

AGENDA
REGULAR MEETING OF THE CAPE CORAL
CHARTER SCHOOL GOVERNING BOARD
Tuesday, December 13, 2016
Council Chambers
9:00 A.M.

CALL TO ORDER

1. **INVOCATION:** Chair Cosden
2. **PLEDGE OF ALLEGIANCE:** Chair Cosden
3. **ROLL CALL:** Boyer, Cosden, Donaldson, Fisher, Jackson, Lucas-Ross, McMillan, Traiger, Winstead, Zivkovic
4. **APPROVAL OF MINUTES:** November 8, 2016 Regular Meeting Minutes
5. **APPROVAL OF AGENDA REGULAR MEETING:**
6. **PUBLIC COMMENT:** Limited to 3 Minutes per Individual, 45 Minute Total Limit
7. **SUPERINTENDENT REPORT:** Nelson Stephenson
8. **CHAIRMAN REPORT:** Jessica Cosden
9. **FOUNDATION REPORT:**
10. **STAFF COMMENT:** Mary Anne Moniz, Danielle Jensen, Christa McAuliffe Charter Elementary School, Oasis Charter Elementary School, Oasis Charter Middle School, Oasis Charter High School
11. **UNFINISHED BUSINESS:**
 - A. Strategic Plan-Nelson Stephenson
 - B. NEOLA-Nelson Stephenson
 - C. Enrollment Progress-Rob Zivkovic
 - D. Superintendent's Evaluation Tool- Rob Zivkovic
 - Effectively creates and/or adapts the strategic plan for present day and long term success.
 - Develops clear steps and parameters that can be used to implement and track progress toward strategic plan goals.
 - Consistently makes progress toward strategic plan goals.
12. **NEW BUSINESS:**
 - A. Approval of the CME 5th Grade Field Trip to Billy Creek Swamp Safari in Clewiston, FL. on December 19, 2016-Jacque Collins
 - B. Approval of the OHS JROTC Marksmanship Team Overnight Trip to the Civilian Marksmanship Program Florida State 3 Position Air Rifle Championship Cup Match in Jacksonville, FL., on December 16-17, 2016 -Shannon Treece
 - C. Approval of the Model United Nations Overnight Trip to the University of Gainesville in Gainesville FL, on January 20-22, 2017-Shannon Treece
 - D. Presentation of the Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2016 and Independent Auditor's Report-Victoria Bateman and Andrew Lafflin
 - E. Presentation of the Revised Charter School Investment Policy- Victoria Bateman

13. **FINAL BOARD COMMENT AND DISCUSSION:**

14. **TIME AND DATE OF NEXT MEETING:**

Regular Governing Board Meeting will be held on Thursday January 17, 2017 at 9:00 a.m. in Council Chambers.

15. **ADJOURNMENT:**

Members of the audience who address the Board/Commission/Committee shall step up to the speaker's lectern and give his/her full name, address and whom he/she represents. Proper decorum shall be maintained at all time. Any audience member who is boisterous or disruptive in any manner to the conduct of this meeting shall be asked to leave or be escorted from the meeting room.

In accordance with the Americans with Disabilities Act and § 286.26, Florida Statutes, persons needing a special accommodation to participate in this proceeding should contact the Human Resources Department whose Office is located at Cape Coral City Hall, telephone 1-239-574-0530 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers, 1-800-955-8771 (TDD) or 1-800-955-8700 (v) for assistance. In accordance with Florida Statute 286.0105: any person who desires to appeal any decision at this meeting will need a record of the proceedings and for this purpose may need to ensure that a verbatim record of the proceedings is made which includes the testimony and evidence upon which the appeal is based.

MINUTES OF THE
CAPE CORAL
CHARTER SCHOOL AUTHORITY GOVERNING BOARD
REGULAR MEETING

Tuesday, November 8, 2016
Oasis Middle School
6:00 p.m.

CALL TO ORDER: The Cape Coral Charter School Authority Governing Board of Lee County, Florida, met on November 8, 2016, at Oasis Middle School, a Regular Governing Board Meeting. Vice Chair Zivkovic called the meeting to order at 6:00 p.m.

INVOCATION: Vice Chair Zivkovic

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA:
All in attendance

ROLL CALL: Boyer, Donaldson, Jackson, McMillan, Traiger, Winstead, Zivkovic
Cosden-Excused
Fisher-excused
Lucas-Ross-excused

ALSO PRESENT: Bill Buztrey, Assistant City Attorney
Nelson Stephenson, Superintendent, Cape Coral Charter School Authority
Shannon Treece, Principal, Oasis Charter High School
Keith Graham, Principal, Oasis Charter Middle School
Donnie Hopper, Principal, Oasis Charter Elementary School
Jacque Collins, Principal, Christa McAuliffe Charter Elementary School
Danielle Jensen, Director of Procurement and Food Services, Cape Coral Charter School Authority
Mary Anne Moniz, Business Manager, Cape Coral Charter School Authority
Vicki McAtee, City of Cape Coral, Human Resource Liaison to Charter Schools

APPROVAL OF MINUTES:

Motion to approve the minutes for the Regular Governing Board Meeting of October 11, 2016 was made by member Boyer and seconded by member Donaldson.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All "Yes's," motion carries.

APPROVAL OF THE AGENDA REGULAR MEETING:

Motion was made by member Boyer and seconded by member Donaldson to approve the agenda with the addition of approval for the OMS Cheer Competition in Tampa, FL. on December 2-3, 2016.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All "Yes's," motion carries.

PUBLIC COMMENT:

None

SUPERINTENDENT REPORT:

Mr. Stephenson thanks Jacque Collins for acting as delegate in his absence. Mr. Stephenson attended the Florida Charter School Conference last week.

Mr. Stephenson states that he has meetings set up relating to the teacher evaluation instrument, grant writing, lease of computers, and financial documents used between the Authority and the City of Cape Coral.

Mr. Stephenson states the three day total for the Chick-fil-A fundraiser was close to \$6,700.00.

Individual school totals are:

CME-\$2,258.00

OES-\$1,802.00

OMS-\$1,766.00

OHS-\$844.00

Mr. Stephenson states that he has secured a five day fundraiser with Chick-fil-A in the spring.

Mr. Stephenson states that our system has started a Facebook page. We paid \$100.00 to advertise for the Chick-fil-A fundraiser and to boost our enrollment.

Mr. Stephenson states that the city accountant handling Charter funds has just placed his notice with the city that he is leaving on November 18, 2016.

Mr. Stephenson states Chair Cosden wants the board to know the joint meeting scheduled next week with city council has been cancelled.

Mr. Stephenson states the Citizens Academy will be held at Oasis High School on November 16, 2016 beginning at 10:30 a.m. This is an early release day for students. A light lunch will be served to participants. Board members are invited.

Discussion held.

CHAIRMAN REPORT:

None.

FOUNDATION REPORT:

None.

STAFF COMMENT:

Business Manager

Mary Anne Moniz states there was a question last month about how much we have in reserves. Our NEOLA policy states that we must strive to maintain an unreserved fund balance in the operating fund equal to five percent of our annual resources. Our total resources equal 25.2 million and five percent would equal 1.3 million. The unreserved fund balance is currently at 4.6 million bringing us to 18.07 % which is far above the five percent required by our NEOLA policy.

Mary Anne Moniz states the second survey for enrollment took place October 10th-14th. After survey completion dates, the information goes to the state. The state then takes all of the information and recalibrates their numbers. The latest calculations should be released in January along with the first payment. At that time we will readjust our revenue dollars to be in line with the FEFP funding.

Mary Anne Moniz states we have increased our enrollment by six students. All of our administrators are working very hard to fill their empty seats.

Mary Anne Moniz states that Open Enrollment has begun for our employees. Employees will be able to sign up for benefits through the BenTek system. Informational meetings have been planned for each school.

Mary Anne Moniz states that she is in the process of updating the budget preparation guideline manual for fiscal year 18. We are going to a three year budget which will allow us to forecast out. Only fiscal year 18 will be approved.

Mary Anne Moniz states the capital asset plan will be released in early December. She has been working with the city to identify the large building items that we need to start looking at such as A/C, water tanks and other similar large items. She has asked our maintenance team to start looking at the smaller items so we will have a complete list as part of the December release.

Discussion held.

Director of Procurement and Food Services

Danielle Jensen states that we are starting very strong in food service.

Danielle Jensen states the verification process is almost complete. It has to be complete this month to be in compliance.

Danielle Jensen states that we are looking at several small projects such as replacing the fence at the OES playground.

Danielle Jensen states that we are looking into getting radios for the campuses for safety and security purposes.

Christa McAuliffe Charter Elementary School

Jacque Collins states they just finished their Boosterthon and raised \$27,000.00.

Jacque Collins states they will have a food drive this month called Christa Blessings. They usually are able to distribute about 20 baskets through this food drive.

Jacque Collins states the Cape Coral Police Department will be at CME tomorrow, November 9, 2016 to help collect cans for the food drive.

Jacque Collins states that CME dominated the Chick-fil-A fundraiser. It will be more money towards technology.

