



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**CAPE CORAL CHARTER SCHOOL AUTHORITY**  
**A Component Unit of City of Cape Coral, Florida**

Cape Coral Charter School Authority  
Cape Coral, Florida

## **FINANCIAL STATEMENTS**



Oasis Elementary South  
Oasis Elementary North  
Oasis Middle School  
Oasis High School

For The Year Ended June 30, 2022

Prepared by:

City of Cape Coral  
Financial Services Accounting Department

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FOR THE YEAR ENDED JUNE 30, 2022  
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October 11, 2022

Honorable Chairperson and Members of the City of Cape Coral  
Charter School Authority Governing Board  
Cape Coral, Florida

Dear Chairperson and Members of the City of Cape Coral Charter School Authority Governing Board:


We are pleased to present to you the Financial Statements and Independent Auditors' Report of the City of Cape Coral Charter School Authority (Authority), Cape Coral, Florida for the year ended June 30, 2022. State law, the School District of Lee County, and the Cape Coral Charter School Authority Charter require that a complete set of financial statements be presented in conformance with generally accepted accounting principles in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of Cape Coral.


We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to fairly set forth the financial position and the results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the financial activities have been included. Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that sufficient, reliable, adequate accounting data is compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.


Internal accounting controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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## **PROFILE OF THE CHARTER SCHOOL AUTHORITY**

In 2004, the Cape Coral City Council adopted ordinance 41-04 establishing Chapter 26 of the City of Cape Coral Code of Ordinances entitled "Cape Coral Charter School Authority."

The powers of the Authority are exercised through a governing board. The members of the Board are as follows: a City Councilmember, a member from the business community, a member from the education community, and three (3) members from the community at large shall be appointed by the City Council. The Charter School Superintendent shall serve as an "ex officio member" of the Board for so long as he/she holds the respective position without need for further vote of the City Council or the Board. Parent members from each school shall be chosen by and from parent organizations. The positions on the Board for parents from each charter school shall be "ex officio" positions. The Charter School Superintendent and the parent level members shall have the right to participate in all decisions of the Board but shall not have the right to vote on any matter.

According to the 2010 census data, 17.1% of Cape Coral's population were school-age children. The statistics from the 2010 census reflect an increase in the Cape's overall population of 51.87% from the prior decade. During the previous decade, the Cape's explosive population growth impacted the ability of the Lee County School District to provide a sufficient number of seats for the District's West Zone, which includes all of Cape Coral, Pine Island and parts of North Fort Myers and Fort Myers. The City of Cape Coral developed the Cape Coral Charter School Authority to provide for a municipal charter school system comprised of one elementary school which opened in August 2005; one elementary and one middle school which opened August 2006; and one high school which opened August 2007.

Since the initial years of operation, enrollment has increased to capacity at both elementary schools and the middle school facility. In the 2007-2008 school years, a freshman academy for ninth grade focusing on the Cambridge University accredited curriculum was established and housed at Oasis Middle School. In the 2008-2009 school years, both ninth and tenth grades were housed at Oasis Middle. On December 2, 2008, the Charter School Governing Board approved the design and construction of Oasis High School which was built adjacent to the existing Oasis campus and opened in early August 2009. Oasis High was occupied by grades 9 through 11 for the 2009-2010 school year and grades 9 through 12 for the 2010-2011 school year. The first senior class graduated from Oasis High School in June 2011.

In January of 2007, Christa McAuliffe Elementary School began operating a Voluntary Pre-Kindergarten Program (VPK) funded by the State using available classroom space. In January 2009, this program was supplemented by a pair of portable classroom facilities at the Christa McAuliffe campus for enrollment of 40 full-time students. In August 2010, additional portable classroom space was added to accommodate up to 54 students. Since 2014, the VPK program was offered at both Oasis Elementary and Christa McAuliffe Elementary for 40 full-time students (20 FTE at each location). In fiscal year 2020, the VPK program was discontinued.

In June 2010, City Council approved an additional expansion plan for the Oasis campus to accommodate enrollment demands of up to 3,200 students' system wide. The plan included twelve additional classrooms at Oasis Elementary, twelve additional classrooms at Oasis Middle, six additional classrooms and a gymnasium for Oasis High School as well as administrative offices. The expansion was completed in August 2011.

In March 2011, a special obligation revenue bond was issued to cover the initial building cost for Oasis High School as well as the 2011 Oasis campus expansion. The 30-year bond obligation of \$17.69M included a two-year capitalized payment feature. The Charter School Authority began payments for this bond in January 2013.

In October 2019, the City Council approved the renaming of Christa McAuliffe Elementary to Oasis Elementary North and Oasis Elementary School to Oasis Elementary South.

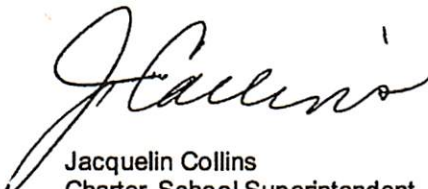
As a result of consistent high academic achievement on the Florida Standardized Assessment (FSA), as well as the efforts of the Cape Coral Charter School Authority Board, school staff, and current students, the projected enrollment for the four schools for the 2022-2023 school year is estimated to be 3,249 students.

The Charter School facilities have been built and are owned by the City. They are leased to the Charter School Authority. The lease was amended July 1, 2021 and the payments are no longer calculated based on the debt service resulting in a savings to the Charter Schools. In addition, charges for facilities maintenance and building insurance are also obligations of the Charter School Authority.


#### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the efficient and dedicated service of the Financial Services Department staff of the City of Cape Coral. Their continuing effort toward improving the accounting and financial reporting system improves the quality of the information reported to the Cape Coral Charter School Authority, City Council, School District of Lee County, State and Federal Agencies, and the citizens of the City of Cape Coral. We sincerely appreciate and commend them for their contributions.

Respectfully submitted,



Jacquelin Collins  
Charter School Superintendent  
Charter School Authority



Mark C. Mason  
Financial Services Director  
City of Cape Coral

# **CAPE CORAL CHARTER SCHOOL AUTHORITY CAPE CORAL, FLORIDA**

## **Board Members**

Dr. Guido Minaya, Chair

Dr. Melissa Rodriguez Meehan, Vice Chair

Gloria Tate, City Council Member Liaison

Michael Campbell

Kristifer Jackson

Neal Saiz

Mykisha Atisele

Dolores Menendez, City Attorney

Mark Moriarty, City Attorney

Jennifer Hoagland (ex officio)

Tonya Frank (ex officio)

Jacquelin Collins, Charter School Superintendent



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cape Coral Charter School Authority  
Cape Coral, Florida

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the general fund of the Cape Coral Charter School Authority (the Authority) a component unit of the City of Cape Coral, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
October 12, 2022



# Management's Discussion & Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Cape Coral Charter School Authority's ('Charter School') Management Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2022. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Charter School's financial activity, and identify changes in the Charter School's financial position.

Since the MD&A is designed to focus on the current year's activities, resulting changes and current known facts, please read it in conjunction with the Cape Coral Charter School Authority's financial statements (beginning on page 13) and letter of transmittal.

Comparative data presentation is provided; however, results may be significantly impacted due to changes in per pupil funding, student enrollment, or legislative mandates.

### HIGHLIGHTS

#### Financial Highlights

- At the close of fiscal year 2022, the Cape Coral Charter School Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2,708,831 (net position). This is an increase of \$1,412,049 from the prior year's balance at June 30, 2021 of \$1,296,782, or 108.9%.
- Total revenues for fiscal year 2022 were \$30,234,850 as compared to \$27,518,295 for fiscal year 2021, or a 9.9% increase.
- Total expenses for fiscal year 2022 were \$28,822,801 as compared to \$29,422,350 for fiscal year 2021, or a 2.0% decrease.

#### Overview of the Charter School Financial Statements

This discussion and analysis is intended to serve as an introduction to the Cape Coral Charter School Authority's financial statements. The financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to statements.

The **Government-wide Financial Statements** distinguish the functions of the Cape Coral Charter School Authority as being principally supported by local revenues from the Lee County School District or governmental activities as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Cape Coral Charter School Authority has no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 13-14 of this report.

The **Statement of Net Position** presents information on the Cape Coral Charter School Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the charter schools is improving or deteriorating.

The **Statement of Activities** presents information for all the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will eventually result in cash flows in future fiscal periods.

**Fund Financial Statements** A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Cape Coral Charter School Authority, like other state and local governments, uses fund accounting to ensure and

demonstrate compliance with finance-related requirements. The General Fund is reported as a governmental fund and is used to account for the operating financial resources of the Authority.

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Information is presented for the general fund in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. The Cape Coral Charter School Authority adopts an annual appropriated budget. Budgetary comparison schedules and notes have been provided to demonstrate compliance with these budgets. The governmental fund financial statements can be found on pages 15-18 of this report.

**Notes to the Financial Statements** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-42 of this report.

**Required Supplementary Information** The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A) comprised of the budgetary comparison schedules and notes (pages 3-12), and the pension related schedules and notes which can be found on pages 34-42.

**Supplementary Auditors' Reports** This section includes the following:

- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, which can be found on pages 47-51.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 52-53.

### **Government-wide Financial Analysis**

For the fiscal year ended June 30, 2022 revenues exceeded expenditures by \$1,412,049 increasing net position to \$2,708,831. The increase in net position is attributable to the renegotiation of the building lease with the City resulting in a substantial savings to the Charter Schools in addition to a reduction of pension related expenditures.

The administrative team, consisting of the superintendent, four school principals and the business manager, continue to focus on sound financial planning to sustain the Charter School system into the future. With the anticipated student funding increase for the 2022-2023 school year, the system is expected to continue to improve net position year over year.

## Summary of Net Position

The following table reflects a Summary of Net Position for fiscal years 2022 and 2021.

