

**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, 2023**

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 Gina Bailey, 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, 2023

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, 2023, there were 720 charter schools in operation.² Pursuant to State law,³ we reviewed the 713 charter school 2022-23 fiscal year audit reports filed with us as of May 7, 2024, 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 713 charter school audit reports and other records are summarized below.

Significant Findings

- A total of 94 findings were included in 64 (9 percent) of the 713 audit reports.
- CPAs considered 24 of the 94 findings to be material weaknesses in internal control over financial reporting and another 13 as noncompliance findings required to be reported by *Government Auditing Standards*.
- 39 audit reports, including 5 audit reports with material weakness findings, addressed 61 findings classified as other finding types 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.
- 26 (28 percent) of the 94 findings did not include one or more of the elements of information required for audit findings by Auditor General rules.⁴ The 26 findings were included in 17 (27 percent) of the 64 audit reports with findings.
- In total, 27 (29 percent) of the 94 findings included in the 64 audit reports were repeat findings. Specifically, 18 audit reports contained a total of 18 findings repeated from the 2021-22 fiscal year audit reports, and 6 audit reports contained a total of 9 findings repeated from both the 2021-22 and 2020-21 fiscal year audit reports.

Financial Trends

- Auditors reported unmodified opinions as to the fair presentation of the charter school financial statements in 708 of the 713 audit reports and a modified opinion (i.e., disclaimer opinion) in 5 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 collectively reported as a single reporting entity.

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

⁴ 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.

- 55 (8 percent) of the 713 charter schools reported a deficit unassigned and assigned fund balance in the general fund or other unrestricted fund or reported deficit or unrestricted net assets at June 30, 2023. In comparison, 51 (7 percent) of 688 charter schools reported deficits at June 30, 2022. Deficits may be indicative of a charter school's poor or declining financial health.
- The audit reports for 2 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.⁵ Charter schools typically operate under a charter contract with a sponsoring school district or State university⁶ 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.⁷

Similarly, charter technical career centers may be created as part of the State's program of public education.⁸ 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).⁹ State law¹⁰ requires Auditor General rules¹¹ to provide guidelines for the CPAs to follow when conducting and reporting the results of the charter school audits.

State law¹² 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 charter school audit reports.

⁵ Section 1002.33, Florida Statutes.

⁶ Pursuant to Section 1002.32, Florida Statutes, State universities may grant charters to lab (developmental research) schools.

⁷ Section 1002.33(12)(i), Florida Statutes.

⁸ Section 1002.34, Florida Statutes.

⁹ Section 218.39(1)(e) and (f), Florida Statutes.

¹⁰ Section 11.45(8), Florida Statutes.

¹¹ 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.

¹² 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 713 charter schools 2022-23 fiscal year audit reports filed with us by May 7, 2024, and noted that the audit reports for 649 charter schools (91 percent) contained no audit findings. The audit reports for the other 64 charter schools included a total of 94 findings. In contrast, for the 2021-22 fiscal year, we noted that there were 76 findings in 47 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 *Government Auditing Standards (GAS)* to be reported.¹³
- Significant deficiencies and other audit findings.

Material Weaknesses and Noncompliance Required by GAS to be Reported

The 2022-23 fiscal year audit reports for 23 charter schools (identified in Table 1) included a total of 24 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 2021-22 fiscal year, 14 charter schools had a total of 15 findings that were considered by the respective CPAs to be material weaknesses.

¹³ 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.

Table 1
Charter Schools With Reported Material Weaknesses
For the Fiscal Year Ended June 30, 2023