Jacque Collins states the Fall Festival will be held on November 19, 2016 from 4:00 p.m. to 9:00 p.m.

Jacque Collins states that one of her second grade teachers, Nicole Moore, wanted to start a coding club to teach students KG through fifth grades how to develop computer code. Jacque demonstrated coding she had written with DASH.

Discussion held.

Oasis Charter Elementary School (OES)

Donnie Hopper states that they held a mock election today for first through fifth grades. Fifth grade teacher Josh Zedd did an amazing job putting the election together.

Donnie Hopper states 2574 grades have been entered into the gradebook for the second quarter. Out of this number 1582 are A's, 664 B's, 222 C's, 72 N's and 34 U's.

Donnie Hopper states that too much time is being used for assessments so those have been tweaked at Oasis Elementary. Around six weeks a school year has been lost in assessment time. It is important for teachers to know what their kids know and don't know but there are ways to do it other than giving an 80 minute test every Friday.

Donnie Hopper states their Fall Festival took place on November 6, 2016. It was a great success and it is about showing the community what our system does, not just about raising funds. Some parents expressed interest in our system for their younger kids.

Donnie Hopper states they participated in Pride and Patriotism at the Barbara B. Mann Hall. If you go to @oasisESpanthers you can see the participating artwork.

Donnie Hopper states their 12th Annual Costume Parade was held on Halloween.

Donnie Hopper states all of their seats are full for kindergarten for next year. One of the big goals now is to keep those students with our system.

Donnie Hopper states that parents and teachers were coming to him saying parents in the community were criticizing and verbally attacking our teachers. Mr. Hopper sent home a letter reminding parents that words hurt and if they have major concerns, to come and talk to OES staff. Parents did apologize and say they had made a mistake.

Oasis Charter Middle School (OMS)

Keith Graham states last week they celebrated 94 students who scored a level 5 on their Civics end of course exam last year.

Keith Graham states Ms. Wise and the Student Government hosted their first dance on November 4, 2016 in the OMS gym. The kids had a great time.

Keith Graham states Ms. Wise and the Student Government will also recognize active reserves as well as veterans in the armed forces with a breakfast.

Keith Graham states the coin for cancer drive raised \$2,903.33 by gathering coins. These monies will be split between Relay for Life and Luau for Life. Seventh grade won first place with a total of \$1,314.89.

Keith Graham states Oasis Blessings baskets will be distributed on November 19, 2016.

Keith Graham invites everyone out to the Yacht Club on November 15, 2016 from 9:00AM to 12:00PM to see the 7th grade S.T.E.M. class go through their Sea Perch activities.

Keith Graham states the Ecology Club had a guest speaker come in and talk about heirloom tomatoes and organic gardening. The club is starting to make preparations on how they want to lay out their garden which will be located behind OMS.

Keith Graham states they do have a new technology teacher. She is from Brevard County.

Keith Graham states quite a few of the OMS clubs and organizations participated in the Fall Festival and did very well.

Oasis Charter High School (OHS)

Shannon Treece states that OHS held a mock election today. It was organized by the MUN students and held during lunch times.

Shannon Treece states that OHS had several groups participate in the Fall Festival.

Shannon Treece states she is encouraged with the energy exhibited by the SAC committee and students. It's a much different feel this year than it was last year.

Shannon Treece states that six students have been named for Jr. Leadership.

Shannon Treece states they met with Councilman Rick Williams today to discuss how they will select students for the City of Cape Coral Youth Council.

Shannon Treece states that the students who participated in the field trip to the Dali museum last month were very appreciative to be able to get out of the building and see what culinary in the real world can look like.

Shannon Treece states JROTC is in the running to host a service dog.

Shannon Treece states JROTC has continued with a high level of success at their Raiders Events. Their marksmanship team competed this week and performed very well.

Shannon Treece states their teacher leader team has been focused on the priorities for growth for our teachers. OHS is partnering with OMS to bring in Gerry Swan on November 16, 2016 to begin the training process of effective grading practices.

Shannon Treece states the professional development in terms of lesson plans is different this year. There are different forms for lesson plans. Just as there are students on different levels, there are also teachers on different levels.

Discussion held.

UNFINISHED BUSINESS

A. Strategic Plan-Nelson Stephenson

Mr. Stephenson states the administrators met and took the information from the strategic plan meeting and as a team summarized the direction they want to go. The executive summary highlights four specific areas facing our system at the moment. There are still a total of eight priority goals.

Discussion held.

B. NEOLA-Nelson Stephenson

Mr. Stephenson states that he has met with NEOLA representative Tom Young to determine what strategic changes have been made in regards to the revised state statutes.

Motion to approve the changes adopted from NEOLA was made by Member Boyer and seconded by Member Donaldson.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All “Yes’s,” motion carries.

Discussion held.

NEW BUSINESS

A. Approval of the 2017 Governing Board Meeting Dates-Nelson Stephenson

Motion to approve the 2017 Governing Board Meeting Dates was made by Member Donaldson and seconded by Member Winstead.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All “Yes’s,” motion carries.

B. Approval of the OHS Model United Nations Conferences for 2016-2017-Shannon Treece

Motion to approve the OHS Model United Nations Conferences for 2016-2017 was made by Member Donaldson and seconded by Member Boyer.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All “Yes’s,” motion carries.

C. Approval of the JROTC Fall Camping Trip at MacDill Air Force Base in Tampa, FL., November 18-20, 2016-Shannon Treece

Motion to approve the JROTC Fall Camping Trip at MacDill Air Force Base in Tampa, FL., November 18-20, 2016 was made by Member Donaldson and seconded by Member Jackson.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All “Yes’s,” motion carries.

D. Approval of the OHS Service Trip to Haiti During Spring Break 2017-Shannon Treece

Motion to approve the OHS Service Trip to Haiti During Spring Break 2017 was made by Member Boyer and seconded by Member Jackson.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All “Yes’s,” motion carries.

Discussion held.

E. Approval of the CME Overnight Field Trip to Kennedy Space Center in Titusville, FL., January 13-14, 2017-Jacque Collins

Motion to approve the CME Overnight Field Trip to Kennedy Space Center in Titusville, FL., January 13-14, 2017 was made by Member Donaldson and seconded by Member Boyer.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All "Yes's," motion carries.

E-1. Approval of the OMS UCA Cheer Competition in Tampa, FL., December 2-3, 2016-Keith Graham

Motion to approve the OMS UCA Cheer Competition in Tampa, FL., December 2-3, 2016 was made by Member Donaldson and seconded by Member Jackson.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All "Yes's," motion carries.

F. Discussion of Superintendent Contract Evaluation-Bill Buztrey

Bill Buztrey states the Chair asked him to do a memo to the board in reference to the Superintendent's contract evaluation. Mr. Buztrey states this will give the new board members a little background information. Mr. Buztrey explains the disincentives for the Superintendent if he should leave his contract early and the incentives if he fulfills his contract. The Superintendent's contract expires June 30, 2017.

Discussion held.

Motion made by Member Jackson and seconded by Member Boyer to retain Mr. Stephenson and look at his contract.

Discussion held.

Motion rescinded by Member Jackson, motion dies.

Member Winstead proposed an addition to December's board agenda to make a determination about the retention of Nelson Stephenson for the following year.

Discussion held.

Motion made by Member Boyer and seconded by Member Donaldson to amend the Superintendent's contract and allow the board to evaluate him in March.

Board vote: Boyer, Donaldson, Jackson, Winstead, Zivkovic

All "Yes's," motion carries.

G. Discussion of Superintendent Evaluation-Rob Zivkovic

Vice Chair Zivkovic states that at the last meeting tying the Superintendent's evaluation to the strategic plan was discussed. The board was going to look at wording, questions and any suggestions for changes. Vice Chair Zivkovic asks if anyone has any changes to the current evaluation tool.

Discussion held.

Motion made by Member Boyer and seconded by member Jackson to continue discussion of the Superintendent Evaluation Tool at the December board meeting.

BOARD COMMENT:

Member Donaldson states anti-bullying needs to be a fulltime job at all of our schools and maybe our parents can become part of that. She sent information about Operation Respect and maybe we need to adopt the same program for all of our schools.

Member Boyer states that she wanted to comment on how great all of the schools are doing, all of the wonderful field trips and all of the positive things going on.

Member Jackson states the strategic plan is a great idea.

Member Winstead thanks everyone for what has been done so far. Keep up the good work and pray for our nation.

Time and Date of Next Meeting

Regular Governing Board Meeting: Tuesday December 13, 2016, 9:00 a.m., in Council Chambers.

Public Comment

Parent states that her students are athletes and if you don't have insurance on your children they don't play sports. She would like the fact that the school still has no FHSAA insurance be discussed at the next meeting.

Discussion held.

