

**SUMMARY OF
SIGNIFICANT FINDINGS
AND FINANCIAL TRENDS
IDENTIFIED IN CHARTER SCHOOL AND
CHARTER TECHNICAL CAREER CENTER
AUDIT REPORTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2021**

Pursuant to Section 11.45(7)(f), Florida Statutes



Sherrill F. Norman, CPA
Auditor General

The team leader was Dylan T. Hunter and the review was supervised by Jacqueline Bell, CPA.
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SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN CHARTER SCHOOL AND CHARTER TECHNICAL CAREER CENTER AUDIT REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SUMMARY

State law¹ requires all charter schools and charter technical career centers (hereafter collectively referred to as charter schools) to provide for annual financial audits conducted by independent certified public accountants (CPAs) and to file copies of the audit reports with us. During the fiscal year ended June 30, 2021, there were 680 charter schools in operation.² Pursuant to State law,³ we reviewed the 676 charter school 2020-21 fiscal year audit reports filed with us,⁴ considered those reports and other records associated with charter school financial trends, and compiled this report of significant findings and financial trends identified in those audit reports.

The results of our review of the 676 charter school audit reports and other records are summarized below.

Significant Findings

- A total of 89 findings were included in 44 (7 percent) of the 676 audit reports.
- CPAs considered 14 of the 89 findings to be material weaknesses in internal control over financial reporting and 9 of the 89 findings to be material noncompliance with provisions of laws, regulations, contracts, or grants required by *Government Auditing Standards (GAS)* to be reported.⁵
- 36 audit reports, including 5 audit reports with material weakness findings and 3 other audit reports with noncompliance findings required by *GAS* to be reported, addressed 66 other types of findings such as significant deficiencies in internal control, other instances of noncompliance with applicable laws or rules, or additional matters that should be addressed by management.
- One or more of the elements of information required by Auditor General rules⁶ for audit findings were not included for 44 (49 percent) of the 89 findings. These 44 findings were included in 24 (55 percent) of the 44 audit reports with findings.
- In total, 26 (29 percent) of the 89 findings included in the 44 audit reports were repeat findings. Specifically, 13 audit reports contained a total of 16 findings repeated from the 2019-20 fiscal year audit reports, and 9 audit reports contained a total of 10 findings repeated from both the 2019-20 and 2018-19 fiscal year audit reports.

¹ Section 218.39, Florida Statutes.

² The number of charter schools was determined based on Florida Department of Education records and our analysis of charter school audit reports, which identified some instances in which individual schools were reported as a single reporting entity.

³ Section 11.45(7)(f), Florida Statutes.

⁴ Four charter schools closed during the 2020-21 fiscal year and did not file audit reports with us.

⁵ *GAS* require auditors to report noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements and any other instances of noncompliance with provisions of laws or regulations that warrant the attention of those charged with governance.

⁶ Chapter 10.850, Rules of the Auditor General for Audits of Charter Schools and Charter Technical Career Centers, The Florida Virtual School, and Virtual Instruction Program Providers.

Financial Trends

- Auditors reported unmodified opinions in 675 of the 676 audit reports and a modified opinion (i.e., qualified opinion) in 1 report.
- 52 (8 percent) of the 676 charter schools reported a general fund, or other unrestricted fund, deficit total unassigned and assigned fund balance or unrestricted net assets at June 30, 2021. In comparison, 52 (8 percent) of 664 charter schools reported deficits at June 30, 2020. Deficits may be indicative of a charter school's poor or declining financial health.
- The audit reports for 3 charter schools included a statement by the CPA questioning the ability of the charter school to continue operations on an ongoing basis.

BACKGROUND

Charter schools in Florida are public schools and are part of the State's program of public education.⁷ Charter schools typically operate under a charter contract with a sponsoring school district or State university⁸ and receive funding similar to other public schools. A charter school must be organized as a nonprofit organization and may be operated by a nonprofit organization, municipality, or other public entity.⁹

Similarly, charter technical career centers may be created as part of the State's program of public education.¹⁰ Charter technical career centers typically operate under a charter contract with a sponsoring school district, State college, or a consortium of one or more of each. Charter technical career centers must be organized as nonprofit organizations and receive State funding for student enrollment and program outcomes as provided in law in addition to funding received directly from sponsors.