	County	School	Number of Material Weakness Findings
1	Broward	South Broward Montessori Charter School	1
2	Charlotte	Florida Southwestern Collegiate High School - Charlotte Campus	1
3	Duval	San Jose Prep	1
4	Duval	Jacksonville Classical Academy	1
5	Duval	San Jose Primary School	1
6	Duval	Jacksonville Classical Academy East	1
7	Duval	San Jose Cyber	1
8	Duval	San Jose Early College at Cecil	1
9	Escambia	Byrneville Elementary School	1
10	Leon	The School of Arts and Sciences on Thomasville Road	1
11	Leon	The School of Arts and Sciences at the Centre	1
12	Manatee	Manatee School of Arts and Sciences	1
13	Miami-Dade	Charter High School of the Americas	1
14	Miami-Dade	Lincoln-Marti Charter Schools Hialeah Campus	1
15	Miami-Dade	Lincoln-Marti Charter Schools International Campus	1
16	Miami-Dade	Lincoln-Marti Charter Schools Little Havana Campus	1
17	Orange	Oakland Avenue Charter School	1
18	Osceola	Lincoln-Marti Charter Schools Osceola Campus	1
19	Palm Beach	Connections Education Center of The Palm Beaches, Inc.	1
20	Palm Beach	The Renaissance Learning Center, Inc. DBA The Learning Center	2
21	Volusia	Samsula Academy	1
22	Madison	Madison Creative Arts Academy	1
23	Seminole	Choices in Learning	1
Total Number of Material Weakness Findings			<u>24</u>

The audit reports for 10 of the 23 charter schools shown in Table 1 included a material weakness finding that addressed incorrect records management, and the reports for 4 schools included a material weakness finding that addressed failure to implement or follow policies and procedures. The material weakness findings in the other audit reports addressed, for example, deficiencies in separation of duties. In addition to material weaknesses, 5 of the 23 audit reports included other types of audit findings.

The 2022-23 fiscal year audit reports for 13 charter schools (identified in Table 2) each included one noncompliance finding required by GAS to be reported. The 13 findings disclosed, for example, that 3 charter schools incurred expenses in excess of budgeted amounts, 2 charter schools did not comply with charter requirements, and 1 charter school had a deficit fund balance.

Table 2
Charter Schools With Noncompliance Required by GAS to be Reported
For the Fiscal Year Ended June 30, 2023

	County	School	Number of Noncompliance Findings Required by GAS to be Reported
1	Brevard	Palm Bay Elementary School	1
2	Brevard	Pineapple Cove Classical Academy	1
3	Brevard	Pineapple Cove Classical Academy at West Melbourne	1
4	Broward	Championship Academy of Distinction at Hollywood	1
5	Duval	San Jose Prep	1
6	Duval	San Jose Primary School	1
7	Duval	San Jose Cyber	1
8	Duval	San Jose Early College at Cecil	1
9	Manatee	Palmetto Charter School	1
10	Manatee	Rowlett Academy	1
11	Manatee	Rowlett Middle Academy	1
12	Palm Beach	Academy for Positive Learning	1
13	Palm Beach	The Renaissance Learning Center, Inc. DBA The Learning Center	1
Total Number of Noncompliance Findings Required by GAS to be Reported			<u>13</u>

In contrast, none of the 2021-22 fiscal year charter school audit reports included findings required by GAS to be reported.

Significant Deficiencies and Other Audit Findings

A total of 61 findings (65 percent of the 94 findings reported) in 39 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. Five audit reports had both material weaknesses and other types of audit findings. The prevalent topics for the 61 audit findings classified as other than material weaknesses or noncompliance required by GAS to be reported were:

- **Budget Administration.** For 10 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.
- **Deficit Fund Balance.** For 9 charter schools, the CPAs noted a deficit fund balance. Such deficits may affect the school's ability to meet its financial obligations in future fiscal years.
- **Records Management.** For 7 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.
- **General Expenditures.** For 5 charter schools, the CPAs noted purchasing or disbursement control deficiencies, such as inadequate documentation to support expenditures. Lack of controls over purchasing and disbursement functions could affect a charter school's ability to demonstrate the appropriate use of public resources.

- **Payroll and Personnel Administration**. For 4 charter schools, the CPAs noted inadequate controls, or noncompliance with applicable legal requirements related to, payroll and personnel administration. For example, because of inadequate policies, 2 charter schools did not always adequately maintain payroll documentation. Such control deficiencies affect a charter school's ability to demonstrate compliance with legal requirements associated with payroll and personnel administration.
- **Cash Controls**. For 4 charter schools, the CPAs noted that audit reports did not have proper controls over cash or the reporting of cash. Lack of effective cash controls increases the risk that fraud and cash reporting errors may occur and not be timely detected.
- **Miscellaneous Findings**. For 22 charter schools, the CPAs noted various audit findings related to areas such as inadequately recorded board meeting minutes, improper separation of duties, deficiencies in capital asset accountability, inadequate policies and procedures, and financial position concerns.