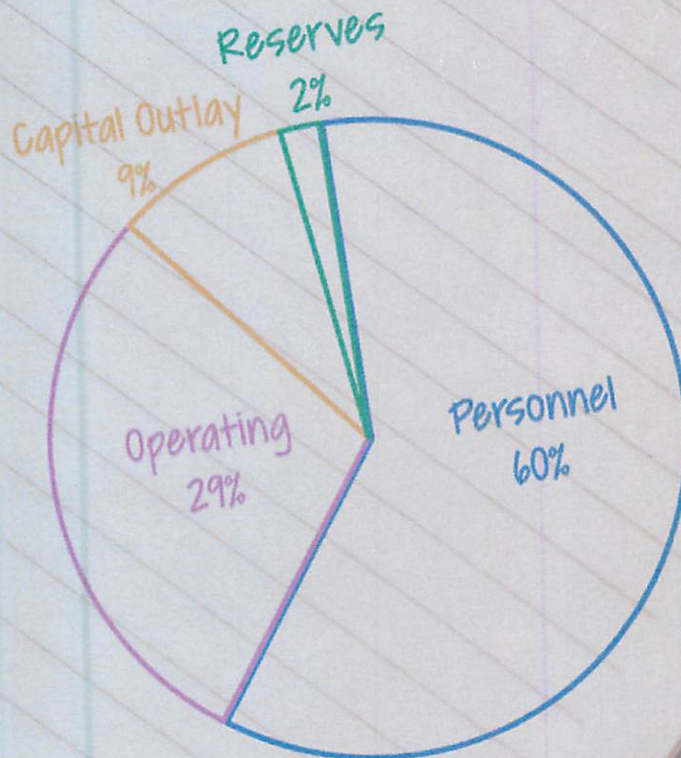
Adjournment

There being no further business, the meeting adjourned at 8:10 p.m.

Respectfully submitted,
Shannon Arthur
Executive Assistant to the Superintendent
Cape Coral Charter School Authority

City of Cape Coral Charter School Authority

BUDGET PREPARATION MANUAL FY 2017-2018



December 2016

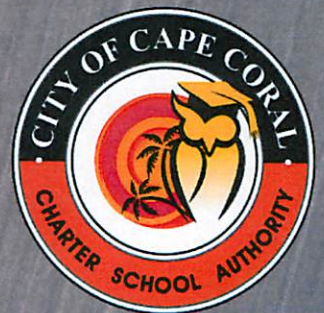


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Budget Calendar

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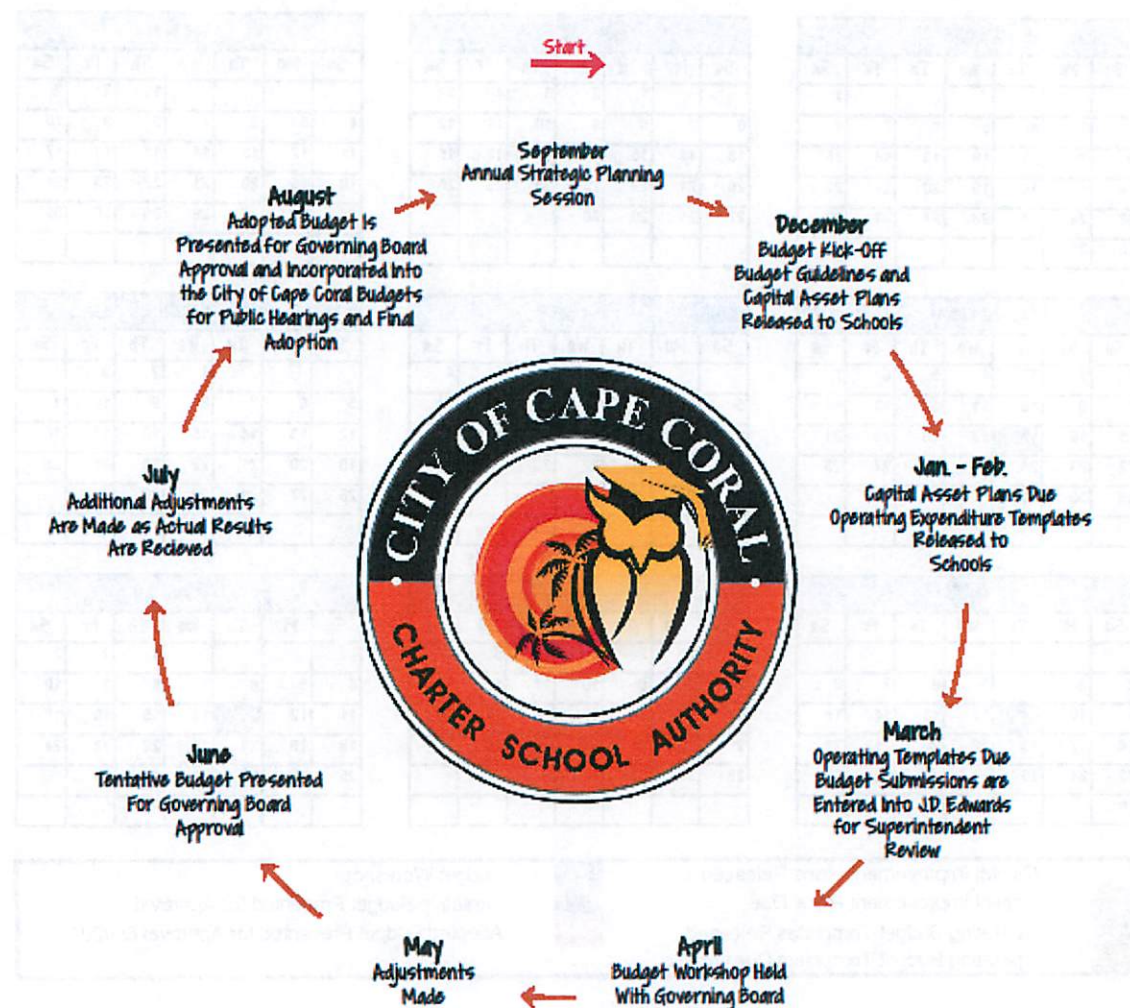
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	Capital Improvement Plans Released		Budget Workshop
	Capital Improvement Plans Due		Tentative Budget Presented for Approval
	Operating Budget Templates Released		Adopted Budget Presented for Approval 8/8/2017
	Operating Budget Templates Due		

Cape Coral Charter School Authority Budget Events



Cape Coral Charter School Authority's Budget Process

The budgetary process is established in compliance with Florida Statutes, the School Board of Education Rules and Regulations, and the Cape Coral Charter School Authority's Financial Policies. Under the direction of the Superintendent, the Business Manager initiates the budget development process through a collaborative effort involving many stakeholders including Principals, school staff, internal operating departments, and various groups within the City of Cape Coral.

The operating budget is designed to carry out school operations in a thorough and efficient manner, maintain facilities, and honor obligations while meeting operation and educational plans. It is practice to align expenditures with the revenues from the fiscal forecast or school projections; whichever is more conservative. In addition, building undesignated reserves for future use is taken into consideration. Indirect costs are provided by the Business Manager and budgeted accordingly to match the cost allocation plan.

Budget Preparation/Development

The budget preparation/development process is ongoing and has several key stages. The process starts with enrollment projections and program requirements.

Each school will receive a budget workbook showing its resource allocations, containing various components such as enrollment, staffing, and prior year expenditures. Principals will work with respective school personnel and departments to develop their budgets. In addition, individual meetings are scheduled with the Business Manager to assist in the development process.

The following timelines are used as a general guideline:

September

Strategic planning is an organizational management activity that is used to set priorities so that our schools can identify and build resources, strengthen operations, identify common goals, and assess and adjust the direction of our ever changing environment. Through these types of efforts, the Cape Coral Charter School Authority has developed a long-term strategic plan. The plan is updated at the Annual Strategic Planning session with the input of the Governing Board, Superintendent, Principals, staff, and other stakeholders. Each item is prioritized and incorporated into the budget based on the importance, time-line, and financial impact.

December – January

Capital Improvement Planning is an integral part of the annual budget process. The Business Manager releases the 6-Year Capital Improvement Plan to all schools and respective operating departments for completion. All requests are reviewed to ensure appropriate funding is available. As such, all requests should be incorporated into budget submissions. If funding is not available the requests are prioritized and the Capital Improvement Program adjusted prior to the budget being presented to the Governing Board for approval.

January

The Business Manager begins to update forecast revenue projections based on the following information:

- Information released from Legislative Sessions.
- Forecasted student enrollment provided by each school.
- The State's Florida Education Finance Program (FEFP) per student allocation is projected by the State and provided to the Charter School.
- Leases, allocations, and existing agreements are reviewed.
- Public Education Capital Outlay (PECO) is determined by the State based on available funding.
- Federal and State grants are applied for based on availability and applicability.

In addition, budget templates are distributed to all Principals and internal departments to input expenditure requests including personnel, operating and capital outlay requests. Our system has recently agreed to develop 3-year budget; however, only the current fiscal year will be presented for approval. To assist in this process, the following tools will be included in the workbook to help facilitate the budget preparation process:

- Actual expenditures for the current year-to-date.
- Actual expenditures for the previous year.
- Current staffing roster or organizational chart.
- FY 2018-20 Cost Escalation Factors.

Forecasting Staffing Levels

- Each school performs a review of existing staffing levels to ensure adequate student coverage.
- All positions and salary structures are reviewed.
- Supplements/Add Pays are reviewed and approved to be incorporated into payroll costs.