### Cape Coral Charter School Authority Summary of Net Position

	2022 <sup>1</sup>	2021	Change	% Change
<b>Assets</b>				
Current assets	\$ 11,923,962	\$ 11,044,297	\$ 879,665	8.0%
Capital assets, net	7,537,502	1,886,501	5,651,001	299.5%
Total assets	19,461,464	12,930,798	6,530,666	50.5%
<b>Deferred outflows related to pension</b>	4,596,975	4,587,619	9,356	0.2%
<b>Liabilities</b>				
Current and other liabilities	1,062,846	806,942	255,904	31.7%
Noncurrent liabilities	13,279,324	14,896,915	(1,617,591)	(10.9%)
Total liabilities	14,342,170	15,703,857	(1,361,687)	(8.7%)
<b>Deferred inflows related to pension</b>	7,007,438	517,778	6,489,660	1253.4%
<b>Net position</b>				
Net investment in capital assets	1,628,199	1,755,754	(127,555)	(7.3%)
Restricted	-	1,697,980	(1,697,980)	(100.0%)
Unrestricted	1,080,632	(2,156,952)	3,237,584	150.1%
Total net position	\$ 2,708,831	\$ 1,296,782	\$ 1,412,049	108.9%

<sup>1</sup>The Charter School implemented GASB *Statement No. 87 Leases* in Fiscal Year 2022.

Net investment in capital assets is the largest portion of net position. This represents capital assets (land, buildings, improvements, and equipment), net of accumulated depreciation and amortization, and the outstanding related debt used to acquire the assets. The net investment in capital assets balance of \$1,628,199 decreased by \$127,555 or 7.3% in comparison to the prior year due depreciation and amortization of assets. The Authority uses capital assets to provide educational services to their students. While these investments are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted net position balance reflected an increase of \$3,237,587 or 150.1% from a negative \$2,156,952 in the prior fiscal year primarily due to a reduction in net pension liability.

Restricted net position decreased by \$1,697,980 as the funds that were restricted for the purchase of portables at Oasis North were sent to the City to manage the purchase and maintenance of the asset.

## Changes in Net Position

The following table reflects a comparison of the Revenues, Expenses and Changes in Net Position for fiscal years 2022 and 2021 by program.

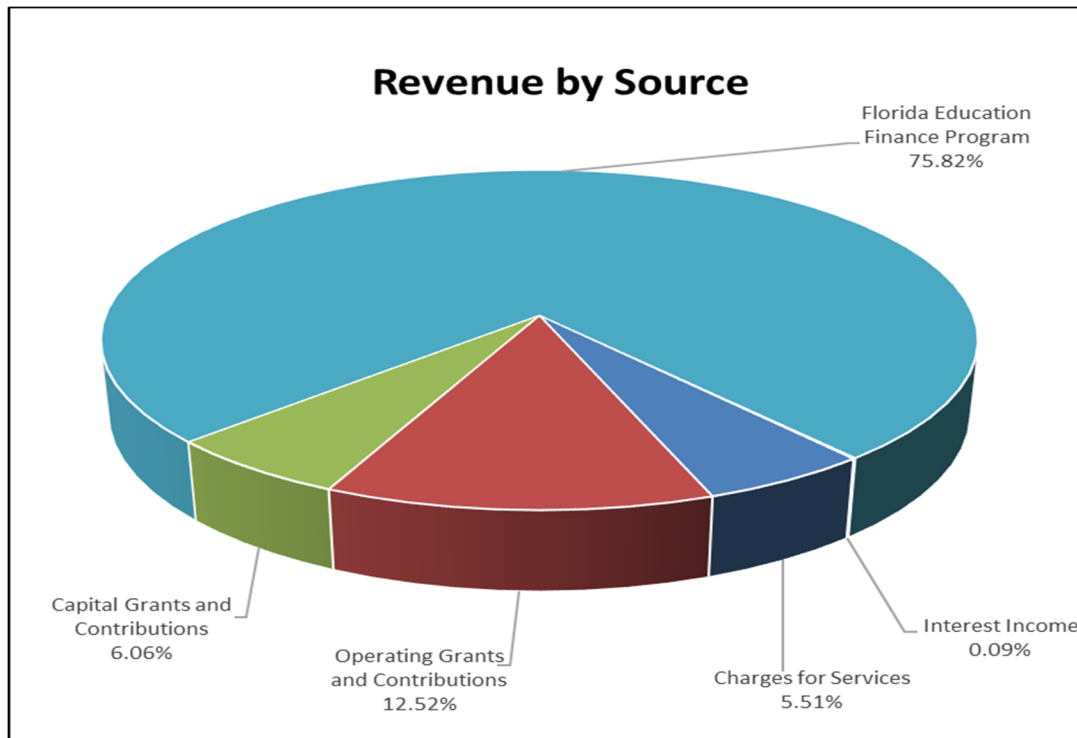
### Cape Coral Charter School Authority Summary of Changes in Net Position

	2022 <sup>1</sup>	2021	Change	% Change
<b>REVENUES:</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 1,667,004	\$ 1,055,607	\$ 611,397	57.9%
Operating Grants and Contributions	3,785,928	2,399,452	1,386,476	57.8%
Capital Grants and Contributions	1,831,173	1,721,419	109,754	6.4%
<b>General Revenues:</b>				
Florida Education Finance Program	22,924,749	22,323,808	600,941	2.7%
Interest Income	25,996	18,009	7,987	44.4%
<b>Total Revenues</b>	<b>30,234,850</b>	<b>27,518,295</b>	<b>2,716,555</b>	<b>9.9%</b>
<b>EXPENSES:</b>				
<b>Program Activities:</b>				
Instruction Basic (FEFP K-12)	15,365,582	16,288,184	(922,602)	(5.7%)
Exceptional Education Services	190,966	198,631	(7,665)	(3.9%)
Pupil Personnel Services	258,825	282,367	(23,542)	(8.3%)
Health Services	252,492	261,491	(8,999)	(3.4%)
Other Pupil Personnel Services	201,677	228,872	(27,195)	(11.9%)
Instructional Media Services	85,371	98,517	(13,146)	(13.3%)
Instructional Staff Training Services	32,848	12,482	20,366	163.2%
Board	54,229	34,090	20,139	59.1%
General Administration	907,417	784,512	122,905	15.7%
School Administration	2,268,585	2,336,477	(67,892)	(2.9%)
Facilities Acquisition & Construction	1,712,573	29,518	1,683,055	5701.8%
Fiscal Services	407,711	323,624	84,087	26.0%
Food Services	1,177,256	1,097,220	80,036	7.3%
Data Processing Services	525,158	351,195	173,963	49.5%
Pupil Transportation Services	1,522,619	1,432,518	90,101	6.3%
Operation of Plant	3,255,228	4,834,283	(1,579,055)	(32.7%)
Maintenance of Plant	539,547	822,189	(282,642)	(34.4%)
Interest on Capital Lease	64,717	6,180	58,537	947.2%
<b>Total Expenses</b>	<b>28,822,801</b>	<b>29,422,350</b>	<b>(599,549)</b>	<b>(2.0%)</b>
Change in Net Position	1,412,049	(1,904,055)	3,316,104	(174.2%)
Net Position - beginning	1,296,782	2,835,055	(1,538,273)	(54.3%)
Restatement of net position	-	365,782	(365,782)	100.0%
<b>Net Position - ending</b>	<b>\$ 2,708,831</b>	<b>\$ 1,296,782</b>	<b>\$ 1,412,049</b>	<b>108.9%</b>

<sup>1</sup> The Charter School implemented GASB *Statement No. 87 Leases* in Fiscal Year 2022.

## Revenue

The following is a chart of revenues by major source for the Charter School for fiscal year 2022.



Total revenue increased by \$2,716,555 or 9.9% in comparison to prior year. Outlined below are the explanations for the significant revenue changes.

Charges for Services increased by \$611,397 or 57.9%.

- Food service sales paid by parents or guardians of \$918,933 reflected an increase of \$258,285 or 39.1% from \$660,648 in the prior fiscal year. Food service revenue lagged in fiscal year 2021 due to the number of students who participated in distance learning in the first semester of fiscal year 2021. \$52,785 was considered Unearned Food Service Revenue in fiscal year 2022 and is reclassified as earned revenue in fiscal year 2023.
- General Administration revenue of \$222,093 reflected an increase of \$64,741 or 41.1% from \$157,352 in the prior year. The increase is primarily due to a wellness incentive received from the City of Cape Coral as well as an increase in other miscellaneous revenues as school activities return after being shut down during the pandemic.
- Pupil Transportation Services revenue of \$33,817 reflected an increase of \$28,229 or 505.2% from \$5,588 in the prior year as field trips resumed after being shut down during the pandemic.
- Instruction Basic revenue of \$470,355 reflected an increase of \$258,087 or 121.6% from \$212,268 in the prior year primarily due to an increase in field trip revenues as activities began to return to normal after the pandemic. Additional revenues include but are not limited to fundraisers and private donations earmarked for technology, yearbooks, student uniform sales, athletic event admissions, and concession sales.

- School Administration revenue increased by \$1,159 to \$20,806 from \$19,647 in the prior year. This increase is primarily due to an increase in vendor rebates as school activities resumed post pandemic.

Operating Grants and Contributions increased by \$1,386,476 57.8%.