Detail of Audit Findings

Of the 94 findings reported by the respective CPAs, 26 (28 percent) did not include the audit report finding information prescribed by Auditor General rules.¹⁴ These 26 findings were included in 17 (27 percent) of the 64 audit reports with findings. Specifically, the CPAs did not include in the 26 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, one or more of those elements were missing from 58 percent of the findings reported by CPAs in the 2021-22 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 2021-23 fiscal year audit reports were also included in the 2021-22 and 2020-21 fiscal year audit reports. In total, 27 (29 percent) of the 94 findings included in the 64 audit reports were repeat findings. Specifically, 18 audit reports contained a total of 18 findings repeated from the 2021-22 fiscal year audit reports, and 6 audit reports contained a total of 9 findings repeated from both the 2021-22 and 2020-21 fiscal year audit reports.

¹⁴ Section 10.856(3), Rules of the Auditor General.

State law¹⁵ 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 May 31, 2024, we notified the LAC of the six 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 (2018-19 through 2022-23). 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, 2023

	County	Number of Charter Schools
1	Miami-Dade	156
2	Broward	90
3	Hillsborough	56
4	Palm Beach	49
5	Duval	44
6	Orange	44
7	Polk	31
8	Osceola	25
9	Lee	20
10	Pinellas	18

EXHIBIT A also shows that, during the 2022-23 fiscal year, one or more charter schools operated in 46 of the State’s 67 counties and, overall, there were 720 charter schools in operation. This number reflects an increase of 70 (11 percent) over the 650 charter schools operating during the 2018-19 fiscal year. All but 6 of the 720 charter schools in operation during the 2022-23 fiscal year filed audit reports with us.

Financial Audit Opinions

State law¹⁶ 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

¹⁵ Section 218.39(8), Florida Statutes.
¹⁶ Section 218.39, Florida Statutes.

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, a qualified opinion indicates 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 2022-23 fiscal year, auditors concluded in 708 of the 713 audit reports that the charter school accurately reported financial information for the 2022-23 fiscal year and issued an unmodified opinion on the charter school financial statements. In the other 5 audit reports, the auditor reported a disclaimer of opinion. The auditor of San Jose Prep, San Jose Primary School, San Jose Cyber, and San Jose Early College at Cecil reported a disclaimer of opinion because, “there was a significant gap in internal controls preventing financial data from being accumulated and recorded in a timely manner under the School’s established internal control system.” The auditor of The Island School reported a disclaimer of opinion because the financial statements for The Island School Foundation, Inc., a component unit of The Island School, were not available.

Financial Condition Trends

Identifying meaningful financial condition trend data is somewhat problematic as the size and organizational structure of the charter schools vary significantly,¹⁷ charter schools do not all present audited financial information on the same accounting basis,¹⁸ 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 713 charter school 2022-23 fiscal year audit reports filed with us as of May 7, 2024, 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

¹⁷ 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 \$126,836 to \$61.4 million for the fiscal year ended June 30, 2023.

¹⁸ 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, 2021, 2022, and 2023

	Fiscal Year Ended June 30		
	2021	2022	2023
Fund Balance or Net Assets			
Average Financial Condition Ratio	28.06%	27.93%	28.20%
Number of Charter Schools:			
With ratios above the average ratio	272	270	263
With ratios below the average ratio but with positive or zero balances	352	367	395
With deficit balances	52	51	55
Total Number of Schools Included in Our Review	<u>676</u>	<u>688</u>	<u>713</u>

As shown in **EXHIBIT B** to this report, 55 (8 percent) of the 713 charter schools reported deficit assigned and unassigned fund balances in the general fund or other unrestricted fund or reported deficit unrestricted net assets at June 30, 2023, which represents an increase from the number and percentage, 51 (7 percent) of the 688 charter schools, that reported deficits at June 30, 2022. The financial condition ratio for the 55 charter schools that reported deficit balances ranged from less than negative 1 percent to negative 56 percent. Six of the 55 charter schools reporting a deficit balance were in their first year of operation. Twenty of the 55 charter schools reported a deficit for the 2021-22 and 2022-23 fiscal years, and 9 of the 20 charter schools reported a deficit for 3 or more fiscal years.