- Based on staffing, the Business Manager calculates all payroll categories including overhead allocations which include Workers Compensation, Life Insurance, Health Insurance, FRS, etc.

February-March

The Business Manager compiles the proposed budgets, including the incorporation of the Capital Asset Improvement Plans requests, narratives, and supporting documents for each school.

Budget Review Meetings are scheduled with the Principals, Superintendent, and Business Manager to review budget requests. In addition, long term plans and goals are discussed with the Principals in regards to their feasibility and effects on the financial stability of the Charter School Authority's system. Adjustments to the original submissions may be made as a result of this meeting.

April

The Budget Workshop is held in April in which each Principal and/or Operating Department will present their proposed budget. The Business Manager will prepare a Budget Presentation Template so that all information presented remains consistent from school to school and will be comprised of the following:

- Mission/Vision
- Goals (Educational & Operational)
- Enrollment Projections
- Staffing Summary
- Budget Summary
- Budget Highlights (including revenue and expenditure projections by account)

As an outcome of the Budget Workshop, adjustments may be made at the suggestion of the Charter School Authority's Governing Board. The Business Manager will incorporate all changes and produce the Proposed Operating Budget Book for presentation in May.

May

The Business Manager presents the Proposed Operating Budget to the Charter School Authority's Governing Board for approval.

June-July

As we learn more about enrollment, revenues, and school needs, the Proposed Budget is adjusted for further accuracy. The Business Manager makes final adjustments to the Tentative Operating Budget.

August

Since there is not a Governing Board Meeting in July, the Adopted Budget is presented to the Charter School Authority's Governing Board for approval in August. Upon approval and acceptance, the Business Manager uploads the Adopted Budget into the J.D. Edwards (JDE) system.

Upon adoption, Principals are responsible to maintain a balanced budget and are fiscally responsible for their budget accounts including: personnel, operating, and capital outlay expenditures, and request appropriate transfers when necessary.

September

The Charter School Authority Budgets are incorporated into the City of Cape Coral's Budgets for Public Hearing and Final Adoption.

Budget Adoption

The approval of the Operating Budget requires a majority affirmative vote of the quorum to adopt the budget by the Charter School Authority's Governing Board. It represents the Board's position on the allocation of resources required to operate an appropriate system of education and operations. The budget shall be reviewed and adopted during a properly scheduled and noticed public meeting.

In addition, the Charter School Authority's Operating Budget is approved as part of a Resolution in a public hearing conducted by the City Council and incorporated into the City of Cape Coral's annual budget.

The budget approved by this Board shall be in the form consistent with reporting requirements of The School Board of Lee County and shall be made available in the office of the Superintendent for public inspection at least ten (10) days prior to its adoption.

The public meeting for the final adoption of the proposed budget shall be held prior to the first public hearing of the City of Cape Coral City Council as required for the adoption of the annual operating budget (F.S. 200.065).

The Governing Board places the responsibility of administering appropriations, once adopted, with the Superintendent. The Superintendent and or designee may consult with the Governing Board when major purchases are considered and shall keep the Governing Board informed as to problems or concerns as the appropriations are being implemented.

The budget is administered in the J.D. Edwards (JDE) system established by the City of Cape Coral, Florida and adopted by the Governing Board.

Budget Amendment

Budget Amendments are warranted when adjustments to the budget arise. Budgets may be amended at any time within a fiscal year or within 60-days following the end of the fiscal year.

The Adopted Budget may be amended as follows:

- **No Impact to Bottom Line**

The Principal requests a line adjustment within a school site or a school function also known as a Transfer of Funds. These adjustments are allowed only within the same expenditure category lines and must be approved by the Superintendent.

- **Bottom Line Impact**

The Governing Board may approve supplemental appropriations of revenues and expenditures that impact the overall budget bottom line. If this is done, adoption of an amended budget Resolution must be presented and the approval of the Governing Board is required.

Budget Monitoring/Control

The budget is monitored on a monthly basis to track variances between actual and budgeted amounts. Budget to Actual Reports are distributed on a weekly basis so that Principals are able to monitor availability of funding as well as expenditures to date. Significant variances are reviewed and investigated to ensure accuracy. Adjustments are made to cover unacceptable variances whenever possible.

Accounting for encumbrances provides a means of controlling and monitoring the budget process. Encumbrances do not constitute expenditures or liabilities in the current year, but instead are defined as commitments related to unperformed contracts for goods or services.



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Basis of Accounting

The Charter Schools are governmental fund type, and its activities were recently classified as General Fund for required financial reporting purposes. From a budget perspective the Charter Schools are classified as an Enterprise Fund for the sole purpose that they are self-sustaining.

There are many events and planning processes that guide the development of the budget and budget process. The Charter Schools, along with other school boards throughout the State of Florida, record and report all financial transactions using standards set by the Governmental Accounting Standards Board (GASB and follow Generally Accepted Accounting Practices (GAAP)) and provide the foundation for financial accounting and reporting. A uniform chart of accounts is followed for financial, cost and budgetary reporting.

Below is a brief overview of the accounting structure for revenue and expenditure classifications in which the budget is developed. A list of each can be found at the end of this document.

- A. Fund
- B. Business Unit/Facility
- C. Object
- D. Sub Ledger/Program

Revenue Budget Assumptions

Revenues are determined by fund, source and appropriation. The Cape Coral Charter School Authority's revenues, also known as sources, are broken down into the following categories:

Intergovernmental

Intergovernmental revenues consist of monies that flow from the federal government to state and local governments, and from state to local governments. They can include grants, shared taxes and contingent loans and advances. The following comprise our system's intergovernmental sources:

- Florida Education Finance Program (FEFP)
Enrollment is a critical point in the budget process in which enrollment projections are used to prepare the proposed revenues for the upcoming school year. This funding, also known as the Florida Education Finance Program (FEFP) is one of the major revenues received from the State. Revenues are calculated by taking the number of students and

multiplying it by the appropriate cost factor established by Legislature to come up with the weighted full time equivalent (FTE) count. Enrollment projections are provided to the Business Manager by the Principals and Information Specialists and budgeted accordingly.

- National School Lunch Program (NSLP)
- School Recognition Funds “A” Money
- Voluntary Pre-Kindergarten (VPK)
- Florida Teachers Lead Program
- Title II-A
- AICE

Capital Outlay

The Charter Schools receive funds from the Public Education Capital Outlay Fund (PECO). This is the second largest source of the Cape Coral Charter School Authority’s revenues and is funded from the State.

Charges for Services

Charges for Services are those revenues that are charged for activities such as student lunches and bus rentals by Parks and Rec. All fees are reviewed on an annual basis and updated accordingly.

Miscellaneous Revenue

All other revenues including Short Term Investment Income, Contributions/Donations, Wellness Fair Payouts, and Scholastic Book Fair dollars are captured in this category.

General Fund Reserve

Policy states that we must strive to maintain an Unreserved Fund Balance in the Operating Fund equal to 5% of the annual resources.

Expenditure Budget Assumptions

Operating expenses are budgeted using a zero based budget approach, in addition to previous year actual performance with necessary modifications. Expenditures are categorized using the following components:

- **Business Unit or Facility**

Identifies who will incur or who is responsible for the expense.

- **Object**

Identifies the type of goods or services obtained as a result of a specific expenditure.

Revenue Objects begin with a 5 and Expenditure Objects begin with a 6.

- **Sub-ledger or Program**

Refers to activities, operations or organizational units designated to accomplish an objective or purpose. Educational programs are established by law for Florida school districts and are the basis for the program cost accounting and reporting system.

A complete list of Charter School Business Units, Objects, and Sub-Ledgers can be found toward the end of this document which will assist in the following section.



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General Guidelines & Information

This section is intended to provide general guidelines and information on the major categories of the budget. The operation of your individual school/departments may vary slightly and to some extent, will dictate the way in which your budget is prepared. A detailed explanation should be provided in order to fairly assess the requested budget.

Personnel Services

Personnel needs are analyzed so that students are provided the best quality education while adhering to classroom size regulations. A list of current authorized positions are distributed by the Business Manager and reviewed with the Principals to ensure classification accuracy and ample staff is in place to meet these needs. Any new positions must be authorized by the Superintendent and presented to the Governing Board during the Budget Workshop.

Every school will have maximum flexibility to re-evaluate current operations and propose adjustments to future staffing and service levels. Vacant positions represent an opportunity to combine the duties of two or more positions, modify relationships where management/staff ratios are unfavorable, or reassign staff.

Unfilled positions are currently projected to be budgeted at the minimum salary amount for their pay grade/step plan. If the department is expecting to fill a position with a higher salary than minimum, the salary for that position should be adjusted to reflect the department's desired salary when the position is filled. It should be noted that if the position will not be filled for the entire fiscal year (July 1 through June 30), then the position should have a salary reflecting the amount of the time the position would be filled.

Existing personnel related costs (i.e., salaries, benefits, etc.) are computed by the Business Manager based on current authorized staffing levels and known contract provisions. Proper coding of personnel is essential for both budgeting and cost reporting.

Salary increases are considered part of the personnel costs and are allocated when resources are available.