Although part of the State's program of public education, charter schools and charter technical career centers (hereafter collectively referred to as charter schools) are exempt from many of the laws and rules that govern the operations of their sponsors and other public schools. However, there are also provisions in State law specific to charter schools, including a provision that requires charter schools to obtain annual financial audits by certified public accountants (CPAs).¹¹ State law¹² requires Auditor General rules¹³ to provide guidelines for the CPAs to follow when conducting and reporting the results of the charter school audits.

State law¹⁴ requires us to annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee (LAC) this summary of significant findings and financial trends identified in the charter school audit reports.

⁷ Section 1002.33, Florida Statutes.

⁸ Pursuant to Section 1002.32, Florida Statutes, State universities may grant charters to lab (developmental research) schools.

⁹ Section 1002.33(12)(i), Florida Statutes.

¹⁰ Section 1002.34, Florida Statutes.

¹¹ Section 218.39(1)(e) and (f), Florida Statutes.

¹² Section 11.45(8), Florida Statutes.

¹³ Chapter 10.850, Rules of the Auditor General for Audits of Charter Schools and Charter Technical Career Centers, The Florida Virtual School, and Virtual Instruction Program Providers.

¹⁴ Section 11.45(7)(f), Florida Statutes.

SIGNIFICANT FINDINGS

Classification of Audit Findings

Auditing standards require auditors to report material weaknesses and significant deficiencies 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.

Auditing standards also require auditors to report noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements and any other instances of noncompliance with provisions of laws or regulations that warrant the attention of those charged with governance. The classification of an audit finding in a charter school audit report is dependent upon the finding's potential impact on the specific charter school under audit. Therefore, the classification of similar audit findings could vary from charter school to charter school.

We reviewed the 676 charter school 2020-21 fiscal year audit reports filed with us and noted that the audit reports for 632 charter schools (94 percent) contained no audit findings. The audit reports for the other 44 charter schools included a total of 89 findings. In contrast, for the 2019-20 fiscal year, we noted that there were 155 findings in 80 charter school audit reports.

For purposes of this report, the various classifications of audit findings are discussed under two subheadings:

- Material weaknesses and noncompliance required by GAS to be reported.
- Significant deficiencies and other audit findings.

Material Weaknesses and Noncompliance Required by GAS to be Reported

The audit reports for 10 charter schools (identified in Table 1) included a total of 14 findings that were considered by the respective certified public accountants (CPAs) to be material weaknesses in the charter schools' internal control over financial reporting. In contrast, for the 2019-20 fiscal year, 15 charter schools had a total of 16 findings that were considered by the respective CPAs to be material weaknesses.

Table 1
Charter Schools With Reported Material Weaknesses
For the Fiscal Year Ended June 30, 2021

	County	School	Number of Material Weakness Findings
1	Escambia	Byrneville Elementary School	1
2	Lee	Cape Coral Charter School Authority	2
3	Lee	Harlem Heights Charter School DBA Heights Charter School	2
4	Madison	Madison Creative Arts Academy	1
5	Martin	The Hope Charter Center for Autism	1
6	Monroe	Big Pine Academy	3
7	Palm Beach	Seagull Academy	1
8	Polk	Magnolia Montessori Academy	1
9	Volusia	Reading Edge Academy	1
10	Volusia	Samsula Academy	1
Total Number of Material Weakness Findings			<u>14</u>

The 2020-21 audit reports for 4 of the 10 charter schools shown in Table 1 included material weakness findings that addressed incorrect records management, and the reports for 2 schools included material weakness findings that addressed inadequate separation of duties. The material weakness findings in the other audit reports addressed, for example, deficiencies in disbursement controls, cash controls, or school policies and procedures. In addition to material weaknesses, 5 of the 10 audit reports included other types of audit findings.

The audit reports for 6 charter schools (identified in Table 2) each included 1 or more noncompliance findings required by GAS to be reported. In contrast, for the 2019-20 fiscal year, 8 charter schools had a total of 15 noncompliance findings required by GAS to be reported. The 2020-21 fiscal year audit reports for the 6 charter schools included a total of 9 noncompliance findings required by GAS to be reported. The 9 findings disclosed, for example, that 2 charter schools did not comply with transparency requirements, 2 charter schools did not comply with payroll and personnel requirements, and 4 charter schools incurred expenditures in excess of budgeted amounts.