- State funded Teachers Classroom Supply Assistance Program stipends of \$61,004 as appropriated by the Florida Legislature increased by \$1,732 or 2.9% from \$59,272 in the prior fiscal year. There were 184 teachers eligible for the funding in fiscal year 2022 where the per teacher funding increased by \$9.42 from \$322.13 to \$331.55. This funding is distributed in the fall to all eligible certified teachers for the purchase of classroom supplies. Per Florida Statute 1012.71 the Department of Education is authorized to allocate these funds to school districts and charter schools based on the district's proportionate share of the state's total unweighted full-time equivalent (FTE) student enrollment. This funding varies from year to year based on the district's proportionate share of total unweighted FTE student enrollment.
- The Cambridge Advanced International Certificate of Education, also known as AICE, is an international curriculum and examination program. This program allows students to earn an advanced diploma to boost their college applications. Students may earn college credit or place out of introductory courses as a freshman. AICE also provides the potential to earn an international diploma. Funding from the Florida Department of Education for the Advanced International Certificate of Education (AICE) Program at Oasis High School was \$525,592 as compared to \$429,259 for the prior fiscal year. This was an increase of \$96,333 or 22.4% and is due to the increase in students earning diplomas as well as the number of student's passing classes. This program funds teacher bonuses and other costs associated with the operation of the Cambridge curriculum program. Funding is determined by the number of students participating in the program and the AICE test results. A bonus was paid to those teachers who instruct AICE courses at the High School based on the number of tests passed.
- Funding from the U.S. Army is a reimbursable federal grant for instructors' salaries. This grant provides a reimbursement of approximately 50% of the cost of the salary for three JROTC instructors. In fiscal year 2022 school year the Authority received \$78,985 for three instructors which reflects a decrease of \$18,402 or 18.9% from \$97,387. The decrease is attributable to one of the positions being vacant for part of the year.
- Donations of \$154,751 from PTO and other local organizations increased by \$104,632 or 208.7% from \$50,119 in the prior fiscal year. These donations are designated to support curriculum needs at the building level. Due to the Pandemic, fundraising by the PTO and other local organizations was limited in the prior year and has now returned to previous levels.
- Funding for Title II-A eligible instructional staff training and associated travel of \$14,302 decreased by \$2,757 or 16.2% from \$17,059 in the prior year. Annually, each school provides the Lee County School District with their proposed plan for Title II-A funding. This proposal is reviewed by the Lee County School District who determines the new building allocation based on the federal funding level. In fiscal year 2022, only Oasis Elementary North and Oasis High School submitted plans and received funding.
- Funding for Title IV: Student Support and Academic Enhancement Grants. In fiscal year 2022, all schools applied for Title IV funding through the Lee County School District. Funding is utilized on efforts to improve student mental and behavioral health, school climate or school safety. In fiscal year 2022, Title IV funding of \$42,278 decreased by \$16,930 or 28.59%. This decrease is due to less activity during the year that was eligible for reimbursement.
- The reimbursements through the Florida Department of Education for the National School Breakfast and Lunch Program (NSLP) of \$519,017 showed an increase of \$53,554 or 11.5%

from \$465,464 in fiscal year 2021. Reimbursements are received for meals served. Distance learning was not an option in fiscal year 2022 resulting in more meals served.

- CARES – Coronavirus Relief Fund – The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funded by the State, established the \$150 billion Coronavirus Relief Fund (“the Fund”). Payments must be used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19). The Authority received funding for K-3 Reading deficiency, Elementary & Secondary School Emergency Relief Fund (ESSER I) funding (costs resulting from COVID 19), Coronavirus Prevention and Response (sanitation and cleaning), Civics Literacy K-12, and Instructional Continuity Plan (to support creating an instructional continuity plan). In fiscal year 2022, \$50,402 in funding was received from the School Board of Lee County as a program beneficiary. The funding was used for Personal Protective Equipment (PPE), substitute teachers, building safety/cleaning, technology, and curriculum needs. During fiscal year 2022, the act was expanded to include ESSER II and ESSER III. The initiative of ESSER II is to provide funding to address the areas most impacted by the disruption and closure of schools due to COVID-19. ESSER III aims to help safely reopen and sustain the operation of schools and address the impact of COVID-19 in schools. ESSER III contains additional provisions to address loss of learning in students. In fiscal year 2022, \$1,268,330 and \$437,436 in funding was received from the School Board of Lee County as a program beneficiary for ESSER II and ESSER III, respectively.
- FEFP Teacher Salary Allocation – House Bill 5001 funded through the Florida Education Finance Program (FEFP) focused on increasing compensation for full-time classroom teachers, assisting school districts in their recruitment and retention of classroom teachers and instructional personnel. The bill requires “a school district or charter school” to maintain the new “minimum base salary achieved for classroom teachers” in subsequent fiscal years unless changed by future General Appropriations. In fiscal year 2022, the Charter School received \$556,470 in revenue to use for teacher compensation.
- Under the Carl D. Perkins Career and Technical Education Act, a new grant was received in the amount of \$73,272. This grant is designed to provide an increased focus on the academic achievement of career and technical education students while strengthening the connections between secondary and postsecondary education. The grant was awarded due to the number of students that successfully passed a culinary arts industry certification test through the School District of Lee County.
- An additional grant was received from Toshiba in the amount of \$4,089 to support the STEM program.

Capital Grants and Contributions increased by \$109,754 or 6.4%.

- The Cape Coral Charter School Authority is eligible to receive Public Education Capital Outlay (PECO) funding from the State of Florida Department of Education. Capital Outlay funding is based on enrollment and is intended to help offset the cost of the school buildings. The amount of revenue received for fiscal year 2022 was \$1,690,182 which is an increase of \$44,168 or 2.7% over the previous year.
- TAPS - TAPS is an acronym used by the FDOE Grants Management team and stands for Tracking Applications. Revenues increased by \$65,586 or 87.0% Funding totaling \$140,991 was received with \$13,144 for safety and security and \$127,847 for the STEM Makerspace Initiative. The STEM Makerspace Initiative was a new TAPS grant added in fiscal year 2022.

General Revenues increased by \$608,928 or 2.73%.

- The Florida Education Finance Program (FEFP) is the funding formula adopted by the Legislature in 1973 to allocate funds appropriated to school districts for K-12 public school

operations. The FEFP allocates funds to each school based on actual student enrollment through surveys on student enrollment twice a year. The major source of revenue for the Charter Schools is the funding from FEFP of \$22,924,749 which represents 75.8% of the total revenue of \$30,243,097. FEFP funding increased by \$600,941 or 2.7% from the prior fiscal year.

- Interest income of \$25,996 represents 0.09% of total revenue. Current fiscal year interest income was \$7,987 or 44.4% more than the \$18,009 earned in the prior fiscal year. As the economy recovers from the impacts of COVID-19, interest rates continue to rise.

## Expense

The following table represents expenses by program:

Expense by Program		
Program	2022	2021
Instruction Basic (FEFP K-12)	\$ 15,365,582	\$ 16,288,184
Operation of Plant	3,255,228	4,834,283
School Administration	2,268,585	2,336,477
Facilities Acquisition & Construction	1,712,573	29,518
Pupil Transportation Services	1,522,619	1,432,518
Food Services	1,177,256	1,097,220
General Administration	907,417	784,512
Maintenance of Plant	539,547	822,189
Data Processing Services	525,158	351,195
Fiscal Services	407,711	323,624
Pupil Personnel Services	258,825	282,367
Health Services	252,492	261,491
Other Pupil Personnel Services	201,677	228,872
Exceptional Education Services	190,966	198,631
Instructional Media Services	85,371	98,517
Interest on Capital Lease	64,717	6,180
Board	54,229	34,090
Instructional Staff Training Services	32,848	12,482
Total governmental activities	<u>\$ 28,822,801</u>	<u>\$ 29,422,350</u>

Total expenses of \$28,822,801 decreased by \$599,549 or 2.0% from \$29,422,350 in fiscal year 2021.

The most significant expense of the Charter School is salaries, wages and employee benefits which represents 64.5% of total expenses for the year. Total salaries, wages and employee benefits decreased \$1,435,197 to \$18,594,778 or a 7.2% decrease as compared to \$20,029,975 in the prior year. This decrease is a result of the City absorbing information technology and custodial positions reducing the staffing needs of the Charter School as well as a reduction to pension expense based on the actuarial valuation.

Contractual services, materials, and supplies of \$8,008,849 represent 27.8% of total expenses. Contractual services decreased by \$732,231 or 8.4% from \$8,741,080 in the prior fiscal year due to the renegotiation of the building lease and related maintenance.

Depreciation and amortization expense of \$2,154,459 represents 7.5% of total expenses. Depreciation and amortization expense increased by \$1,509,344 or 234.0% from \$645,115 in the prior fiscal year.

This increase is due to the implementation of GASB 87 which records operating leases as capital leases and amortizes the assets over its useful life. In fiscal year 2022, there was \$297,128 in assets that were either disposed of or retired.

Interest expense of \$64,717 represents 0.2% of total expenses. Interest expense increased by \$58,537 or 947.2% from \$6,180 in the prior fiscal year. The increase is due to the implementation of GASB 87 which records interest expense on capital lease obligations.

## Capital Assets

The Cape Coral Charter School Authority's investment in capital assets as of June 30, 2022, is \$7,537,502 (net of accumulated depreciation).

The following table provides capital asset information as of June 30, 2022.

	2022	2021
Equipment	\$ 698,311	\$ 935,426
Buildings	2,000	6,800
Vehicles	738,564	629,889
Leasehold improvements	162,080	245,540
Computer software	53,202	7,078
Right-to-use leased equipment <sup>1</sup>	36,785	61,768
Right-to-use leased buildings	5,846,560	-
Totals	<u>\$ 7,537,502</u>	<u>\$ 1,886,501</u>

<sup>1</sup> The Charter School implemented GASB Statement No. 87 Leases in Fiscal Year 2022, resulting in a restatement of beginning balances.

Total capital assets increased by \$5,651,001 or 299.6% during the current fiscal year. The change is comprised of an increase of \$7,809,868 in new assets offset by \$667,835 in accumulated depreciation, \$1,486,624 in accumulated amortization and dispositions of \$4,408. During fiscal year 2022 the following capital assets were purchased and installed: three new school buses, a convection oven for Oasis North, a reach in freezer, and a phone system. Additionally, the building lease was renegotiated with the City and recorded as a capital lease under GASB 87. During fiscal year 2022, the Charter Authority inventoried their capital assets and disposed of those assets that had exceeded their useful life and were deemed useless.

## Long-Term Debt

At June 30, 2022, the Cape Coral Charter School Authority had \$5,909,303 in capital lease obligations. The following is a schedule of outstanding capital leases as of June 30, 2022 and 2021:

2022	2021 <sup>1</sup>	Percentage Change
<u>\$ 5,909,303</u>	<u>\$ 77,680</u>	<u>7,507.2%</u>

<sup>1</sup> The Charter School implemented GASB Statement No. 87 Leases in Fiscal Year 2022, resulting in a restatement of beginning balances.