The Business Manager will calculate and enter payroll projections and related benefits for all authorized positions.

Expenses for overtime are not included in the projections. However, if overtime is required, each department will be required to calculate their own expense for overtime with justification as to why the request is being made. This should include total number of overtime hours and

rate(s) of pay for each classification. All overtime must be approved by the Superintendent per policy.

Add Pays/Stipends are budgeted based on previous year's expenditures. Principals are required to review the list of Add Pays to ensure they are warranted and must notify the Business Manager of any changes.

Pensions are budgeted based on information received from the Florida Retirement System.

The Business Manager calculates personnel costs for those employees whose time is allocated across multiple locations using estimated enrollment. These include: Administration, Custodial, Information Technology, Transportation and the Registered School Nurse.

Operating Expenditures

Operating expense accounts should be budgeted by sub-ledger/program in order to meet budget operating guidelines. A list of object descriptions and sub-ledger/programs can be found in the appendices section of this booklet.

For each line item budgeted in each program, a detailed description will be required. For example, when requesting funding for textbooks you should include vendor, grade, subject and quantity you expect to order.

Principals and/or Operating Departments will have discretion in budgeting variable operating costs which are not mandated by contractual, legislative, or similar obligations. Fixed costs over which users have little control are not submit to modification in most cases and are provided by the Business Manager.

Examples of fixed costs include:

- Rent/Lease Payments
- Maintenance Agreements
- Audit Service Contracts
- Utilities

Computer Equipment

The IT Staff will work with the Principals to budget the cost of equipment, software, and services that operate on the school's network, including service agreements. This allows us to clearly capture these costs as well as to engage our IT staff in the budget process as well as

determining reasonable specifications for computer replacements and enhancements. A list of the computer equipment to be replaced is maintained by IT and refreshed on a life expectancy rotation.

Software – A list of software is distributed to all Principals and IT staff for review. All software should be reviewed and quotes provided to capture any price increases.

Printers – Departments may want to consider replacing printers that are over five years old or have had maintenance problems. IT will assist in evaluating the condition of the equipment. IT should also be consulted in the event additional printers are needed as there may be additional costs involved to accommodate the network requirements.

Additionally, IT should be consulted if any moves or configurations of workspace are anticipated as the cost of relocating data and phone lines should be in the budget.

Capital Outlay

Upon the initial Budget Kickoff, the Business Manager releases the 6-Year Capital Improvement Program file to all Principals and Operating Departments for completion. The purpose of the Capital Improvement Program is to govern maintenance and replacement of facilities as well as shorter-lived assets such as buses and technology. Capital Outlay expenditures should be identified so that funding can be identified prior to actual expenditures being made.

Capital equipment is defined as those pieces of equipment which have a cost of \$5,000 or more. While capital outlay should be included in the Capital Asset Plan any equipment proposals less than \$5,000 should be identified and included within the appropriate expenditure account. All equipment proposals should be supported by a reasonably thorough cost analysis to establish as true of a cost estimate as possible.

As previously noted, Capital Asset Planning is an integral part of the annual budget, and follow the same approval process as the operating budget. While we try to fund all requests, it is often challenging to do so with the level of our resources. Capital expenditures will be prioritized and adjusted as necessary following review by the Superintendent, Business Manager, and Principal. Therefore, all capital requests should be included in budget submissions.

Be advised that the Governing Board will receive a copy of proposed budgets prior to the Budget Workshop; therefore, line item detail must be provided. If detailed information is entered in the line item for expenditures, the account and expense should be self-explanatory. If there is substantial increase over last year's request please be certain to justify a reason why.



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CHART OF ACCOUNTS



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Chart of Accounts Business Units

41430	Oasis Elementary
4143V	Oasis Elementary VPK Program
41510	Christa McAuliffe Elementary
4151V	Christa McAuliffe Elementary VPK Program
41710	Oasis Middle School
41810	Oasis High School
41999	Charter School Administration



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Chart of Accounts Objects

Operating Expenses

Operating expenses include expenditures for goods and services which primarily benefit the current period and are not defined as personal services or capital outlays.

Professional Services

Object	Object Description	Description
631303	Lab Services	Lab testing required by DEP, Lee County Health Department, and/or City staff.
631304	Legal Services	Payments for legal services.
631305	Appraisal Fees & Title Search	Payments for appraisal and title search services.
631306	Financial & Investment Advisory Services	Payments for financial and investment advisory services.
631307	Studies & Master Plans	Payments for feasibility studies, rate fee studies, master plans, and other types of studies.
631308	Accreditation	Outside professional costs only associated with accreditation.
631309	Project Design	Compensation for the process of developing and documenting a solution to a problem using technology experts and tools.
631310	Program Management	Compensation for services in accordance with a specific work authorization.
631312	Accounting & Auditing	Fees paid for the annual financial audit and outside accounting related services.
631399	Other Professional Services	Medical, dental, engineering, architectural and other services procured by the local unit as independent professional assistance. Includes such financial services as bond rating, etc., where the service received is not directly involved with accounting and/or auditing. Also includes fees paid for competency and/or psychiatric evaluations, veterinarian (K-9) services, street light installation (not City owned) and electrical hook-ups, and the removal of hazardous materials.

Other Services

Object	Object Description	Description
634101	Construction & Debris Clean Up	Payments to outside firms for construction and debris clean up not associated with a capital project.
634103	Trash Removal	Removal of solid waste by outside contractors and City staff. This would also include recycling. It does not include construction debris clean up defined under object 634101.
634104	Security Services	All security services throughout the City's facilities including alarm monitoring services and repairs. Includes annual support and upgrades.
634107	Medical Examinations/New Hire/General	Physical examinations and new hires.
634110	Physicals – Firefighter	Fire physicals and exposure.
634111	Physicals – Police	Police physicals and exposure.
634113	Drug Screening	Drug screening for all City employees.
634115	CDBG & Ship Contracted Services	
634116	Parks & Recreation Programs	Special contractual services and programming including all direct costs associated with the program. Direct costs include all purchases, rentals, one-time charges specific to the program, and any other specific services involved in running the program or event.
634117	CRA Programs	CRA Use Only – Services provided for community events. Sponsored reimbursement programs to local business owner(s).
634118	Flexible Spending	Human Resources Use Only
634120	Outside Services	Payments for work in-lieu-of City department handling such as mediators, arbitrators, temporary agencies, armored car services, lot mowing services, landscaping services except if involved in median maintenance, towing of City vehicles, etc. Includes carpet cleaning for non-city buildings. Does not include the repair of capitalized improvements, i.e., fences and bleachers.

Travel & Recruitment

Object	Object Description	Description
640101	Food & Mileage (City)	Food and mileage expenses associated with City activities and workshops. Includes firearms training system.
640104	Recruitment Travel	Applicant's travel related expenses associated with the recruitment of potential City employees.
640105	Travel Costs	Meals, mileage and/or fuel, parking fees, tolls, auto rental, airfare, lodging, and telephone while traveling outside City limits.

Communications, Freight & Postage

Object	Object Description	Description
641101	Communication Services	Charges for usage of communications equipment owned and operated by the City or the City's share of such maintenance costs per inter-local agreement. Cellular usage, pagers, on-line services, 800 MHz radios and associated equipment usage. Excludes equipment purchases. Does not include the purchase of cell phones or radios defined under object 652116 Small Equipment. Cable bills are charged to this account.
641102	Telephone Service	Monthly telephone usage. Does not include the purchase of telephones defined under object 652116 Small Equipment.
641103	Telecommunication Services	All costs associated with the installation and additions made to the City's telephone system. Cable, extensions, maintenance on current lines, and other related items. Does not include the purchase of telephones defined under object 652116 Small Equipment.
641104	Postage & Shipping	Mailing expenses including postage, Federal Express, Airborne, UPS, Pack and Send, etc. This is <u>outgoing</u> postage and freight expenses incurred by the City.

Utility Services

Object	Object Description	Description
643202	Electric Service	Electric service for City facilities (usage).
643203	Water & Sewer	Water and sewer service for City facilities (usage).
643204	Stormwater	Stormwater service for City facilities.
643205	Propane Fuel	Propane fuel.
643206	Natural Gas	Natural gas.
643207	Street Light Power	Electric service for operating street lights throughout the City.
643208	Bulk/Reclaimed Water	Water purchased from other entities.

Rental & Leases

Object	Object Description	Description
644101	Building Rentals & Leases	Amounts paid for the lease or rent of non-capital projects Buildings such as land or buildings.
644102	Equipment Rentals & Leases	Amounts paid for the lease or rent of non-capital projects such as vehicles, port-o-lets, P.O. Boxes, and operating equipment.
644103	Copy & Fax Machines	Copy and fax machine rentals/leases. This does not include copy overages which are captured under object 652199 Other Operating Materials and Supplies.
644104	Uniforms/Linen/Mat Rentals & Leases	Amounts paid for the lease or rent of non-capital projects such as uniforms, linen, mats, aprons, and any other applicable items in this field.
644199	Other Rentals & Leases	Amounts paid for the lease or rent of non-capital projects that are not defined in the object accounts in this category.