Table 2
Charter Schools With Noncompliance Required by GAS to be Reported
For the Fiscal Year Ended June 30, 2021

	County	School	Number of Noncompliance Findings Required by GAS to be Reported
1	Broward	Championship Academy of Distinction at Davie	1
2	Broward	Championship Academy of Distinction at Hollywood	2
3	Broward	Championship Academy of Distinction High School	2
4	Broward	Championship Academy of Distinction Middle	1
5	Broward	Championship Academy of Distinction West Broward	2
6	Polk	Polk State Collegiate High School	1
Total Number of Noncompliance Findings Required by GAS to be Reported			<u>9</u>

Significant Deficiencies and Other Audit Findings

A total of 66 findings (74 percent of the 89 findings reported) in 36 audit reports were considered by the respective CPAs to be significant deficiencies, other instances of noncompliance with applicable laws and rules, or additional matters that should be addressed by management. Three audit reports had both material weaknesses and other types of audit findings, and 3 audit reports had noncompliance findings required to be reported by GAS and other types of audit findings. The predominant topics for the 66 audit findings not considered to be material weaknesses or noncompliance required by GAS to be reported were:

- **Budget Administration**. For 9 charter schools, the CPAs noted inadequate controls over budget administration that increased the risk of inefficient or inappropriate use of financial resources, which may result in a deteriorating financial condition.
- **General Expenditures**. For 8 charter schools, the CPAs noted purchasing or other disbursement control deficiencies, such as inadequate documentation to support expenditures. Lack of controls over purchasing and invoice payment functions could affect a charter school's ability to demonstrate the appropriate use of public resources.
- **Records Management**. For 8 charter schools, the CPAs noted that accounting and financial records were not properly and accurately maintained. The noted deficiencies included transactions either not posted or incorrectly posted to the accounting records and insufficient monitoring and review of account balances. Such recordkeeping deficiencies may affect the reliability of a charter school's records and related financial reports.
- **Payroll and Personnel Administration**. For 6 charter schools, the CPAs noted inadequate controls, or noncompliance with applicable legal requirements related to payroll and personnel administration. For example, because of inadequate controls, 2 charter schools did not always perform required employee background screenings. Such payroll and personnel control deficiencies affect a charter school's ability to comply with legal requirements associated with payroll and personnel administration.
- **Separation of Duties**. For 5 charter schools, the CPAs noted that 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 timely detected. The CPAs recommended that the charter schools reassign duties and responsibilities or, if reassignment of duties and responsibilities is not possible due to the small number of staff members and size of certain charter schools, establish compensating controls.

- **Transparency.** For 6 charter schools, the CPAs noted that the charter schools did not maintain on their Web sites the information required by State law.¹⁵ According to the reports, the schools' Web sites lacked required information such as school budgets, independent financial audit reports, and minutes of governing board meetings. CPAs also reported in management letters contained in the audit reports that 6 charter schools did not comply with transparency requirements, although these instances of noncompliance were not cited as audit findings. Providing the required information on a Web site encourages citizen involvement; enhances the ability to analyze, monitor, and evaluate financial outcomes; and promotes transparency.
- **Miscellaneous Findings.** For 18 charter schools, the CPAs noted various audit findings related to areas such as inadequate board meetings, charter contract noncompliance, deficiencies in capital asset accountability, and inadequate policies and procedures. Other miscellaneous findings noted charter schools with financial position concerns, including those with total fund balance deficits.

Detail of Audit Findings

Of the 89 findings reported by the respective CPAs, 44 (49 percent) did not include the audit report finding information prescribed by Auditor General rules.¹⁶ These 44 findings were included in 24 (55 percent) of the 44 audit reports with findings. Specifically, the CPAs did not include in the 44 findings one or more of the following required finding information elements:

- 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 the facts that support the deficiency identified in the finding.
- A proper perspective (e.g., the number of records examined and the quantity or dollar value of deficiencies noted) necessary to judge the prevalence and consequences of the findings, such as whether the findings represent an infrequent occurrence or a systemic problem.