Total debt increased by \$5,831,623 or 7,507.2%, during the current fiscal year. The total debt increase is a result of the renegotiation of the building lease that termed on June 30, 2021.

## Economic Factors and Next Year's Budget

Unlike a taxing authority, the Cape Coral Charter School Authority must consider factors specific to the operation of the schools in establishing next year's budget.

For fiscal year 2022, the Authority realized an increase of \$1,412,049 in net position.

The primary funding source for the Charter School is the FEFP which establishes an annual a full-time equivalent (FTE) student allocation. Therefore, one of the most important considerations must be student enrollment. In addition, state and federal budget legislation can have a significant impact on the funding level per student. In the 2022-2023 adopted budget there is an increase of 21 enrolled students (increase of 4 at Oasis Elementary School South, decrease of 3 at Oasis Elementary School North, decrease of 6 at Oasis Middle School South and increase of 26 at Oasis High School South). For the 2022-2023 school year, an additional \$384.55 in per student FEFP funding is anticipated.

All four Charter Schools maintain an “A” rating with the Florida Department of Education and are considered a valued asset to the City of Cape Coral.

The Administration considers all of these factors in preparing the Cape Coral Charter School Authority’s budget for fiscal year 2023.

### **Request for Information**

This financial report is designed to present users with a general overview of the Cape Coral Charter School Authority’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Cape Coral Charter School Authority through the Financial Services Department of the City of Cape Coral, 1015 Cultural Park Blvd., Cape Coral, FL 33990.

# Basic Financial Statements

CAPE CORAL CHARTER SCHOOL AUTHORITY

STATEMENT OF NET POSITION

June 30, 2022

**ASSETS**

Cash and cash equivalents	\$ 11,128,926
Intergovernmental receivables	737,622
Prepaid expense	57,414
Capital assets, net	<u>7,537,502</u>
Total assets	<u>19,461,464</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension	<u>4,596,975</u>
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**LIABILITIES**

Current liabilities	
Accounts payable and other accrued liabilities	647,084
Accrued payroll	362,976
Unearned revenue	52,786
Noncurrent liabilities:	
Due within one year	1,614,667
Due in more than one year	5,179,474
Net pension liability	<u>6,485,183</u>
Total liabilities	<u>14,342,170</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pension	<u>7,007,438</u>
Total deferred inflows of resources	<u>7,007,438</u>

**NET POSITION**

Net investment in capital assets	1,628,199
Unrestricted	<u>1,080,632</u>
Total net position	<u>\$ 2,708,831</u>

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

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2022

FUNCTIONS	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Unit Activities
Instruction Basic (FEFP K-12)	\$ 15,365,582	\$ 470,355	\$ 3,210,331	\$ -	\$ (11,684,896)
Exceptional Education Services	190,966	1,000	-	-	(189,966)
Pupil Personnel Services	258,825	-	-	-	(258,825)
Health Services	252,492	-	-	-	(252,492)
Other Pupil Personnel Services	201,677	-	-	-	(201,677)
Instructional Media Services	85,371	-	-	-	(85,371)
Instructional Staff Training Services	32,848	-	14,302	-	(18,546)
Board	54,229	-	-	-	(54,229)
General Administration	907,417	222,093	-	-	(685,324)
School Administration	2,268,585	20,806	-	-	(2,247,779)
Facilities Acquisition & Construction	1,712,573	-	-	-	(1,712,573)
Fiscal Services	407,711	-	-	-	(407,711)
Food Services	1,177,256	918,933	519,017	-	260,694
Data Processing Services	525,158	-	42,278	-	(482,880)
Pupil Transportation Services	1,522,619	33,817	-	-	(1,488,802)
Operation of Plant	3,255,228	-	-	1,831,173	(1,424,055)
Maintenance of Plant	539,547	-	-	-	(539,547)
Interest	64,717	-	-	-	(64,717)
Totals	<u>\$ 28,822,801</u>	<u>\$ 1,667,004</u>	<u>\$ 3,785,928</u>	<u>\$ 1,831,173</u>	<u>\$ (21,538,696)</u>

General Revenues:

Florida Education Finance Program (State through Lee County School District)	\$ 22,924,749
Interest income	25,996
Total general revenues	<u>22,950,745</u>
Change in net position	1,412,049
Net position - beginning	1,296,782
Net position - ending	<u>\$ 2,708,831</u>

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

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

**BALANCE SHEET**  
**Governmental Funds**  
June 30, 2022

<b>ASSETS</b>	<b>General Fund</b>
Cash and cash equivalents	\$ 11,128,926
Intergovernmental receivables	737,622
Prepaid items	57,414
Total assets	<u>11,923,962</u>
 <b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	647,084
Accrued wages and benefits	362,976
Unearned revenue	52,786
Total liabilities	<u>1,062,846</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - grant reimbursement	<u>595,266</u>
 <b>FUND BALANCES</b>	
Nonspendable	57,414
Committed	540,459
Assigned	291,316
Unassigned	9,376,661
Total fund balances	<u>10,265,850</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,923,962</u>

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

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2022

**Total fund balances - governmental funds** \$ 10,265,850

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Capital Assets	12,748,293	
Accumulated depreciation and amortization	<u>(5,210,791)</u>	7,537,502

Deferred outflows of resources related to pension liability are not recognized in the governmental funds; however they are recorded in the statement of net position under full accrual accounting.	4,596,975
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Long-term liabilities, including debt payable, are not due and payable in the current period and therefore not reported as fund liabilities

Compensated absences	(884,838)	
Leases payable	<u>(5,909,303)</u>	(6,794,141)

Net pension liability is not recognized in the government funds; however it is recorded in the statement of net position under full accrual accounting	(6,485,183)
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Deferred inflows of resources related to pension liability are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(7,007,438)
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Other assets are not available to pay for current period expenditures and are reported as deferred inflows in the funds.	595,266
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<b>Net position of governmental activities</b>	<b><u>\$ 2,708,831</u></b>
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The accompanying notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2022

<b>Revenues:</b>	<b>General Fund</b>
<b>Federal Direct Sources</b>	
JROTC Reimbursable Charges	\$ 78,985
<b>Federal through State Sources</b>	
NSLP Lunch Reimbursement	436,556
NSLP Breakfast Reimbursement	82,461
<b>Federal through Local Sources</b>	
Title II-A Funding	87,574
Title IV Funding	40,778
<b>State through Local Sources</b>	
Florida Education Finance Program	22,924,749
Florida Teachers Salary Allocation	556,470
Florida Teachers Classroom Supply Assistance Program	61,004
Public Education Capital Outlay (PECO)	1,690,182
Coronavirus Aid, Relief, and Economic Security Act (CARES)	1,162,402
Advanced International Certificate of	525,592
TAPS	140,991
<b>Local Sources</b>	
Food Service Sales	918,933
Transportation Service Charges	33,817
Contributions and Donations	154,751
Interest Income	25,996
Other Revenue	669,686
<b>Total Revenues</b>	<b>29,590,927</b>
<b>Expenditures:</b>	
Instruction Basic (FEFP K-12)	16,039,676
Exceptional Education Services	202,168
Guidance Services	268,266
Health Services	260,707
Other Pupil Personnel Services	213,790
Instructional Media Services	97,510
Instructional Staff Training Services	32,848
Board	54,229
General Administration	979,534
School Administration	2,268,267
Fiscal Services	406,765
Food Services	1,205,406
Data Processing Services	432,687
Pupil Transportation Services	1,400,256
Operation of Plant	1,567,949
Maintenance of Plant	431,964
Facilities Acquisition & Construction	1,697,980
Capital Outlay	7,809,868
Debt Service:	
Principal	1,476,580
Interest and Fiscal Charges	64,717
<b>Total Expenditures</b>	<b>36,911,167</b>
<b>Excess of revenues over expenditures</b>	<b>(7,320,240)</b>
<b>Other Financing Sources:</b>	
Proceeds From Leases	7,308,201
<b>Total Other Financing Sources</b>	<b>7,308,201</b>
<b>Net change in Fund Balance</b>	<b>(12,039)</b>
Fund balance - beginning	10,277,889
Fund balance - ending	<b>\$ 10,265,850</b>

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

**CAPE CORAL CHARTER SCHOOL AUTHORITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

<b>Net change in fund balance - total governmental funds</b>	\$	(12,039)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	7,809,868	
Depreciation, amortization and loss on disposals	<u>(2,105,803)</u>	5,704,065

Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	595,266
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Changes to compensated absences	200,124
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The issuance of debt provides current financial resources to governmental funds, while the repayment of the principal of the long term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has an effect on net position.

Principal on capital lease	1,460,668	
Principal on loan	15,912	
Proceeds from leases	(7,308,201)	(5,831,621)

Net effect of pension related expenses which increase net position	756,254
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<b>Change in net position of governmental activities</b>	<u>\$</u>	<u>1,412,049</u>
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The accompanying notes to the financial statements are an integral part of this statement.

**CAPE CORAL CHARTER SCHOOL AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2022

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# Notes to Financial Statements

## **NOTE I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Organization**

The Cape Coral Charter School Authority ("Authority") was created for the purpose of operating and managing, on behalf of the City of Cape Coral ("City"), all charter schools for which a charter is held by the City. The powers of the Authority are exercised through a governing board, which is known as the Cape Coral Charter School Authority Board which provides governance of the charter schools. Seven (7) members of the governing board are appointed by City Council including one member of the City Council. The charter school superintendent serves as an "ex officio member" of the board. The parent members from each school level also serve as "ex officio" members of the board. The Charter School Superintendent and parent members are non-voting members. The City Council approves the Charter School Authority's budget and must approve any debt issuances. The Cape Coral Charter School Authority will be presented as a discretely presented component unit within the City of Cape Coral's Annual Comprehensive Financial Report. The Charter School Authority has no component unit of its own.