Insurance

Object	Object Description	Description
645101	Insurance Premiums	Human Resource Use Only - Includes outside insurance carried for the protection of the local government.
645102	Insurance Claims Payments	Human Resource Use Only

Repair & Maintenance

Object	Object Description	Description
646101	Tires	Cost of tires for City vehicles, heavy equipment, wheelbarrows, etc. Also includes the cost of recaps, retreads, rotating and balancing tires.
646102	Equipment Repair & Maintenance	Costs incurred for the repair and maintenance (preventative maintenance) of City equipment. Includes irrigation, vehicles (not maintained by Fleet), lift stations, wells, utility related pumps, motors and electric, parts, office machines and other related equipment. Also includes hardware support and maintenance as well as maintenance agreements for equipment, i.e., parking meters.
646103	Building Maintenance	Costs incurred for the repair and maintenance of City facilities. Includes A/C repairs and new air conditioning units under \$1,000, pest control, carpet cleaning and other related costs.
646104	Diesel Fuel	Cost of diesel fuel associated with the use of City vehicles and equipment.
646105	Parts Repair & Maintenance	Cost of parts for City vehicles and equipment (non-capital) which are purchased by Fleet Maintenance.
646106	Unleaded Fuel	Cost of unleaded fuel associated with the use of City vehicles and equipment.
646107	Oil & Grease	Cost of oil and lubrication associated with the maintenance of City vehicles and equipment.
646108	Other Repairs & Maintenance	Repair and maintenance not related to buildings or equipment. Includes bleachers, fences, boat ramps, dock repairs/maintenance, seawall maintenance, and resurfacing of parking lots.

Printing & Binding

Object	Object Description	Description
647101	Printing & Binding	Costs of printing, binding, and other reproduction services such as blueprinting.
647102	Photo & Microfilm	Developing and duplicating rolls of film and all microfilming expenses.

Promotional Activities

Object	Object Description	Description
648101	Advertising	Publication of all legal notices of meetings, building and zoning cases, ordinance public hearing dates, recruitment ads, radio, TV, magazines, etc.
648102	Public Relations	Informational campaigns, web page services, public information literature, scholarships, brochures, media services, donations to organizations in the City's name, purchases associated with volunteers, costs associated with Economic Development business recruitment, etc.

Other Current Charges & Obligations

Object	Object Description	Description
649101	Uncollectible Accounts Expenses	
649102	Bank Fees	Covers all bank statement charges and various incidental banking charges.
649129	Credit Card Fees	Credit card fees associated with the use of credit card machines.
649103	Licenses & Various Fees	Filing fees, permit fees, recording fees, administration fees, licensing fees, tags and registrations, background checks, code enforcement board fines filed with Lee County, depositions, service of process costs, liquor licenses, transcribing services, etc. Does not include professional licenses defined under object 654101 Books, Publications and Memberships.
649104	Loan Service Fees	Start SRF
649105	Other Governmental Charges	Expenses for primary and general elections, and another government's non-contracted services.

Other Current Charges & Obligations – Continued

Object	Object Description	Description
649106	Assessment, Betterment, Impact Fees	Property not owned by the City
649107	Foreclosure Costs	Foreclosure Costs
649108	Assessment Refund	Finance Use Only
649109	On-Behalf Pension Payments	Finance Use Only
649110	Inter-fund Service Payments	Finance Use Only
649111	UT Expansion Allocation	Finance Use Only
649112	Investigation Fees	Costs associated with investigations such as service of process cost, depositions, background checks, transcribing services, back records, copies of subpoenas, etc.
649113	Common Area Maintenance	Common Area Maintenance
649114	Lot Mow/Impact – City	Lot Mow/Impact – City
649115	Inter-fund CP Expenses	Inter-fund CP Expenses
649116	Settlements	Settlements
649117	Workers Comp Claims	Human Resource Use Only
649118	1 st Party Claims	Human Resource Use Only – City Property
649119	3 rd Party Claims	Human Resource Use Only – Personal Property
649120	IBNR Claims	IBNR Claims
649121	Investment Fees	Investment Fees
649123	Property Taxes	Property Taxes

Other Current Charges & Obligations – Continued

Object	Object Description	Description
649124	Collection Costs	Collection Costs
649125	Deferred Assessment Cost	Deferred Assessment Cost
649199	Other Current Charges	Includes current charges and obligations not otherwise classified, such as information and evidence, etc.

Office & Operating Supplies

Object	Object Description	Description
652101	Office Supplies	Materials and supplies such as preprinted forms, stationary, toner, staples, fax and copy paper.
652112	Uniforms (PPG)	Special bunker gear for use by City firefighters.
652113	Uniforms	Required uniforms and sleeve patches for City employees. Includes safety shoes, safety belts, holsters, and duty belts. Also includes screen-printed or embroidered tee-shirts, collar shirts, shorts, pants, and nametags for employees purchased for City staff. Does not include rented uniforms which should be expensed to object 644104.
652114	Chemicals	Insecticides, fertilizers, herbicides, repellents, pool chemicals, chemicals used for firefighting and utility operations. Includes carbon used for odor control. Does not include recharging or purchase of fire extinguishers as defined under object 652124.
652115	Tools	Replacement and new tools needed by surveyors, inspectors, laborers, bridge crews, air condition installers, etc. Includes items such as wheelbarrows, grinders, drills, band saws, saws, tripods, etc. Does not include items covered under tool allowance.
652116	Small Equipment Purchases	Non-capital items such as cameras, camcorders, fax machines, telephones, appliances, tables, chairs, grills, televisions, vcr's, office furniture and equipment, etc. Includes new pumps. Does not include computer equipment defined under object 652121 or safety equipment defined under object 652124.
652117	Janitorial Supplies	Consumable cleaning supplies and paper products for all City buildings – not services.

Office & Operating Supplies - Continued

Object	Object Description	Description
652118	Operating Medical Supplies	Any related medical supply.
652119	Food & Beverage	All food and beverages purchased for resale.
652120	Merchandise	All merchandise purchased for resale.
652121	Computer Equipment & Accessories	Any non-capital hardware purchases for computers. Printers, monitors, scanners, memory, keyboard trays, back-ups, computer mounts in vehicles, etc.
652122	Computer Software & License Agreements	Any software purchase or computer license agreement, including maintenance support for software.
652123	Weapons & Ammunition	Purchase of weapons, mace, ammunition, restraints, handcuffs, and any items that are put into the holster such as nightsticks, attachments to rifles, etc. Does not include holsters and duty belts defined under object 652113.
652124	Safety Equipment	Expenses related to mandated safety equipment for use by City employees. First aid and fire extinguishers (purchase and recharge). Does not include safety shoes defined under object 652113.
652125	Sod, Seed, Sand & Soil	Purchase of sod, seed, sand, soil, clay, fill dirt, mulch, rock, trying agent, brick pavers, river rock for swale, hydraulic mulch for swale, etc., not associated with a capital project.
652126	Plants, Trees, Flowers & Shrubs	Purchase of plants, trees, flowers and shrubs not associated with a capital project.
652127	Tournaments	Gifts and prizes purchased for tournaments.
652128	Non-Consumable Operating Supplies	Charter School Use - Supplies that are not consumed within one year.
652129	Textbooks	Charter School Use – Purchase of textbooks.
652130	Periodicals	Charter School Use – Purchase of periodicals.

Office & Operating Supplies - Continued

652199	Other Operating Materials & Supplies	Charges not covered by any other account. Supplies consumed in the conduct of operations. Includes laboratory supplies such as glassware and reagents, non-janitorial household items, bulb replacement, institutional supplies, utensils, recording tapes, transcript production supplies, car washes, narcotics, water meters, strobe lights for vehicles, bottled water rental, welding supplies, cell phone accessories, utility billing paper, non- auto batteries, flags etc. Costs associated with photo copy overages are captured here. Does not include small appliances and equipment defined under object 652116.
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652998	Inventory Adjustment	Finance Use Only – Used to adjust inventory.
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Infrastructure Maintenance

653101	Road, Curb & Gutter Maintenance	All costs incurred for road, curbs and gutter maintenance. Also includes asphalt or any other material used to repair roads. Machine rental for removing striping on roads.
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653102	Bridge Maintenance	All costs incurred for weirs and culvert repair.
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653103	Sidewalk Maintenance	All costs incurred in maintaining sidewalks.
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653104	Traffic Light & Street Light Maintenance	All costs incurred in maintaining traffic lights & City-owned street lights.
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653105	Parking Lot Maintenance	All costs incurred in maintaining parking lots.
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653106	Median Maintenance	All costs incurred in maintaining medians.
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653107	Utility Maintenance	All costs incurred in maintaining utility collection, distribution, and transmission lines to include site preparation and restoration.
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Books, Publications, Subscriptions & Memberships

654101	Books, Publications & Memberships	Publication subscriptions, membership in professional organizations, purchase of State Statutes, reference books, professional licenses, certification, and application fees for licenses.
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Training

655101	Training & Seminars	Expenses associated with staff training. This includes registration to conferences, seminars and workshops not associated with City activity.
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655102	In-House Training	Cost of training materials such as books and video tapes. Includes in-house training provided by outside firms, testing and preparation costs.
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Discounts Taken/Lost

656100	Discounts Taken/Lost	Finance Use Only
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Depreciation

659101	Depreciation	Finance Use Only
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Capital Expenses

Capital Outlays for the acquisition of or addition to fixed assets.