In comparison, those same elements were also missing from 37 percent of the findings reported by CPAs in the 2019-20 fiscal year audit reports. Audit findings that do not include the required information hinder the ability of audit report users to understand the nature and magnitude of the problem addressed in the finding and the necessary corrective action and may contribute to an increase in repeat audit findings.

Repeated Findings from Previous Fiscal Years

A significant number of findings included in the 2020-21 fiscal year audit reports were also included in the 2019-20 and 2018-19 fiscal year audit reports. In total, 26 (29 percent) of the 89 findings included in the 44 audit reports were repeat findings. Specifically, 13 audit reports contained a total of 16 findings

¹⁵ Section 1002.33(9)(p), Florida Statutes.

¹⁶ Section 10.856(3), Rules of the Auditor General.

repeated from the 2019-20 fiscal year audit reports, and 9 audit reports contained a total of 10 findings repeated from both the 2019-20 and 2018-19 fiscal year audit reports.

State law¹⁷ requires us to notify the LAC of charter school audit reports that indicate the charter school failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports. Accordingly, on June 13, 2022, we notified the LAC of the nine charter schools that failed to take full corrective action in response to one or more of the recommendations included in the two preceding financial audit reports.

FINANCIAL TRENDS

Number of Charter Schools

EXHIBIT A to this report shows the number of charter schools by county for 5 fiscal years (2016-17 through 2020-21). Table 3 shows the 10 counties with the largest number of charter schools.

Table 3
Ten Counties with the Largest
Number of Charter Schools
For the Fiscal Year Ended June 30, 2021

	County	Number of Charter Schools
1	Miami-Dade	139
2	Broward	90
3	Hillsborough	52
4	Palm Beach	50
5	Orange	41
6	Duval	35
7	Polk	28
8	Osceola	25
9	Lee	21
10	Pinellas	19

EXHIBIT A also shows that, during the 2020-21 fiscal year, one or more charter schools operated in 47 of the State's 67 counties and, overall, there were 680 charter schools in operation. This number reflects an increase of 30 (5 percent) over the 650 charter schools operating during the 2016-17 fiscal year. All but 4 of the 680 charter schools in operation during the 2020-21 fiscal year filed audit reports with us. These 4 charter schools closed during the 2020-21 fiscal year.

¹⁷ Section 218.39(8), Florida Statutes.

Financial Audit Opinions

State law¹⁸ requires each charter school to obtain an annual financial audit of its accounts and records by an independent CPA. The annual audits are necessary to ensure that management and those charged with governance are promptly informed of the charter school's financial condition and provide for timely review by the charter school sponsor. The audits also provide financial statement users independent assurance of the reliability of the financial information in the form of an opinion on the financial statements.

Financial auditors issue unmodified opinions to report that financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP), alternatively, auditors may issue a modified opinion (e.g., a qualified or disclaimer of opinion) if the financial statements do not align with GAAP. For example, qualified opinions indicate that most information included in the financial statements is accurately presented, except for a few discrepancies, and a disclaimer of opinion indicates that, because of certain conditions, no opinion is given on the financial statements.

For the 2020-21 fiscal year, auditors concluded in 675 of the 676 audit reports that charter schools accurately reported financial information for the 2020-21 fiscal year and issued unmodified opinions on those financial statements. The auditor for the other charter school (The Chiles Academy) reported a qualified opinion because, contrary to GAAP, the school's financial statements did not include the financial activities of its discretely presented component unit.

Financial Condition Trends

Identifying meaningful financial condition trend data is somewhat problematic as the size and organizational structure of the charter schools vary significantly,¹⁹ charter schools do not all present audited financial information on the same accounting basis,²⁰ and some charter schools are relatively new. However, certain reported information is comparable and useful for determining the financial condition of the charter school population.

We reviewed the 676 charter school 2020-21 fiscal year audit reports filed with us and analyzed the reported 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 a charter school's financial health at the end of the reporting period.