### **2. Related Organization**

The Cape Coral Municipal Charter Schools Foundation ("Foundation") was established in October 2004 as the fundraising arm of the City of Cape Coral Municipal Charter Schools system. The Foundation is a legally separate 501(c)3 nonprofit organization with a separate governing board. Because the Authority does not appoint a voting majority of the Foundation's governing body, and the Foundation is not fiscally dependent upon the Authority, the financial information of the Foundation has not been included within these financial statements of the Authority since the Foundation does not meet the requirements of a component unit for financial reporting purposes.

### **3. Summary of Significant Accounting Policies**

The financial statements of the Cape Coral Charter School Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Cape Coral Charter School Authority is reported as a governmental fund and it is used to account for the operating financial resources of the Authority.

### **4. Basic Financial Statements**

The basic financial statements include the Statement of Net Position, Statement of Activities, Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance. These statements report all assets, liabilities, deferred inflows and outflows of resources, revenues, and expenses providing a financial picture of the Cape Coral Charter School Authority as a whole.

The Statement of Net Position reports all non-fiduciary financial and capital resources and obligations of the Authority as a whole. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position.

The Statement of Activities summarizes the Authority's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The balance sheet discloses the assets, liabilities, deferred inflows of resources and fund balance of the Authority at a specified date.

The Statement of Revenues, Expenditures and Changes in Fund Balance reports revenues and expenditures resulting in a change in fund balance for the period and total ending fund balance.

## **5. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the Financial Statements. The Cape Coral Charter School Authority's Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available). "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers all revenues available if they are collected within 60 days after year-end.

### **Assets, Liabilities and Net Position, Revenues, and Expenditures/Expenses**

#### **1. Cash and Investments**

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. On August 8, 2011, the City of Cape Coral adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect cash and investment assets. This policy is adopted as the Cape Coral Charter School Authority Board's investment policy as stipulated in section 6144 of the Charter School bylaws. The Charter School Authority maintains a common cash and investment pool for the use of all funds. The investment policy applies to all cash and investments held or controlled by the Charter School Authority.

The cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

As of June 30, 2022, the Authority's investment portfolio did not include any investments that are required to be held by a third-party custodian.

Detailed information on allowable investments and actual holdings can be found in Note III, Detailed Notes 1: Cash and Investments.

#### **2. Accounts and Intergovernmental Receivables**

Receivables are monies due to the Cape Coral Charter School Authority at the end of the fiscal year. Receivables are distinguished between those due from other governmental agencies including the City of Cape Coral and those due from non-governmental sources (accounts receivable). Both are described in Note III, Detailed Notes 2 Receivables.

The Authority has the following receivables:

##### **Intergovernmental**

An intergovernmental receivable has been recorded for funding from the US Army to offset approximately 50% of the cost of the three JROTC instructors' salaries. Oasis High School receives reimbursements from the Army Junior Reserve Officer (JROTC) program which is a program that teaches students character education, student achievement, wellness, leadership, and diversity. This receivable represents the June payroll reimbursement which is paid a month in arrears.

An intergovernmental receivable has been recorded for Title IV Revenue for fiscal year 2022 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for Coronavirus Aid, Relief & Economic Security Act - CARES Revenue for fiscal year 2022 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for TAPS, STEM Makers Initiative Revenue for fiscal year 2022 for expenditures billed to Lee County School District but not received by fiscal year end.

An intergovernmental receivable has been recorded for a P-Card reimbursement from the City of Cape Coral for fiscal year 2022.

All receivables are considered to be collectible. No allowances for uncollectible amounts are recorded.

### **3. Capital Assets**

Capital assets are defined by the Authority as assets with an initial, individual cost of \$5,000 or more and a useful life in excess of one year. Capital assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized but are expensed as incurred.

Capital assets are depreciated using the straight-line method of depreciation over the useful lives of the related assets. The depreciable life of each asset is determined by City of Cape Coral Administrative Regulation 51 and complies with generally accepted accounting principles.

<u>Asset</u>	<u>Years</u>
Equipment	3-5
Buildings	3-10
Vehicles	3-10
Leasehold Improvements	3-13
Computer Software	3

### **4. Long-term Liabilities**

Compensated Absences - The Authority permits employees to accumulate earned but unused leave, which will be paid to the employee upon separation if they meet certain criteria. These benefits plus the related taxes are classified as compensated absences.

In April 2015, an additional 4 busses were purchased to accommodate increasing student enrollment and ridership. The Authority began payments to the City for the additional 4 busses in June 2015. The total financing for the additional busses will be repaid over 76.5 months. The Authority recognized the purchase of buses from the City of Cape Coral as a capital loan. This is recorded as a long-term liability in the Statement of Net Position. The final payment was in September 2021.

### **5. Leases**

The Authority is a lessee for noncancellable leases of buildings and equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgements related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the Authority is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Authority would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are initially measured using the index or rate as of the commencement of the lease term.

The Authority does not currently hold any leases as a lessor.

In January 2019, the Authority entered into a lease agreement with Canon Copiers for 9 copiers to be utilized at the schools and in administrative services. The lease term is five years. The Authority recognized this as a capital lease. This is recorded as a long-term liability in the Statement of Net Position.

In March of 2019, the Authority entered into a lease agreement with MailFinance to lease mailing machines to be used at the various schools. The lease term is five years. The Authority recognized this as an operating lease initially but under GASB 87 it was reclassified to a capital lease during fiscal year 2022. This is recorded as a long-term liability in the Statement of Net Position.

In July 2021, the Authority entered into a lease agreement with the City of Cape Coral to lease the buildings and land that all four schools are located on. The lease term is five years. The Authority recognized this as a capital lease. This is recorded as a long-term liability in the Statement of Net Position.

## **6. Fund Balance**

The following classifications describe the relative strength of the spending constraints within the Authority's fund balance.

**Non-Spendable Fund Balance** - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as the long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

**Restricted Fund Balance** - Amounts that can be spent only for specific purposes stipulated by (a)

external resource providers such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** - Amounts that can be used only for the specific purposes determined by a formal action of the Governing Board; the Charter Authority's highest level of decision-making authority. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally, which is by resolution.

**Assigned Fund Balance** – Portion that reflects a government's intended use of resources. Includes spendable fund balance amounts established by management of the Authority that are intended to be used for specific purposes that are neither considered restricted or committed.

**Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the general fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**Unrestricted Fund Balance** – The total of committed fund balance, assigned fund balance, and unassigned fund balance.

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

The Authority established restricted fund balances in the General Fund for Local Capital Improvement Revenue (S.1013.62, Florida Statutes. These fund balances are restricted by Florida Statute as set forth in the annual budget and any amendments thereto.

In the general fund, the Authority strives to maintain an unassigned balance of 5% of annual resources of the general fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan. Detailed information on fund balances can be found in Note III, Detailed Notes 7: Fund Balances.

## **7. Intergovernmental Revenue**

### **Federal Revenue Sources**

Cape Coral Charter School Authority receives federal monies distributed through the Florida Department of Education for the National School Lunch Program.

The Authority receives Title II-A funding which is designed to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in school while holding local educational agencies and schools accountable for improvements in student academic achievement.

Title IV is a block grant that supports the needs for improvement in three key areas: access to and opportunities for a well-rounded education, safe and supportive conditions for learning, and access to personalized learning experiences supported by technology. In fiscal year 2022, all buildings received Title IV funding.

Oasis High School receives reimbursement from the Army Junior Reserve Officer (JROTC) program. This funding is to offset approximately 50% of the cost of the three JROTC instructors' salaries. The program is offered to high schools that teach students character education, student

achievement, wellness, leadership, and diversity. It is a cooperative effort between the Army and the high schools to produce successful students and citizens, while fostering in each school a more constructive and disciplined learning environment.

### **State Revenue Sources**

Revenue from State sources for current operations is primarily from the Florida Education Finance Program, administered by the Florida Department of Education under the provisions of Section 1011.62, Florida Statutes. In accordance with the law, the Cape Coral Charter School Authority determines and reports to the Lee County School District the number of full-time equivalent students (FTE). The Department performs certain edit checks on the reported number of FTE students and remits funding based on the Department's current year adopted allocations.

The Cape Coral Charter School Authority is eligible to receive Public Education Capital Outlay (PECO) funding from the State of Florida Department of Education. Capital Outlay funding is based on enrollment and is intended to help offset the cost of the school buildings.

Funding is received from the Florida Department of Education for the Advanced International Certificate of Education Program (AICE) at Oasis High School. This program funds teacher bonuses and additional costs to operate the Cambridge curriculum program. Funding is determined by the number of students participating in the program and the AICE testing results.

The Authority receives funding for Florida Teachers Classroom Supply Assistance Program which provides funding to teachers for the purchase of classroom supplies each September. This program was funded by the Florida legislature for the 2021-2022 school year. Future funding is contingent upon legislative approval.

The Authority receives funding for Teacher Salary Allocation which provides funding to increase compensation for full-time classroom teachers assisting school districts in their recruitment and retention of classroom teachers and instructional personnel.

The Authority received funding from the School Board of Lee County as a program beneficiary from the Coronavirus Response and Relief Supplement Act (CRRSA) and the American Rescue Plan Act (ARPA). In December 2020 the CARES Act was expanded through the CRRSA to address the areas most impacted by the disruption and closure of schools due to COVID-19. In March 2021, a third round of funding was added through ARPA to provide resources for safely reopening schools and address loss of learning in students.

TAPS - TAPS is an acronym used by the FDOE Grants Management team and stands for Tracking Applications. The funding received is used specifically for the purpose of Building Safety and Security needs for the school buildings and the STEM Makers Space Initiative.

### **8. Pensions**

In the government-wide statement of net position, liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the Authority's statement of net position pertain to the Authority's participation

in the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Authority's statement of net position pertain to the Authority's participation in the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program.