Financial Condition Concerns and Monitoring

State law¹⁹ 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 in law (e.g., failure to make payments for loans, uncontested claims, or wages and salaries)²⁰ 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 rules²¹ 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 law²² prohibits charter schools that have met any of the specified conditions from being designated as a high-performing charter school.

¹⁹ Section 218.503(2), Florida Statutes.

²⁰ Section 218.503(1), Florida Statutes.

²¹ 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.

²² Section 1002.331(1)(c), Florida Statutes.

High-performing charter schools are granted more flexibility than other charter schools in meeting certain statutory requirements.

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 2022-23 fiscal year, the CPAs who audited the charter schools did not identify any charter schools that met one of the specified conditions in State law. In contrast, for the 2021-22 fiscal year, CPAs who audited the charter schools identified three charter schools that met one or more of the specified conditions in State law.

The 2022-23 fiscal year audit reports for two 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 2021-22 fiscal year, there were four charter school audit reports with going concern statements. Table 5 identifies the charter school audit reports that contained going concern statements for the fiscal years ended June 30, 2023, and June 30, 2022.

Table 5
Charter Schools With Going Concern Statements
For the Fiscal Years Ended June 30, 2023, and June 30, 2022

	County	School
2023		
1	Marion	McIntosh Area School
2	Pinellas	Pinellas Mycroschool of Integrated Academics and Technologies
2022		
1	Broward	Championship Academy of Distinction High School
2	Broward	Championship Academy of Distinction West Broward
3	Leon	Red Hills Academy
4	Osceola	American Classical Charter Academy

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 2022 through June 2023, a total of 8 charter schools closed. Our examination of Florida Department of Education (FDOE) and sponsoring school district records disclosed that:

- 2 charter schools merged with other schools.
- 2 charter schools closed for financial reasons.
- 2 charter schools voluntary terminated their charters.
- 1 charter school closed due to lack of student enrollment.
- 1 charter school closed due to unspecified reasons.

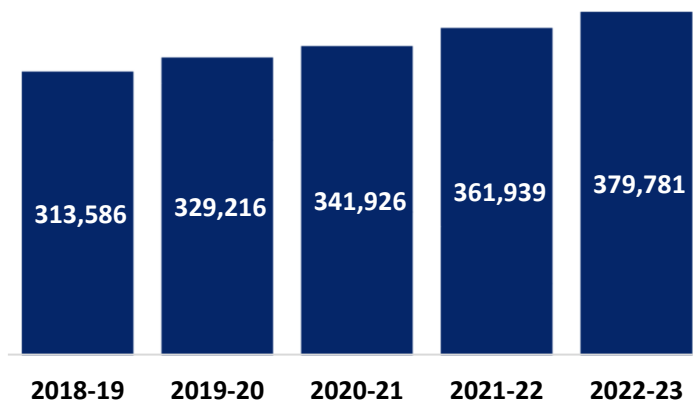
Effective financial monitoring and timely and appropriate adjustments to operations are critical to ensure that charter school operating costs remain within available financial resources. Such monitoring is particularly crucial for charter schools that meet one or more of the specified conditions of 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 379,781 students were enrolled in Florida charter schools during the 2022-23 fiscal year. To evaluate the student enrollment of the charter schools that continued operations during the 2020-21, 2021-22, and 2022-23 fiscal years, we compared the FTE students of charter schools for those periods. The total number of FTE in Florida charter schools increased by 17,842 from the 2021-22 fiscal year to the 2022-23 fiscal year, which is 2,171 less than the 20,013 increase from the 2020-21 fiscal year to the 2021-22 fiscal year. Chart 1 shows the student enrollment in charter schools for the 2018-19 through 2022-23 fiscal years.