The financial condition measure used in this report is the ratio of the charter schools' total unassigned and assigned fund balance or unrestricted net assets to the total revenues of the general fund or other unrestricted fund. Table 4 shows, for each of the past 3 fiscal years audited, the charter schools' average financial condition ratio; the number of charter schools with a financial condition ratio above the average ratio; the number of charter schools with positive balances but a financial condition ratio below the

¹⁸ Section 218.39, Florida Statutes.

¹⁹ Many charter schools are small, single entity organizations and some are operated by municipalities or not-for-profit organizations. Individual charter schools reported annual revenues ranging from \$43,078 to \$48.4 million for the fiscal year ended June 30, 2021.

²⁰ Some charter schools present audited financial information on the governmental accounting basis, while others present the information on the not-for-profit accounting basis.

average ratio; and the number of charter schools that ended the fiscal year with a general fund, or other unrestricted fund, deficit total unassigned and assigned fund balance or deficit unrestricted net assets.

Table 4
Summary of Financial Condition Ratios
For the Fiscal Years Ended June 30, 2019, 2020, and 2021

Fund Balance or Net Assets	Fiscal Year Ended June 30		
	2019	2020	2021
Average Financial Condition Ratio	19.95%	22.18%	28.06%
Number of:			
Schools with ratios above the average ratio	241	251	272
Schools with ratios below the average ratio but with positive or zero balances	334	361	352
Schools with deficit balances	73	52	52
Total number of schools included in our review	<u>648</u>	<u>664</u>	<u>676</u>

As shown in **EXHIBIT B** to this report, 52 (8 percent) of the 676 charter schools reported a general fund, or other unrestricted fund, deficit unassigned and assigned fund balance or deficit unrestricted net assets at June 30, 2021, which is the same number and percentage as the 52 (8 percent) of the 664 charter schools that reported deficits at June 30, 2020. The financial condition ratio for the 52 charter schools that reported deficit balances ranged from less than negative 1 percent to negative 120 percent. Five of the 52 charter schools reporting a deficit balance were in their first year of operation. Eighteen of the 52 charter schools reported a deficit for the 2019-20 and 2020-21 fiscal years, and 10 of the 18 charter schools reported a deficit for 3 or more fiscal years.

Financial Condition Concerns and Monitoring

State law²¹ sets forth the process for determining whether a charter school is in a state of financial emergency. The law provides that, when one or more of the specified conditions by law (e.g., failure to make payments for loans, uncontested claims, or wages and salaries)²² have occurred, or will occur if action is not taken to assist the charter school, the charter school is to notify its sponsor, the Commissioner of Education, and the LAC. Additionally, Auditor General rules²³ require the charter school’s independent CPA to apply appropriate procedures and state in the management letter whether the charter school met one or more of the specified conditions. State law²⁴ prohibits charter schools that have met any of the specified conditions from being designated as a high-performing charter school. High-performing charter schools are granted more flexibility than other charter schools in meeting certain statutory requirements.

²¹ Section 218.503(2), Florida Statutes.

²² Section 218.503(1), Florida Statutes.

²³ Chapter 10.850, Rules of the Auditor General for Audits of Charter Schools and Charter Technical Career Centers, The Florida Virtual School, and Virtual Instruction Program Providers.

²⁴ Section 1002.331(1)(c), Florida Statutes.

If a charter school is reported as meeting one or more of the specified conditions, we are required to notify the Commissioner of Education and the LAC. If the Commissioner of Education determines that the charter school needs a financial recovery plan to resolve the condition, the charter school is in a state of financial emergency. For the 2020-21 fiscal year, the CPAs who audited the charter schools did not identify any charter schools that met one or more of the specified conditions in State law.

In contrast, for the 2019-20 fiscal year, CPAs identified ten charter schools that met one of the specified conditions in State law. The Commissioner of Education determined none of those charter schools to be in a state of financial emergency.

The 2020-21 fiscal year audit reports for three charter schools contained statements by the respective CPAs questioning the ability of the charter schools to continue operations on an ongoing basis (i.e., going concern statements). In contrast, for the 2019-20 fiscal year, there were seven charter school audit reports with going concern statements, including three reports for charter schools that met a specified condition in State law. Table 5 identifies the charter school audit reports that contained going concern statements for the fiscal years ended June 30, 2021, and June 30, 2020.