Additionally, unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not available. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

The potential components of deferred inflows or outflows relating to pensions include differences between expected and actual economic experience, changes in actuarial assumptions, the net difference between projected and actual earnings on pension plan investments, changes in proportion between Authority contributions and the proportionate share of contributions, and the Authority's contributions subsequent to the measurement date.

#### **10. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

#### **11. Unearned Revenue**

Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period. Revenue that is earned but not available is reported as deferred inflow of resources in the General Fund until such time as the revenue becomes available.

#### **12. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

### **NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **Compliance with Finance-Related Legal and Contractual Provisions**

The Authority believes it is not in violation of any finance-related legal or contractual provisions.

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### NOTE III. DETAILED NOTES

#### 1. Cash and Investments

As of June 30, 2022, the Cape Coral Charter School Authority had the following cash and investment amounts:

<u>Category</u>	<u>Fair Value</u>
Checking and savings accounts	\$ 2,677,609
Cash on hand	881
Local Government Investment Pool - Florida Prime (SBA)	4,990,387
Intergovernmental Investment Pool - Florida Class	3,460,049
Total	<u>\$ 11,128,926</u>

#### A. Cash and Cash Equivalents

The cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

#### B. Investment Portfolio

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. On August 8, 2011, the City of Cape Coral adopted a revised comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect cash and investment assets. This policy is adopted as the Cape Coral Charter School Authority Board's investment policy as stipulated in section 6144 of the Charter School bylaws. The Charter School Authority maintains a common cash and investment pool for the use of all funds. The investment policy applies to all cash and investments held or controlled by the Charter School Authority.

The Charter School Authority's investment policy allows for the following investments:

- Florida PRIME
- United States Government Securities, unconditionally guaranteed by the United States Government
- United States Government Agencies, issued or guaranteed by the United States Government agencies
- Federal Instrumentalities, issued or guaranteed by United States Government sponsored agencies
- Non-Negotiable Interest-Bearing Time Certificates of Deposit or Saving Accounts, in banks organized under the laws of the state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida
- Repurchase Agreements
- Commercial Paper, of any United States company that is rated at the time of purchase
- Bankers' Acceptances, issued by a domestic bank or a federally chartered domestic office of a foreign bank
- State and/or Local Government Taxable and/or Tax-Exempt Debt
- Registered Investment Companies (Mutual Funds), that are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R § 270.2a-7
- Intergovernmental Investment Pools, that are authorized pursuant to the Florida Inter-local Cooperation Act, as provided in Section 163.01, Florida Statutes Intergovernmental Investment Pools. A maximum of 25% of available funds may be invested in the intergovernmental investment pools

- Corporate Notes, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States
- Corporate Obligations, issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC a guaranteed by the United States Government
- Mortgage-Backed Securities (MBS) that are based on mortgages that are guaranteed by a government agency or GSE for payment
- Asset-Backed Securities (ABS) that are backed by financial assets
- Bond Funds

As of June 30, 2022, the Charter School Authority had the following investment types and effective duration presented in terms of years:

<u>Security Type</u>	<u>Fair Value</u>	<u>Weighted Average Duration (Years)</u>
Local Government Investment Pool - Florida Prime (SBA)	\$ 4,990,387	0.08
Intergovernmental Investment Pool - Florida Class	3,460,049	0.09
Total Fair Value	<u>\$ 8,450,436</u>	
Portfolio Weighted Average Duration		0.08

### C. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available.

Market approach – This uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

Cost approach – This technique determines the amount required to replace the current asset. This approach may be ideal for valuating donations of capital assets or historical treasures.

Income approach – This approach converts future amounts (such as cash flows) into a current discounted amount. Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs should be maximized in fair value measures, and unobservable inputs should be minimized.

As of June 30, 2022, the Authority had the following investment measurements by security type:

	<u>Total Fair Value</u>
<b><u>Investments Measured at Net Asset Value (NAV)</u></b>	
Intergovernmental Investment Pool - Florida Class	\$ 3,460,049
Total Investments Measured at NAV	<u>3,460,049</u>
<b><u>Investment Measured at Amortized Cost</u></b>	
Local Government Investment Pool - Florida Prime (SBA)	<u>4,990,387</u>
Total investments	<u>\$ 8,450,436</u>

**Other information for investments measured at the NAV or its equivalent follows:**

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled/Common/Comingled Finds:				
Intergovernmental Investment Pool - Florida Class	\$ 3,460,049	\$ -	Daily	1 Day
Total Investments Measured at NAV	<u>\$ 3,460,049</u>			

The FLCLASS investment pool seeks to generate competitive market returns in a manner that will provide safety of principal while meeting the liquidity needs of Participant.

The SBA Pool Florida PRIME manages billions of dollars for Florida local governments and purchases investments consistent with Chapter 215.47, Florida Statutes. Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Thus, the pool operates essentially as a money market fund, but is classified as an external investment pool.

Qualifying local government investment pools in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes state that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 208.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

**D. Interest Rate Risk**

The Charter School Authority's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

The Authority utilizes "effective duration" as a measurement of interest rate risk and as of June 30, 2022 the investment portfolio had an effective duration of .08 years.

**Credit Risk**

The Authority's investments on June 30, 2022 are limited to credit quality ratings from nationally recognized rating agencies as follows:

Registered Investment companies (Mutual Funds)

- Rated AA+ by Standard & Poor's or the equivalent by another rating agency.
- Are in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. § 270.2a-7.
- In addition, the Financial Services Director may invest in other types of mutual funds provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities specifically permitted under this investment policy, and are similarly diversified.

#### Intergovernmental Investment Pools

- Rated AAAm by Standard & Poor's or the equivalent by another rating agency.
- Are authorized pursuant to the Florida Inter-local Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.

As of June 30, 2022, the Authority had the following credit exposure as a percentage of total investments:

<u>Security Type</u>	<u>S&amp;P Credit Rating</u>	<u>% of Portfolio</u>
Local Government Investment Pool - Florida Prime (SBA)	AAAm	59.05%
Intergovernmental Investment Pool - Florida Class	AAAm	40.95%
		<u>100.00%</u>

#### **E. Custodial Credit Risk**

The Authority's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the Authority should be properly designated as an asset of the Authority. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of June 30, 2022, the Authority's investment portfolio did not include any investments that are required to be held by a third-party custodian.

#### **F. Concentration of Credit Risk**

The Authority's investment policy has established asset allocation and issuer limits on certain investments, which is designed to reduce concentration of credit risk of the Authority's investment portfolio. Since the Authority is invested in Florida PRIME which is a local government investment pool, a maximum of 75% of available funds may be invested in this investment category. The Authority is also invested in Florida Class which is categorized as an Intergovernmental Investment Pool, which allows for a maximum of 75% investment in this category. Additionally, the Authority utilizes Bank United checking account as an investment tool, unlimited investing may be done to this account.

As of June 30, 2022, the Authority had the following issuer concentration based on fair value:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Local Government Investment Pool - Florida Prime (SBA)	\$ 4,990,387	59.05%
Intergovernmental Investment Pool - Florida Class	3,460,049	40.95%
	<u>\$ 8,450,436</u>	<u>100.00%</u>

## 2. Receivables

### Intergovernmental Receivables

JROTC	\$ 4,705
Title IV	4,010
Coronavirus Aid, Relief, and Economic Security Act (CARES)	661,603
Due from City of Cape Coral/P-Card Rebate	9,635
TAPS - STEM Makers Initiative	57,669
<b>Total Intergovernmental Receivables</b>	<b>\$ 737,622</b>

## 3. Capital Assets

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

Capital Assets	Beginning Balance <sup>1</sup>	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Equipment	\$ 2,206,652	\$ 111,597	\$ (208,675)	\$ 2,109,574
Buildings	253,136	-	-	253,136
Vehicles	2,100,345	331,433	(88,453)	2,343,325
Leasehold improvements	599,952	-	-	599,952
Computer software	13,700	58,637	-	72,337
Right-to-use leased equipment <sup>1</sup>	61,768	-	-	61,768
Right-to-use leased buildings <sup>1</sup>	-	7,308,201	-	7,308,201
Capital assets, being depreciated	<u>5,235,553</u>	<u>7,809,868</u>	<u>(297,128)</u>	<u>12,748,293</u>
Less accumulated depreciation for				
Equipment	(1,271,226)	(348,714)	208,677	(1,411,263)
Buildings	(246,336)	(4,800)	-	(251,136)
Vehicles	(1,470,456)	(218,348)	84,043	(1,604,761)
Leasehold improvements	(354,412)	(83,460)	-	(437,872)
Computer software	(6,622)	(12,513)	-	(19,135)
Less accumulated amortization for				
Right-to-use leased equipment <sup>1</sup>	-	(24,983)	-	(24,983)
Right-to-use leased buildings <sup>1</sup>	-	(1,461,641)	-	(1,461,641)
Total accumulated depreciation and amortization	<u>(3,349,052)</u>	<u>(2,154,459)</u>	<u>292,720</u>	<u>(5,210,791)</u>
Total capital assets, net	<u>\$ 1,886,501</u>	<u>\$ 5,655,409</u>	<u>\$ (4,408)</u>	<u>\$ 7,537,502</u>

**Depreciation and amortization expense was charged to functions/programs of the primary government as follows:**

### Governmental Activities:

Instruction Basic (FEFP K-12)	\$ 6,731
General Administration	5,160
School Administration	57,512
Facilities Acquisition & Construction	14,593
Fiscal Services	946
Food Services	10,551
Data Processing Services	30,361
Pupil Transportation Services	218,348
Operation of Plant	1,687,282
Maintenance of Plant	122,975
Total depreciation and amortization expense	<u>\$ 2,154,459</u>

<sup>1</sup> The Charter School implemented GASB Statement No. 87 Leases in Fiscal Year 2022 resulting in a restatement of beginning balances.

#### 4. Related Party Transactions

The City of Cape Coral, a related party, performs various services for the Authority and invoices the Authority monthly. These services relate to accounting services, human resources, fleet services, facility services, security services and school resource officers. In fiscal year 2022 the City expanded the services they provide to include information technology and custodial services. Amounts incurred for these services for the year ended June 30, 2022 were \$1,617,891.