Chart 1
Charter School Student Enrollment
For the 2018-19 through 2022-23 Fiscal Years



Source: FDOE Florida's Charter Schools Fact Sheet dated October 2023.

For the 2022-23 fiscal year, the base Florida Education Finance Program (FEFP) allocation was \$4,587.40 per FTE student, which represented an increase of \$214.49 from the final 2021-22 fiscal year FEFP allocation of \$4,372.91 per FTE student. Based on the 2023-24 FEFP Third Calculation issued by the FDOE in June 2024, the 2023-24 fiscal year FEFP allocation was \$5,139.73 per FTE, an increase of \$552.33 per FTE from the 2022-23 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 law²³ 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 713 audit reports for the fiscal year ended June 30, 2023, prepared by independent CPAs and filed with us.

²³ Section 218.39, Florida Statutes.

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, 2023.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

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

County	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
1 Alachua	14	14	14	13	13
2 Bay	11	11	11	11	12
3 Brevard	12	12	13	12	13
4 Broward	86	87	90	91	90
5 Charlotte	3	3	3	3	2
6 Citrus	1	1	1	1	1
7 Clay	3	3	3	3	3
8 Collier	7	7	7	8	9
9 Columbia	1	1	1	1	1
10 Dixie	1	1	1	1	1
11 Duval	32	32	35	37	44
12 Escambia	5	5	5	5	6
13 Flagler	2	1	1	1	1
14 Franklin	1	1	1	1	1
15 Gadsden	1	1	1	1	1
16 Glades	2	1	1	1	1
17 Hernando	2	2	3	3	3
18 Hillsborough	49	52	52	54	56
19 Indian River	5	5	5	5	5
20 Jefferson	3	3	3	3	-
21 Lake	9	10	12	12	12
22 Lee	21	20	21	20	20
23 Leon	5	5	6	7	6
24 Levy	2	2	2	2	2
25 Madison	2	2	3	3	3
26 Manatee	13	13	13	13	14
27 Marion	4	4	3	3	4
28 Martin	2	3	3	3	4
29 Miami-Dade	134	140	139	144	156
30 Monroe	6	6	6	6	6
31 Okaloosa	3	3	3	4	4
32 Orange	41	42	41	42	44
33 Osceola	24	26	25	26	25
34 Palm Beach	49	51	50	49	49
35 Pasco	11	10	12	13	13
36 Pinellas	17	18	19	18	18

County	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
37 Polk	27	28	28	29	31
38 Putnam	3	3	3	3	3
39 Santa Rosa	2	2	2	2	2
40 Sarasota	11	12	12	13	13
41 Seminole	4	4	5	6	6
42 St. Johns	3	3	3	3	3
43 St. Lucie	5	5	7	8	8
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>666</u>	<u>680</u>	<u>695</u>	<u>720</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, 2023

COUNTY/School	General or Other Unrestricted Fund Balance or Total Net Assets	Total Unassigned and Assigned Fund Balance or Unrestricted Net Assets
ALACHUA		
1 Micanopy Academy	\$ (2,398)	\$ 3,688
BAY		
2 Palm Bay Preparatory Academy 6-12 ^a	(1,329,704)	360,121
BROWARD		
3 Atlantic Montessori Charter School ^b	(30,299)	16,536
4 Atlantic Montessori Charter School West Campus K-5	(33,597)	63,115
5 Bridgeprep Academy of Hollywood Hills	(178,198)	(178,198)
6 Championship Academy of Distinction at Hollywood ^a	(89,085)	(85,615)
7 Franklin Academy Pembroke Pines	(370,550)	(370,550)
8 Franklin Academy Pembroke Pines High School	(224,477)	13,266
9 New Life Charter Academy	(47,566)	(47,566)
10 Somerset Preparatory Charter Middle School – Miramar	(203,053)	(58,036)
11 The Ben Gamla Preparatory Academy	(160,660)	(149,028)
COLLIER		
12 Bridgeprep Academy Collier	(141,809)	(135,084)
DUVAL		
13 Florida Cyber Charter Academy ^a	(17,436)	-
14 KIPP Impact Academy ^c	(66,444)	53,938
15 KIPP Jacksonville K-12 ^b	(27,813)	200,313
16 River City Science Academy Southeast ^c	(4,425)	(4,425)
17 San Jose Early College at Cecil ^c	(158,651)	(158,651)
HILLSBOROUGH		
18 Bridgeprep Academy of Tampa ^d	(32,654)	(20,654)
19 Victory Charter School Tampa	(14,511)	659
20 Walton Academy ^b	(37,605)	179,322
LAKE		
21 Pincrest Lakes Middle/High Academy ^b	(45,735)	(5,229)
LEE		
22 Athenian Academy Charter School	(147,109)	(147,109)
23 Heritage Charter Academy of Cape Coral ^a	(250,353)	(228,819)