Land

661101	Land	Land acquisition cost and right-of-way. Assessments on City-owned land. Appraisal fees when City knows the property will be purchased.
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661102	Land Easements	Costs associated with land not owned by the City such as permanent and temporary easements.
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Buildings

662101	Buildings	Office buildings, fire station, garages, and park & recreational buildings.
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Building Improvement

662301	Building Improvements	Improvements to building structures. New or replacement air conditioners valued over \$1,000.
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Improvements Other Than Buildings

662601	Improvements Other Than Buildings	Structures and facilities other than buildings such as temporary easements, gutters, docks, wharves, bleachers, fences, landscaping, irrigation, lighting systems, storm drains, athletic fields, etc. Excludes City infrastructure.
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662602	Leasehold Improvements	Improvements to leased building structures not owned by the City.
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662603	Soccer Fields	Improvements to City-owned soccer fields.
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662604	Baseball Fields	Improvements to City-owned baseball fields.
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Improvements Other Than Buildings – Continued

662605	Football Fields	Improvements to City-owned football fields.
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662606	Median Landscaping	Improvements to City medians.
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Infrastructure

663101	Roads, Curbs & Gutters	
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663102	Bridges	
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663103	Sidewalks	
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663104	Traffic Lights or Street Lights	City-owned.
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663105	Parking Lots	
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663106	Drainage/Ponds	
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663107	Utility System/Pump Station	
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663108	City-Owned Seawalls	
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663109	Utility Relocation	
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663110	Water Distribution Lines	
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663111	Wastewater Collection Lines	
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663112	Irrigation Distribution Lines	
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663113	Water Transmission Lines	
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663114	Wastewater Transmission Lines	
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Infrastructure - Continued

663115 Irrigation Transmission Lines

663116 Non-Assessed Drain Pipes

663117 Non-Assessed Utility Work-Pipe

663118 Existing Pipe Work – Non Assessed

663119 Storm Drain – Non Assessed

663120 Pump Station

663121 Raw Water Lines

663126 Program Management Fee

663127 Outside Services – Infrastructure

663128 Utility Extension Allocation

663129 Commercial Paper Expenses

663130 Other Current Charges

663131 Other Professional Services Infrastructure

663150 Other Infrastructure

Machinery & Equipment

664101	Equipment	Equipment with a value over \$1,000 and a useful life in excess of one year. Includes heavy equipment, equipment, office furniture, machinery and extended warranties on new items. Does not include consumable items with a value over \$1,000. Does not include vehicles as defined under object 664102.
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664102	Vehicles	Purchase of additional and replacement motor vehicles. Includes extended warranties.
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Intangible Assets

664501	Software	Purchase of software greater than \$25,000.
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Books, Publications & Library Materials

666101	Library Books	Charter School Use Only – Library books.
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Works of Art/Collections

667101	Paintings
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667102	Statues
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Chart of Accounts Sub-ledgers/Programs

5100	Basic Instruction
5200	Exceptional (ESE)
6120	Guidance
6130	Health Services
6190	Other Pupil Personnel Services
6200	Instructional Media
6300	Instruction and Curriculum Development
6400	Instructional Staff Training
7100	Board
7200	General Administration (Administration)
7300	School Administration
7400	Facility Acquisition and Construction
7500	Fiscal Services
7600	Food Services
7750	Information Technology
7800	Transportation
7900	Custodial
8100	Maintenance of Plant
9800	Budget Reserves (Budget Use Only)



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Cape Coral Charter School Authority's FY 2018-24 Cost Escalation Factors

Type	Expense Type	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Operating	Lab Services	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Legal Services	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating	Appraisal & Title Search	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Studies & Master Plans	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Accreditation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Accounting & Auditing	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Other Professional Services	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating	Construct/Debris Clean-up	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Trash Removal	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Security Services	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Drug Screens	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Employee Health Clinic Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Outside Services	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Operating	Food & Mileage (City)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Travel Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Communication Service	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Telephone Service	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Telecommunication Service	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Postage & Shipping	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Electric	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Operating	Propane Fuel	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Equipment Rental/Leases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Copy & Fax Machine Rent/Lease	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Uniforms/Linen/Mats Rent/Lease	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Other Rentals/Leases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Equip Repair/Maintenance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Building Maintenance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Parts Repair/Maintenance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Oil & Grease	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Other Repairs & Maint.	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Facilities Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Fleet Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Printing	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Photo & Microfilm	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Advertising	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Public Relations	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Bank Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Various Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Other Governmental Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Assessment, Betterment, Impact	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating	On-Behalf Pension Pmts	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Interfund Service Payment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Office Supplies	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Uniforms/Linen/Mats Rent/Lease	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Chemicals	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Tools	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Small Equipment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Janitorial Supplies	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Operating Medical Supply	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Computer Equip/Accessory	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Computer Software/License	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Safety Equipment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Other Operating Materials & Supplies	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Books, Publ, Subscript & Memberships	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	Training & Seminars	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating	In-House Training	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

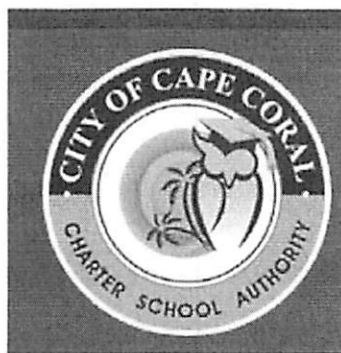
12 A

Approval of the CME 5th Grade Field Trip to Billy Creek Swamp Safari in Clewiston, FL. on December 19, 2016.

Jacque Collins

Field Trip Request

* Required



Name of your Group? *

CME 5th Grade

Sponsor? *

John Omundsen

Where? *

Billie Swamp Safari, Clewiston, FL

When? *

If you are going for multiple days, please include the range.

Monday, December 19

Who? *

(How many students)

Approximately 100

Purpose of Trip

To better understand animal adaptations and the characteristics of the native people of Florida

How many chaperones?

Approximately 20

Overnight? *

☒ No

☐ Yes

If overnight, how many nights?

Your answer

Out of Lee County? *

☐ No

☒ Yes

Transportation *

- ☒ Charter School System Bus (Cost per student = \$15/hr of trip divided by students, 4 hour trip =\$60/25 students = \$2.50)
- ☐ Renting a Charter Bus (Cost per estimate/invoice)
- ☐ Shark Van
- ☐ Other :

Cost estimate per student? *

Include price of ticket, transportation, hotel etc. Plus \$105 for each substitute teacher.

\$30

SUBMIT

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Google Forms

12 B

Approval of the OHS JROTC Marksmanship Team Overnight Trip to the Civilian Marksmanship Program Florida State 3 Position Air Rifle Championship Cup Match in Jacksonville, FL., on December 16-17, 2016.

Shannon Treece



Field Trip Request

QUESTIONS

RESPONSES

11

11 responses



SUMMARY

INDIVIDUAL

Accepting responses



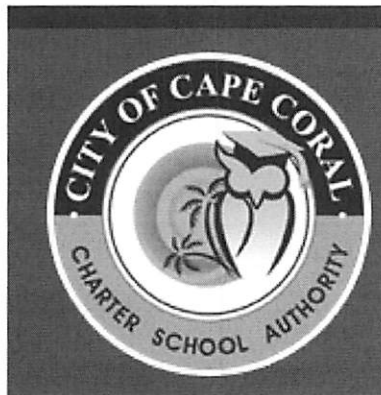
10 of 11



Responses cannot be edited

Field Trip Request

* Required



Name of your Group? *

OHS JROTC Marksmanship Team

Sponsor? *

COL Epkins

Where? *

Jacksonville, Florida

When? *

If you are going for multiple days, please include the range.

16 & 17 December 2016

Who? *

(How many students)

10

Purpose of Trip

To allow the OHS JROTC Marksmanship Team to compete in the Civilian Marksmanship Program (CMP) Florida State 3 Position Air Rifle Championships

How many chaperones?

4 Adults: COL Steve Epkins, Mrs. Vazquez (mother of Brianna Vazquez), Mrs. Sevilla (mother of Daniel Sevilla) and our Bus Driver

Overnight? *

☐ No

☒ Yes

If overnight, how many nights?

1

Out of Lee County? *

☐ No

☒ Yes

Transportation *

☒ Charter School System Bus (Cost per student = \$15/hr of trip divided by students, 4 hour trip = \$60/25 students = \$2.50)

☐ Renting a Charter Bus (Cost per estimate/invoice)

☐ Shark Van

☐ Other : _____

Cost estimate per student? *

Include price of ticket, transportation, hotel etc. Plus \$105 for each substitute teacher.

JROTC is paying for the Hotel Rooms and 2 of the 4 Meals. Only cost to students is \$20.00.

Submitted 11/29/16, 11:45 AM

12 C

Approval of the Model United Nations Overnight Trip to the University of Gainesville in Gainesville Fl., on January 20-22, 2017.