#### 5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<b>Beginning Balance <sup>1</sup></b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Leases payable	\$ 61,768	\$ 7,308,201	\$ (1,460,666)	\$ 5,909,303	\$ 1,469,544
Financed purchase obligations	15,912	-	(15,912)	-	-
Total capital related	77,680	7,308,201	(1,476,578)	5,909,303	1,469,544
Compensated absences	1,084,962	2,691	(202,815)	884,838	145,123
Total	<u>\$ 1,162,642</u>	<u>\$ 7,310,892</u>	<u>\$ (1,679,393)</u>	<u>\$ 6,794,141</u>	<u>\$ 1,614,667</u>

<sup>1</sup> The Charter School implemented GASB Statement No. 87 Leases in Fiscal Year 2022, resulting in a restatement of beginning balances.

A financed purchase obligation for school buses reached its maturity date in September of 2021.

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The Authority is a lessee for noncancellable leases of buildings and equipment. At June 30, 2022, the Authority's lease payable of \$5,909,303 was composed of the following:

Land lease – annual payments totaling \$1,444,813 plus interest at an implicit rate of 1.059%, due dates ranging from July 1, 2022 to June 30, 2026.	\$ 5,872,157
Equipment leases – annual payments totaling \$24,731 plus interest at an implicit rate of 0.514%, due dates ranging from July 1, 2022 to March 24, 2024.	37,146
Total leases payable	<u>\$ 5,909,303</u>

#### **Principal and Interest Requirements to Maturity**

<b>For the Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$1,469,544	\$ 55,327	\$1,524,872
2024	1,472,601	39,832	1,512,433
2025	1,475,727	24,273	1,500,000
2026	1,491,431	8,569	1,500,000
Total	<u>\$5,909,303</u>	<u>\$ 128,001</u>	<u>\$6,037,305</u>

## 6. Fund Balances

Fund balances for governmental funds at June 30, 2022 are as follows:

	<b>Total Governmental Funds</b>
<b>Fund balances:</b>	
Nonspendable	
Prepaid Items	\$ 57,414
Committed	
Computer Equipment	414,672
ChromeBooks	125,787
Total Committed	<u>540,459</u>
Assigned	
Encumbrances	291,316
Unassigned	<u>9,376,661</u>
Total fund balances	<u><u>\$ 10,265,850</u></u>

## 7. Risk Management

The Charter School Authority is exposed to various risks of loss related to torts, theft of, damage to and the destruction of assets; errors and omissions; injury to employees; and natural disasters. Commercial property insurance coverage for the buildings leased by the Authority is provided by the City and reimbursed by the Authority as part of the annual lease payment. The Charter School Authority has purchased insurance coverage through Preferred Governmental Insurance Trust for property (contents) and casualty with combined limits of \$1,000,000 per person/\$2,000,000 per accident, statutory workers compensation coverage, and other commercial insurance for the other exposures identified. No accrual has been provided for claims and incidents not reported to insurers. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for the past three fiscal years.

## 8. Defined Benefit Pension Plans

### Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida

Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Charter School defined benefit pension plans are summarized below:

	FRS	HIS	Total
Net pension liability	\$1,907,594	\$4,577,589	\$6,485,183
Deferred outflows of resources			
related to pensions	3,622,566	974,409	4,596,975
Deferred inflows of resources			
related to pensions	6,717,671	289,767	7,007,438
Pension expense (benefit)	(616)	324,898	324,282

### **Florida Retirement System Pension Plan**

#### **Plan Description**

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

## Benefits Provided – Florida Retirement System Pension Plan

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
<b>Elected County Officers</b>	3.00
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Regular</b>	
Service from December 1, 1970, through September 30, 1974	2.00
Service on or after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

## Contributions – Florida Retirement System Pension Plan

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Authority, effective July 1, 2021, were applied to employee salaries as follows: regular employees 10.00%, county elected officials 49.18%, senior management 27.29%, and DROP participants 16.98%. The Authority's contributions to the FRS Plan were \$1,032,900 for the year ended June 30, 2022.

## Pension Costs – Florida Retirement System Pension Plan

At June 30, 2022, the Authority reported a liability of \$1,907,594 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2021, the Authority's proportion was 0.0253%, which was an increase of .00353% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized pension expense of (\$616) for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Economic Experience	\$ 326,965	\$ -
Changes in Actuarial Assumptions	1,305,270	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	6,655,115
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	957,431	62,556
Authority Contributions Subsequent to the Measurement Date	1,032,900	-
<b>Total</b>	<b>\$ 3,622,566</b>	<b>\$ 6,717,671</b>

\$1,032,900 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<b>Year Ended June 30</b>	<b>Amount</b>
2023	\$ (702,350)
2024	(844,116)
2025	(1,174,227)
2026	(1,553,704)
2027	146,392
Thereafter	-

## Actuarial Assumptions – Florida Retirement System Pension Plan

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.80%, Net of Pension Plan Investment

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the June 30, 2021, valuation was based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.00%	2.1%	2.1%	1.1%
Fixed Income	20.00%	3.8%	3.7%	3.3%
Global Equity	54.20%	8.2%	6.7%	17.8%
Real Estate	10.30%	7.1%	6.2%	13.8%
Private Equity	10.80%	11.7%	8.5%	26.4%
Strategic Investments	3.70%	5.7%	5.4%	8.4%
Totals	100%			
Assumed Inflation - Mean			2.4%	1.2%

#### **Discount Rate – Florida Retirement System Pension Plan**

The discount rate used to measure the total pension liability was 6.80% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used in the 2020 valuation was 6.90%.

#### **Pension Liability Sensitivity – Florida Retirement System Pension Plan**

The following presents the Authority's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<b>Description</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
FRS Plan Discount Rate	5.80%	6.80%	7.80%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 8,530,886	\$ 1,907,594	\$ (3,628,736)

#### **Pension Plan Fiduciary Net Position – Florida Retirement System Pension Plan**

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS

Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

### **Retiree Health Insurance Subsidy Program**

#### **Plan Description – Retiree Health Insurance Subsidy Program**

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

#### **Benefits Provided – Retiree Health Insurance Subsidy Program**

For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

#### **Contributions – Retiree Health Insurance Subsidy Program**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were \$220,203 for the year ended June 30, 2022.

#### **Pension Costs – Retiree Health Insurance Subsidy Program**

At June 30, 2022, the Authority reported a liability of \$4,577,589 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021 relative to the total employer contributions received from all participating employers. At June 30, 2021, the Authority's proportion was 0.037%, which was an increase of 0.0020% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized pension expense of \$324,898 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Economic Experience	\$ 153,178	\$ 1,917
Changes in Actuarial Assumptions	359,696	188,608
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,772	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	236,560	99,242
Authority Contributions Subsequent to the Measurement Date	220,203	-
Total	<u>\$ 974,409</u>	<u>\$ 289,767</u>

\$220,203 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<b>Year Ended June 30</b>	<b>Amount</b>
2023	\$ 110,068
2024	48,225
2025	70,612
2026	112,344
2027	96,877
Thereafter	26,313

#### **Actuarial Assumptions – Retiree Health Insurance Subsidy Program**

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.16%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the FRS Plan for the period July 1, 2013, through June 30, 2018.

#### **Discount Rate – Retiree Health Insurance Subsidy Program**

The discount rate used to measure the total pension liability was 2.16% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be

immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2020 valuation was 2.21%.

### **Pension Liability Sensitivity – Retiree Health Insurance Subsidy Program**

The following presents the Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<b>Description</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
HIS Plan Discount Rate	1.16%	2.16%	3.16%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	<u>\$ 5,292,136</u>	<u>\$ 4,577,589</u>	<u>\$ 3,992,117</u>

### **Pension Plan Fiduciary Net Position – Retiree Health Insurance Subsidy Program**

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

## **9. Defined Contribution Plan**

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2020-21 fiscal year were as follows:

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of

forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$62,556 for the fiscal year ended June 30, 2022. Employee contributions to the Investment Plan totaled \$99,243 for the fiscal year ended June 30, 2022.

## **10. Change in Accounting Principle**

During the fiscal year ended June 30, 2022, the Charter School implemented GASB Statement No. 87 *Leases*. In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This pronouncement did not require the restatement of the June 30, 2021 net position however, beginning balances for capital assets and long-term liabilities were established to recognize the right-to-use assets and related lease liabilities as required by GASB 87.

## **11. Contingencies**

The Authority is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expense amounts. These amounts, if any, constitute a contingent liability of the Authority. Accordingly, such liabilities are not reflected within the financial statements. The Authority does not believe any contingent liabilities are material.

The Authority is subject to various litigation for personal injury, workers compensation and discrimination claims. The Authority intends to vigorously defend any claims through insurance or legal avenues. Management does not believe there will be a material liability as a result of these claims.

