         | 20         | 20         | 28         |
| Osceola       | 8            | 8          | 7          | 8          | 8          |
| Palm Beach    | 39           | 35         | 34         | 33         | 32         |
| Pasco         | 6            | 4          | 5          | 5          | 5          |
| Pinellas      | 6            | 6          | 9          | 12         | 13         |
| Polk          | 24           | 23         | 24         | 22         | 23         |
| Putnam        | 1            | 1          | 1          | 1          | 1          |
| Santa Rosa    | 1            | 1          | 1          | 2          | 2          |
| Sarasota      | 10           | 9          | 9          | 10         | 8          |
| Seminole      | 3            | 3          | 3          | 2          | 2          |
| St. Johns (2) | 3            | 3          | 3          | 4          | 4          |
| St. Lucie     | 0            | 0          | 1          | 2          | 3          |
| Sumter        | 3            | 1          | 1          | 1          | 1          |
| Volusia (2)   | 4            | 4          | 5          | 6          | 7          |
| Wakulla       | 1            | 1          | 1          | 1          | 1          |
| Walton        | 3            | 2          | 2          | 2          | 2          |
| <b>Total</b>  | <b>358</b>   | <b>347</b> | <b>388</b> | <b>407</b> | <b>454</b> |

(1) Includes one University lab school for the 2006-07, 2007-08, 2008-09, 2009-10, and 2010-11 fiscal years chartered through Florida State University.

(2) Includes one charter technical career center for the 2006-07, 2007-08, 2008-09, 2009-10, and 2010-11 fiscal years.

**EXHIBIT B**  
**SUMMARY OF FUND BALANCE / NET ASSETS DEFICITS**  
**CHARTER SCHOOLS AND CHARTER TECHNICAL CAREER CENTERS**  
**JUNE 30, 2011**

|   | General or Other Unrestricted Fund |   | All Funds                        |   |
|---|------------------------------------|---|----------------------------------|---|
|   | Total Fund Balance or Net Assets   | Unassigned / Assigned Fund Balance or Unrestricted Net Assets | Total Fund Balance or Net Assets | Unassigned / Assigned Fund Balance or Unreserved Net Assets |
| <b>Brevard</b>  |                                    |   |                                  |   |
| Palm Bay Community Charter School - Patriot Campus                | (4,330,305)                        | (4,330,305)   | (4,330,305)                      | (4,330,305)   |
| <b>Broward</b>  |                                    |   |                                  |   |
| Henry McNeal Turner Learning Academy (1)                          | (39,905)                           | (39,905)  | (39,905)                         | (39,905)  |
| International School of Broward                                   | (126,895)                          | (126,895)   | (126,895)                        | (126,895)   |
| Mavericks High School of Central Broward                          | (270,834)                          | (306,390)   | (270,834)                        | (306,390)   |
| RISE Academy School of Science and Technology                     | (100,324)                          | (148,324)   | (100,324)                        | (148,324)   |
| Smart School, Inc., Charter Middle School                         | (1,358,589)                        | (1,365,694)   | (1,358,589)                      | (1,365,694)   |
| Touchdowns4Life (1)   | (130,793)                          | (130,793)   | (130,793)                        | (130,793)   |
| <b>Duval</b>  |                                    |   |                                  |   |
| S.O.C.K. Outstanding Students (S.O.S.) Academy                    | 29,934                             | 29,934  | (87,094)                         | (87,094)  |
| Wayman Academy of the Arts  | (15,348)                           | (15,348)  | (15,348)                         | (15,348)  |
| <b>Escambia</b>   |                                    |   |                                  |   |
| AA Dixon Charter School of Excellence                             | (100,668)                          | (104,500)   | (100,668)                        | (104,500)   |
| <b>Hillsborough</b>   |                                    |   |                                  |   |
| A. T. Jones Math, Science & Technology Academy                    | (121,132)                          | (122,071)   | (121,132)                        | (122,071)   |
| <b>Lee</b>  |                                    |   |                                  |   |
| Goodwill L.I.F.E. Academy   | (17,914)                           | (21,104)  | (17,914)                         | (21,104)  |
| <b>Manatee</b>  |                                    |   |                                  |   |
| Manatee School for the Arts                                       | 2,283,571                          | (372,692)   | 2,283,571                        | (372,692)   |
| Oasis Middle School   | (920)                              | (1,398)   | (920)                            | (1,398)   |
| <b>Miami-Dade</b>   |                                    |   |                                  |   |
| Doctors Charter School of Miami Shores                            | 4,746                              | (51,053)  | 117,179                          | 15,362  |
| Lincoln-Marti Charter Schools Hialeah Campus                      | (372,499)                          | (372,499)   | (372,499)                        | (372,499)   |
| Sandor Wiener School of Opportunity, North                        | (49,525)                           | (49,525)  | (49,525)                         | (49,525)  |
| <b>Orange</b>   |                                    |   |                                  |   |
| Lake Eola Charter School  | 531,644                            | 140,668   | 367,968                          | (203,092)   |
| UCP East Orange Child Development Center Charter School           | (115,576)                          | (115,576)   | (115,576)                        | (115,576)   |
| <b>Palm Beach</b>   |                                    |   |                                  |   |
| Joseph Littles Nguzo Saba Charter School (1)                      | (110,067)                          | (130,067)   | (110,067)                        | (130,067)   |
| Leadership Academy West   | 37,763                             | (21,614)  | 37,763                           | (21,614)  |
| Toussaint L'Ouverture High School for Arts and Social Justice (1) | 20,888                             | (54,242)  | 20,888                           | (54,242)  |
| <b>Pinellas</b>   |                                    |   |                                  |   |
| LifeForce Arts and Technology Academy                             | (450,873)                          | (450,873)   | (450,873)                        | (450,873)   |
| Life Skills Center - North Pinellas                               | 35,051                             | (7,863)   | 35,051                           | (7,863)   |
| Mavericks High of Pinellas County                                 | 2,410                              | (87,900)  | 2,410                            | (87,900)  |
| <b>Sumter</b>   |                                    |   |                                  |   |
| The Villages Charter School                                       | (253,016)                          | (295,050)   | (385,812)                        | (295,050)   |
| <b>Volusia</b>  |                                    |   |                                  |   |
| Richard Milburn Academy West                                      | (170,560)                          | (176,424)   | (170,560)                        | (176,424)   |

- (1) Charter school did not report fund balance classifications in accordance with GASB Statement No. 54. However, the charter school reported the equivalent of a deficit unassigned/assigned fund balance.