Table 5
Charter Schools With Going Concern Statements
For the Fiscal Years Ended June 30, 2021, and June 30, 2020

	County	School
2021		
1	Broward	Championship Academy of Distinction High School
2	Broward	Sunfire High School of Fort Lauderdale
3	Santa Rosa	Capstone Academy – Milton
2020		
1	Brevard	Legacy Academy Charter
2	Charlotte	Crossroads Hope Academy
3	Hillsborough	Community Charter School of Excellence
4	Marion	Francis Marion Military Academy ^a
5	Miami-Dade	Latin Builders Association Construction and Business Management Academy ^a
6	Osceola	Avant Garde Academy K8 of Osceola ^a
7	Palm Beach	Southtech Success Center

^a For the respective fiscal year end, the school also met a specified condition in Section 218.503, Florida Statutes.

As discussed in the **Student Enrollment and Related Funding** section of this report, although some charter schools close each year, the total number of charter schools and charter school full-time equivalent (FTE) students has been increasing. During the period July 2020 through June 2021, a total of 6 charter schools closed. Our examination of Florida Department of Education (FDOE) and sponsoring school district records disclosed that:

- 2 charter schools closed because the schools merged with other charter schools.
- 1 charter school closed due to safety concerns.

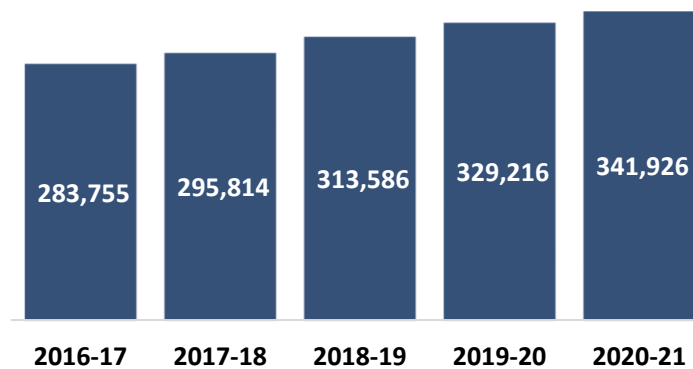
- 1 charter school closed by administrative ruling.
- 1 charter school closed voluntarily due to employee retirement.
- 1 charter school closed its charter and was operated by the sponsoring school district during the 2020-21 fiscal year.

Effective financial monitoring and timely and appropriate adjustments to operations are critical to ensure that charter school operating costs remain within available financial resources. Such monitoring is particularly crucial for charter schools that meet one or more of the specified conditions of State law, are in a state of financial emergency, have audit reports containing going concern statements, or report deficit total unassigned and assigned fund balances or deficit unrestricted net assets.

Student Enrollment and Related Funding

FDOE records indicate that 341,926 students were enrolled in Florida charter schools during the 2020-21 fiscal year. To evaluate the student enrollment of the charter schools that continued operations during the 2018-19, 2019-20, and 2020-21 fiscal years, we compared the full-time equivalent (FTE) students of charter schools for those periods. The total number of FTE in Florida charter schools increased by 12,710 from the 2019-20 fiscal year to the 2020-21 fiscal year, which is 2,920 less than the 15,630 increase from the 2018-19 fiscal year to the 2019-20 fiscal year. Chart 1 shows the student enrollment in charter schools for the 2016-17 through 2020-21 fiscal years.

Chart 1
Charter Schools Student Enrollment
For the 2016-17 through 2020-21 Fiscal Years



Source: FDOE Florida's Charter Schools Fact Sheet dated September 2021.

For the 2020-21 fiscal year, the base Florida Education Finance Program (FEFP) allocation was \$4,319.49 per FTE student, which represented an increase of \$40.00 from the final 2019-20 fiscal year FEFP allocation of \$4,279.49 per FTE student. Based on the 2021-22 FEFP Third Calculation issued by the FDOE in January 2022, the 2021-22 fiscal year FEFP allocation was \$4,372.91 per FTE, an increase of \$53.42 per FTE from the 2020-21 fiscal year final allocation. Student enrollment and related funding can be useful information in assessing the financial stability and health of charter schools.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this project for charter school audit reports filed pursuant to State law²⁵ were to identify significant findings and financial trends based on our review of the audit reports. The scope of this project included a review of the 676 audit reports for the fiscal year ended June 30, 2021, prepared by independent CPAs and filed with us.