# Required Supplementary Info

**BUDGETARY COMPARISON SCHEDULE**  
**General Fund**  
For the Fiscal Year Ended June 30, 2022

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Federal Direct Sources</b>				
JROTC reimbursable charges	\$ 96,670	\$ 96,670	\$ 78,985	\$ (17,685)
<b>Federal through State Sources</b>				
NSLP Lunch Reimbursement	486,527	486,527	436,556	(49,971)
NSLP Breakfast Reimbursement	83,551	83,551	82,461	(1,090)
<b>Federal through Local Sources</b>				
Title II-A funding	79,554	79,554	87,574	8,020
Title IV funding	60,137	60,137	40,778	(19,359)
<b>State through Local Sources</b>				
Florida Education Finance Program	21,858,813	21,858,813	22,924,749	1,065,936
FEFP Teacher Salary Allocation	524,342	524,342	556,470	32,128
Florida Teachers Classroom Supply Assistance	57,048	57,048	61,004	3,956
Public Education Capital Outlay (PECO)	1,559,741	1,559,741	1,690,182	130,441
CARES	2,755,020	2,755,020	1,162,402	(1,592,618)
Advanced International Certificate of Education (AICE)	429,259	429,259	525,592	96,333
TAPS	-	-	140,991	140,991
<b>Local Sources</b>				
Student lunch service	823,000	823,000	918,933	95,933
Transportation service charges	26,600	26,600	33,817	7,217
Contributions and donations private	82,000	82,000	154,751	72,751
Short term investment interest	42,400	42,400	25,996	(16,404)
Other miscellaneous sales	166,962	166,962	669,686	502,724
Restricted Balances	1,684,265	1,684,265	-	(1,684,265)
Assigned Balances	1,970,547	1,970,547	-	(1,970,547)
Cash balances brought forward	5,119,633	5,119,633	-	(5,119,633)
<b>Total Revenue</b>	<b>37,906,069</b>	<b>37,906,069</b>	<b>29,590,927</b>	<b>(8,315,142)</b>
<b>EXPENDITURES</b>				
Instruction Basic (FEFP K-12)	15,183,539	16,837,031	16,039,676	797,355
Exceptional Education Services	205,096	205,096	202,168	2,928
Guidance Services	293,028	293,028	268,266	24,762
Health Services	257,342	272,641	260,707	11,934
Other Pupil Personnel Services	213,225	213,225	213,790	(565)
Instructional Media Services	93,307	93,307	97,510	(4,203)
Instructional Staff Training Services	79,554	68,826	32,848	35,978
Board	44,250	60,480	54,229	6,251
General Administration	1,093,644	1,099,967	979,534	120,433
School Administration	2,285,360	2,362,022	2,268,267	93,755
Facilities Acquisition & Construction	-	1,684,265	1,697,980	(13,715)
Fiscal Services	2,572,878	1,200,435	406,765	793,670
Food Services	1,165,982	1,290,602	1,205,406	85,196
Data Processing Services	289,926	289,926	432,687	(142,761)
Pupil Transportation Services	1,315,265	1,469,807	1,400,256	69,551
Operation of Plant	4,801,874	4,119,485	1,567,949	2,551,536
Maintenance of Plant	581,381	594,072	431,964	162,108
Capital Outlay	506,064	511,765	7,809,868	(7,298,103)
Principal	37,312	37,312	1,476,580	(1,439,268)
Interest and fiscal charges	4,456	4,456	64,717	(60,261)
<b>Total Expenditures</b>	<b>31,023,483</b>	<b>32,707,748</b>	<b>36,911,167</b>	<b>(4,203,419)</b>
Budget Reserves	6,882,586	5,198,321	-	5,198,321
<b>Total Expenditures</b>	<b>\$ 37,906,069</b>	<b>\$ 37,906,069</b>	<b>\$ 36,911,167</b>	<b>\$ 994,902</b>
<b>Excess of Revenues over(under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,320,240)</b>	<b>\$ 7,320,240</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds From Leases	-	-	7,308,201	7,308,201
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>7,308,201</b>	<b>7,308,201</b>
Net change in Fund Balance			(12,039)	
Fund Balance - Beginning			10,277,889	
Fund Balance - Ending			<b>\$ 10,265,850</b>	

The accompanying notes to the required supplementary information-budget comparisons are an integral part of this schedule.

## **CAPE CORAL CHARTER SCHOOL AUTHORITY**

### **NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

June 30, 2022

#### **Budgetary Basis**

The Cape Coral Charter School Authority approves an annual budget for the Charter School general fund. The Authority's Business Manager develops the budget with information received from the school's administrative team. The primary fiscal goal of the Authority's administration is to create an environment in which the system will be self-sufficient well into the future. This goal will be achieved by continued review and refinement of operating policies and procedures. For the 2021-2022 school year, the budget was approved by the Authority Board on August 17, 2021 and adopted by City Council on September 23, 2021. For the 2022-2023 school year, the budget was approved by the Authority Board on June 14, 2022 and adopted by the City Council on September 22, 2022.

#### **Budgetary Information**

The following procedures are used in establishing the adopted budgetary data reflected in the financial statements.

1. Throughout the school year, the Charter School Business Manager keeps abreast of state and federal funding issues which impact per student funding levels. This includes state budgetary changes which impact funding levels of the Florida Education Finance Program (FEFP); changes in capital outlay funding; changes to the Florida Retirement System (FRS); and special legislation at the state or federal level.
2. The Business Manager analyzes current revenue and expenditure trends when developing the budget. To project a conservative estimate of revenue, the primary revenue sources are generally budgeted at 95% of expectation. Expenditures are based on the prior year trends with necessary modifications resulting from staffing and program changes that were implemented by the Authority Board. Salary and benefit expense is budgeted at the employee level based on the current and proposed salary step rate.
3. The Business Manager works closely with the Principals and the Superintendent to project enrollment for the upcoming school year at each school and grade level. This projection reflects consideration of available classroom space, progression of students to the next grade level, and current waitlist status at each school.
4. The Business Manager analyzes current revenue and expenditure trends when developing the budget. To project a conservative estimate of revenue, the primary revenue sources are generally budgeted at 95% of expectation. Expenditures are based on the prior year trends with necessary modifications resulting from staffing and program changes that were implemented by the Charter School Authority Board. Salary and benefit expense is budgeted at the employee level based on the current and proposed salary step rate.
5. In August, the proposed budget is presented to the Charter School Authority Board for review and approval.
6. Once approved, the budget is presented and adopted by Cape Coral City Council and included in the City's budget.
7. During the school year, the adopted budget may be amended to reflect changes in expected revenue or expense.
8. Budget amendments are approved by the Charter School Authority Board and included in the City's budget amendments to City Council.

**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Florida Retirement System Pension Plan**  
**Last Ten Measurement Periods <sup>1</sup>**

	2014	2015	2016	2017	2018	2019	2020	2021
Authority's Proportion of the Net Pension Liability	0.023436771%	0.023294317%	0.021519187%	0.0222391010%	0.0215372830%	0.0216703100%	0.021722000%	0.025253217%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,429,988	\$ 3,008,773	\$ 5,433,611	\$ 6,578,177	\$ 6,487,141	\$ 7,462,953	\$ 9,414,625	\$ 1,907,594
Authority's Covered-Employee Payroll	\$ 8,458,253	\$ 8,397,828	\$ 8,234,468	\$ 9,066,544	\$ 8,754,199	\$ 9,159,578	\$ 9,087,717	\$ 9,500,826
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	16.91%	35.83%	65.99%	72.55%	74.10%	81.48%	103.60%	20.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%

\*The Amounts Presented for Each Measurement Period were Determined as of June 30.

**Schedule of Authority Contributions**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years <sup>1</sup>**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 513,365	\$ 567,935	\$ 524,780	\$ 578,939	\$ 613,795	\$ 671,936	\$ 721,725	\$ 962,038	\$ 1,032,900
Contributions in Relation to the Contractually Required Contribution	(513,365)	(567,935)	(524,780)	(578,939)	(613,795)	(671,936)	(721,725)	(962,038)	(1,032,900)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 8,458,253	\$ 8,397,828	\$ 8,234,468	\$ 9,066,544	\$ 8,754,199	\$ 9,159,578	\$ 9,087,717	\$ 9,500,826	\$ 9,440,326
Contributions as a Percentage of Covered Employee Payroll	6.07%	6.76%	6.37%	6.39%	7.01%	7.34%	7.94%	10.13%	10.94%

1. Note: Information is required to be presented for 10 years. Until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Retiree Health Insurance Subsidy Program**  
**Last Ten Measurement Periods <sup>1</sup>**

	2014	2015	2016	2017	2018	2019	2020	2021
Authority's Proportion of the Net Pension Liability	0.037154649%	0.036173026%	0.036451335%	0.371283710%	0.034978740%	0.035126000%	0.035275800%	0.037317794%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,474,050	\$ 3,689,080	\$ 4,248,252	\$ 3,969,936	\$ 3,702,189	\$ 3,930,242	\$ 4,307,115	\$ 4,577,589
Authority's Covered-Employee Payroll	\$ 11,039,186	\$ 10,974,283	\$ 11,252,742	\$ 11,834,557	\$ 11,427,706	\$ 11,758,045	\$ 12,265,671	\$ 13,219,076
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	31.47%	33.62%	37.75%	33.55%	32.40%	33.43%	35.12%	34.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%

\*The Amounts Presented for Each Measurement Period Year were Determined as of June 30.

**Schedule of Authority Contributions**  
**Retiree Health Insurance Subsidy Program**  
**Last Ten Fiscal Years <sup>1</sup>**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 127,279	\$ 138,276	\$ 186,836	\$ 196,494	\$ 189,691	\$ 195,051	\$ 203,278	\$ 219,354	\$ 220,203
Contributions in Relation to the Contractually Required Contribution	(127,279)	(138,276)	(186,836)	(196,494)	(189,691)	(195,051)	(203,278)	(219,354)	(220,203)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 11,039,186	\$ 10,974,283	\$ 11,252,742	\$ 11,834,557	\$ 11,427,706	\$ 11,758,045	\$ 12,265,671	\$ 13,219,076	\$ 13,265,248
Contributions as a Percentage of Covered Employee Payroll	1.15%	1.26%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

1. Note: Information is required to be presented for 10 years. Until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

# Other Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Cape Coral Charter School Authority  
Cape Coral, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Cape Coral Charter School Authority (the Authority), a component of the City of Cape Coral, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 12, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
October 12, 2022



## MANAGEMENT LETTER

Board of Directors  
Cape Coral Charter School Authority  
Cape Coral, Florida

### Report on the Financial Statements

We have audited the financial statements of the Cape Coral Charter School Authority (the Authority), a component unit of the City of Cape Coral, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 12, 2022.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 12, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the four schools that comprise the Authority are Oasis Charter Elementary School – South (4143), Oasis Charter High School (4181), Oasis Charter Middle School (4171), and Oasis Elementary Charter School – North (4151).

### **Financial Condition and Management**

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

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

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

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, the City of Cape Coral, Florida and the School Board of Lee County, and is not intended and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
October 12, 2022