COUNTY/School		General or Other Unrestricted Fund Balance or Total Net Assets	Total Unassigned and Assigned Fund Balance or Unrestricted Net Assets
MANATEE			
24	Oasis Middle School	(119,527)	(119,527)
25	Parrish Charter Academy	(222,478)	(217,478)
MIAMI-DADE			
26	Aventura City of Excellence School ^b	(3,077,573)	(3,002,177)
27	Bridgeprep Academy of Miami Dade Charter School ^b	(408,233)	(390,726)
28	Brightview Preparatory Academy ^{c,d}	(177)	11,634
29	C.G. Bethel High School ^b	(55,877)	57,203
30	Excelsior Language Academy of Hialeah ^a	(194,450)	(114,850)
31	Mater Academy Bay Elementary	(74,282)	144,385
32	Miami Community Charter Middle School ^b	(142,925)	51,465
33	Somerset Academy Charter High School - Miami-Dade	(145,734)	(55,657)
34	Somerset Academy Charter High School - South Homestead ^a	(83,854)	(12,491)
35	Somerset Academy Virtual Middle High School	(48,215)	(46,227)
36	True North Classical Academy at Pinecrest ^c	(346,182)	(103,878)
37	True North Classical Academy High School ^e	(1,506,952)	(1,499,384)
ORANGE			
38	Bridgeprep Academy Charter	(118,527)	(106,527)
39	Innovation Montessori High School ^a	(448,996)	(448,996)
40	Lucious and Emma Nixon Academy	(4,348)	(4,348)
41	Prosperitas Leadership Academy ^b	(3,876)	4,119
OSCEOLA			
42	Bridgeprep Academy of St. Cloud ^b	(662,415)	(590,914)
43	Bridgeprep Academy Osceola County	(763,672)	(269,955)
44	Florida Cyber Charter Academy at Osceola ^a	(16,777)	-
45	Mater Academy Preparatory High School	(672)	55,216
46	Sports Leadership Arts Management (Osceola)	(53,490)	535
47	Victory Charter School K-5	(82,619)	88,147
48	Virtual Preparatory Academy of Florida ^c	(5,009)	824
PALM BEACH			
49	Bridgeprep Academy of Palm Beach	(223,440)	(223,440)
PINELLAS			
50	Pinellas Mycroschool of Integrated Academics and Technologies	(42,961)	(20,419)

COUNTY/School		General or Other Unrestricted Fund Balance or Total Net Assets	Total Unassigned and Assigned Fund Balance or Unrestricted Net Assets
POLK			
51	Discovery High School ^b	(1,075,543)	(1,080,708)
52	Language and Literacy Academy for Learning	(25,339)	4,661
SARASOTA			
53	SKY Academy Englewood ^a	(257,464)	(257,464)
54	SKY Academy Venice	(199,929)	(199,929)
VOLUSIA			
55	Samsula Academy	(33,265)	18,746

^a Charter school is 1 of 9 charter schools that reported fiscal year deficits for 3 or more fiscal years.

^b Charter school is 1 of 11 charter schools that reported fiscal year deficits only at June 30, 2022, and June 30, 2023.

^c Charter school is 1 of 6 charter schools in its first year of operation.

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

^e Charter school had a financial condition ratio of negative 56 percent.

Source: Charter school audited financial statements.