Our methodology included a review of the audit reports and a compilation of significant findings and financial trends. 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 findings and financial trends included in this report.

AUTHORITY

Pursuant to Section 11.45(7)(f), Florida Statutes, I have directed that this report be prepared to present a summary of significant findings and financial trends identified during our review of charter school and charter technical career center audit reports prepared by independent certified public accountants for the fiscal year ended June 30, 2021.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

²⁵ Section 218.39, Florida Statutes.

EXHIBIT A

NUMBER OF CHARTER SCHOOLS IN OPERATION BY COUNTY FOR 5 FISCAL YEARS

County	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
1 Alachua	15	15	14	14	14
2 Bay	10	11	11	11	11
3 Brevard	11	12	12	12	13
4 Broward	99	91	86	87	90
5 Charlotte	2	3	3	3	3
6 Citrus	2	2	1	1	1
7 Clay	3	3	3	3	3
8 Collier	5	6	7	7	7
9 Columbia	1	1	1	1	1
10 Dixie	1	1	1	1	1
11 Duval	35	33	32	32	35
12 Escambia	6	6	5	5	5
13 Flagler	2	2	2	1	1
14 Franklin	1	1	1	1	1
15 Gadsden	2	1	1	1	1
16 Glades	2	2	2	1	1
17 Hernando	3	3	2	2	3
18 Hillsborough	42	49	49	52	52
19 Indian River	5	5	5	5	5
20 Jefferson	-	3	3	3	3
21 Lake	8	9	9	10	12
22 Lee	23	22	21	20	21
23 Leon	6	5	5	5	6
24 Levy	2	2	2	2	2
25 Madison	2	2	2	2	3
26 Manatee	11	12	13	13	13
27 Marion	4	4	4	4	3
28 Martin	2	2	2	3	3
29 Miami-Dade	128	130	134	140	139
30 Monroe	6	6	6	6	6
31 Okaloosa	3	3	3	3	3
32 Orange	40	39	41	42	41
33 Osceola	18	21	24	26	25
34 Palm Beach	54	49	49	51	50
35 Pasco	10	11	11	10	12
36 Pinellas	20	17	17	18	19

County	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
37 Polk	25	25	27	28	28
38 Putnam	3	3	3	3	3
39 Santa Rosa	2	2	2	2	2
40 Sarasota	12	11	11	12	12
41 Seminole	4	4	4	4	5
42 St. Johns	4	3	3	3	3
43 St. Lucie	5	5	5	5	7
44 Sumter	1	1	1	1	1
45 Volusia	7	7	7	7	7
46 Wakulla	1	1	1	1	1
47 Walton	2	2	2	2	2
Totals	<u>650</u>	<u>648</u>	<u>650</u>	<u>666</u>	<u>680</u>

Source: FDOE records and our analysis of charter school audit reports.

EXHIBIT B

SUMMARY OF CHARTER SCHOOLS WITH DEFICIT FUND BALANCES OR DEFICIT NET ASSETS AT JUNE 30, 2021

		General or Other Unrestricted Fund Balance or Total Net Assets	Total Unassigned and Assigned Fund Balance or Unrestricted Net Assets
Bay			
1	Palm Bay Preparatory Academy 6-12	\$ (819,748)	\$ 560,780
Brevard			
2	Pineapple Cove Classical Academy ^{a d}	(62,745)	38,112
3	Pinecrest Academy Space Coast ^{b d}	(8,181)	74,248
Broward			
4	Championship Academy of Distinction at Davie ^a	(49,241)	3,709
5	Championship Academy of Distinction at Hollywood ^c	(485,959)	(482,489)
6	Championship Academy of Distinction High School ^c	(188,065)	(181,220)
7	Championship Academy of Distinction Middle ^a	(16,996)	34,391
8	New Life Charter Academy	(15,454)	(15,454)
9	Somerset Academy Charter High School - Broward	(561,691)	(240,984)
10	Somerset Academy Riverside Charter Middle School ^d	(7,057)	43,468
11	Sunfire High School of Fort Lauderdale ^b	(26,273)	72,049
12	West Broward Academy ^d	(7,868)	5,729
Duval			
13	Florida Cyber Charter Academy ^c	(74,614)	-
14	San Jose Primary School ^{b d}	(1,088)	6,445
Hillsborough			
15	Sports Leadership and Management Academy (Tampa)	(89,672)	1,709
16	The Collaboratory Preparatory Academy ^a	(83,632)	(83,632)
Lake			
17	Pinecrest Academy Tavares ^b	(171,935)	19,535
Lee			
18	Heritage Charter Academy of Cape Coral ^c	(270,530)	(234,411)
Madison			
19	Madison Creative Arts Academy	(241,073)	90,589
Manatee			
20	Rowlett Middle Academy ^c	(104,961)	(28,103)

COUNTY/School		General or Other Unrestricted Fund Balance or Total Net Assets	Total Unassigned and Assigned Fund Balance or Unrestricted Net Assets
Miami-Dade			
21	Arts Academy of Excellence ^c	(73,938)	(73,938)
22	Bridgeprep Academy Charter ^d	(16,567)	28,933
23	Bridgeprep Academy Interamerican Campus ^d	(15,469)	52,395
24	Don Soffer Aventura High School ^a	(1,991,961)	(1,978,408)
25	Excelsior Language Academy of Hialeah ^{c d}	(16,410)	63,190
26	Mater Academy Bay Middle School ^a	(271,440)	(240,855)
27	Mater Academy East Charter	(138,702)	(14,576)
28	Mater Gardens Academy ^d	(30,710)	359,547
29	Pinecrest North Preparatory (Fontainebleau Campus)	(160,655)	89,345
30	SLAM Academy High School North Campus	(41,197)	(35,458)
31	Somerset Academy Bay Middle School	(128,046)	20,368
32	Somerset Academy Charter High School - South Homestead	(129,047)	(83,335)
33	Somerset Gables Academy	(367,830)	(298,616)
34	Somerset Palms Academy	(40,153)	(25,802)
35	Sports Leadership of Miami Charter High	(710,015)	(611,388)
36	True North Classical Academy High School ^a	(35,145)	(35,145)
Orange			
37	Innovation Montessori High School ^a	(192,983)	(192,983)
38	Legacy High School	(154,897)	(154,897)
39	Pinecrest Creek Academy ^d	(2,704)	46,933
Osceola			
40	Florida Cyber Charter Academy at Osceola ^c	(82,083)	-
41	Mater Palms Academy	(181,395)	418,814
Palm Beach			
42	Olympus International Academy	(90,977)	(54,507)
43	SLAM Boca	(215,276)	(85,104)
Pasco			
44	Plato Academy Trinity Charter School ^{c d}	(15,887)	(11,219)

COUNTY/School		General or Other Unrestricted Fund Balance or Total Net Assets	Total Unassigned and Assigned Fund Balance or Unrestricted Net Assets
Pinellas			
45	Northstar Academy ^{b e}	(1,108,202)	(1,082,002)
Polk			
46	Edward W Bok Academy North	(242,373)	(241,123)
47	Magnolia Montessori Academy	(122,501)	(122,501)
Santa Rosa			
48	Capstone Academy - Milton	(14,460)	(24,960)
Sarasota			
49	SKY Academy Englewood	(139,953)	(139,953)
St. Lucie			
50	Somerset Academy St. Lucie	(169,585)	145,928
51	Somerset College Preparatory Academy	(162,465)	39,263
Sumter			
52	The Villages Charter School ^c	(2,386,842)	(2,381,484)

^a Charter school is 1 of 8 charter schools that reported deficits for 2 fiscal years, June 30, 2020, and June 30, 2021.

^b Charter school is 1 of 5 charter schools in its first year of operation.

^c Charter school is 1 of 10 charter schools that reported fiscal year deficits for 3 or more fiscal years

^d Charter school had a financial condition ratio of less than negative 1 percent.

^e Charter school had a financial condition ratio of negative 120 percent.

Source: Charter school audited financial statements.