Shannon Treece



Field Trip Request

QUESTIONS

RESPONSES

11

11 responses



SUMMARY

INDIVIDUAL

Accepting responses



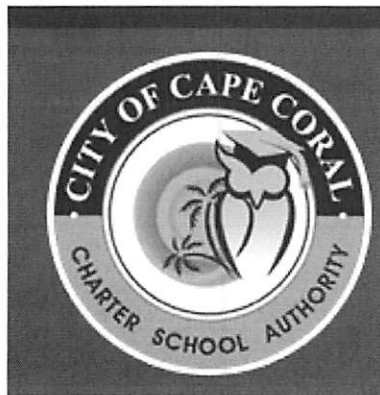
11 of 11



Responses cannot be edited

Field Trip Request

* Required



Name of your Group? *

Model United Nations

Sponsor? *

Clint Mills

Where? *

Gainesville, University of Florida

When? *

If you are going for multiple days, please include the range.

January 20-22, 2017

Who? *

(How many students)

12

Purpose of Trip

For students to participate in debate and create resolutions for global issues being discussed in the United Nations

How many chaperones?

3

Overnight? *

☐ No

☒ Yes

If overnight, how many nights?

2

Out of Lee County? *

☐ No

☒ Yes

Transportation *

☒ Charter School System Bus (Cost per student = \$15/hr of trip divided by students, 4 hour trip = \$60/25 students = \$2.50)

☐ Renting a Charter Bus (Cost per estimate/invoice)

☐ Shark Van

☐ Other :

Cost estimate per student? *

Include price of ticket, transportation, hotel etc. Plus \$105 for each substitute teacher.

\$145.00

Submitted 12/6/16, 2:00 PM

12 D

Presentation of the Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2016 and Independent Auditor's Report.

Victoria Bateman and Andrew Lafflin



PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



Cape Coral Charter School Authority

- The Authority's financial statements have been audited by CliftonLarsonAllen, a firm of licensed certified public accountants.
- The auditor has issued an unqualified ("Clean") opinion that the Authority's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles of the United States (GAAP).



Cape Coral Charter School Authority

- There is one material weakness finding regarding the recording of the Authority's reporting of the bus lease with the City.
- There are five instances of noncompliance or reportable conditions that are required to be reported under *Government Auditing Standards* and the *Rules of the Auditor General*.



Other Financial Information

The Authority determined that the acquisition of school buses had been accounted for as operating leases and should be capital leases retroactive to inception. This change resulted in the following restatements:

	Net Position	Capital Assets, Net	Capital Lease Obligation
Balance, June 30, 2015, as Previously Reported	\$ (2,631,619)	\$ 263,933	\$ -
Effect of 2012 School Bus Acquisition as a Capital Lease	111,440	911,775	800,335
Effect of 2015 School Bus Acquisition as a Capital Lease	(1,981)	390,000	391,981
Balance, June 30, 2015, as Restated	<u>\$ (2,522,160)</u>	<u>\$ 1,565,708</u>	<u>\$ 1,192,316</u>



Financial Highlights

Cape Coral Charter School Authority Summary of Net Position

	Total		Year over Year
	2016	2015	Change
Assets			
Current assets	\$ 5,827,379	\$ 4,746,510	\$ 1,080,869
Capital assets, net	1,321,351	1,565,708	(244,357)
Total assets	7,148,730	5,010,444	836,512
Deferred outflows of resources	1,581,835	1,266,010	315,825
Liabilities			
Current and other liabilities	537,323	815,199	(277,876)
Noncurrent liabilities	8,360,833	6,811,240	1,549,593
Total liabilities	8,898,156	7,626,439	1,271,717
Deferred inflows of resources	789,804	2,473,949	(1,684,145)
Net position			
Investment in capital assets	359,546	633,733	(274,187)
Unrestricted	(1,316,941)	(3,155,893)	1,838,952
Total net position	\$ (957,395)	\$ (2,522,160)	\$ 1,564,765



Financial Highlights

Cape Coral Charter School Authority Comparison of Revenues, Expenses and Changes in Net Position

	Total		Year over Year
	2016	2015	Change
Revenues			
State Revenue Sources			
Florida Education Finance Program revenue	\$ 21,156,371	\$ 20,355,976	\$ 800,395
Capital outlay revenue	516,451	1,052,576	(536,125)
State funded VPK program	197,194	196,457	737
Other State Revenue Sources	1,045,143	844,178	200,965
Federal Revenue Sources			
Federal Revenue Sources	629,253	575,390	53,863
Local Revenue Sources			
Other revenue	781,222	918,263	(137,041)
Interest earnings	14,827	6,709	8,118
Total revenues	<u>24,340,461</u>	<u>23,949,549</u>	<u>390,912</u>
Expenses			
Salaries, wages and employee benefits	15,696,746	15,316,425	380,321
Contractual services, materials and supplies	6,812,726	7,391,564	(578,838)
Depreciation	244,357	90,423	153,934
Interest Expense	21,867	-	21,867
Total expenses	<u>22,775,696</u>	<u>22,798,412</u>	<u>(22,716)</u>
Change in net position	1,564,765	1,151,137	413,628
Total net position - beginning	(2,522,160)	(3,673,297)	1,151,137
Total net position - ending	<u>\$ (957,395)</u>	<u>\$ (2,522,160)</u>	<u>\$ 1,564,765</u>



Major Changes in Summary of Net Position

- Net position increased \$1,564,765 which is \$413,628 higher than the prior year
 - Increase of \$800,395 in Florida Education Finance Program funding
 - Decrease in Capital Outlay funding of \$536,125
 - Increase in Salaries, Wages & Employee benefits of \$380,321
 - Decrease in Contractual services, materials and supplies of \$578,838

- Negative unrestricted net position of \$1,316,941 in comparison to a negative amount of \$3,155,893 in the prior year, as restated, which is a net increase of \$1,838,952.

General Fund Budget vs. Actual

Cape Coral Charter School Authority

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ending June 30, 2016

REVENUE	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget (Negative)
	Original	Final		
Federal Direct Sources				
JROTC reimbursable charges	\$ 69,529	\$ 69,529	\$ 63,409	\$ (6,120)
Federal through State Sources				
NSLP Lunch Reimbursement	400,000	423,000	458,416	35,416
NSLP Breakfast Reimbursement	55,000	59,000	73,361	14,361
Federal through Local Sources				
Title II-A funding	31,313	34,163	34,067	(96)
State through Local Sources				
Florida Education Finance Program	20,667,079	20,309,213	21,156,371	847,158
Florida Teachers Classroom Supply Assistance	46,899	47,891	47,891	-
School recognition funds	-	302,757	302,757	-
VPK Program State Shared	197,856	197,856	197,194	(662)
Public Education Capital Outlay (PECO)	1,047,739	522,247	516,451	(5,796)
Best and Brightest Scholarship	-	41,282	41,281	-
Advanced International Certificate of Education (AICE)	496,242	653,194	653,214	-
Local Sources				
Student lunch service	580,000	574,000	591,947	17,947
Transportation service charges	13,300	13,300	5,625	(7,675)
Short term investment interest	5,700	11,050	14,827	3,777
Contributions and donations private	60,500	78,500	71,750	(6,750)
Other Miscellaneous Sales	-	-	541	541
Insurance damage claims misc	-	-	1,237	1,237
Book sales misc revenue	25,000	21,852	24,251	2,399
Lost / damaged / sold textbooks	-	-	1,890	1,890
Reimbursable charges	-	43,477	58,978	15,501
Other miscellaneous revenue	16,200	33,379	25,003	(8,376)
Assigned Balances	-	1,127,404	-	(1,127,404)
Cash balances brought forward	3,831,937	2,711,163	-	(2,711,163)
Total Revenue	27,544,294	27,274,257	24,340,461	(2,933,815)

General Fund Budget vs. Actual

Cape Coral Charter School Authority

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ending June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Positive
	Original	Final		
EXPENDITURES				
Instruction Basic (FEFP K-12)	\$ 11,701,261	\$ 12,061,536	\$ 11,600,648	\$ 460,888
Exceptional Education Services	331,114	339,593	319,941	19,652
Pupil Personnel Services	304,589	311,520	310,664	856
Health Services	104,661	106,533	94,209	12,324
Other Pupil Personnel Services	167,441	146,658	149,260	(2,602)
Instructional Media Services	196,257	192,050	174,321	17,729
Instructional Staff Training Services	36,613	38,682	29,843	8,839
Board	54,143	29,143	24,319	4,824
General Administration	543,051	542,670	523,654	19,016
School Administration	1,879,377	1,852,708	1,845,545	7,163
Facilities Acquisition & Construction	30,000	-	1	(1)
Fiscal Services	320,116	320,116	210,939	109,177
Food Services	1,007,896	1,018,035	968,213	49,822
Data Processing Services	324,939	801,259	306,912	494,347
Pupil Transportation Services	1,109,066	1,109,241	1,039,664	69,577
Operation of Plant	5,201,608	5,417,916	4,973,981	443,935
Maintenance of Plant	456,929	277,264	217,556	59,708
Voluntary Pre-Kindergarten Program	207,244	207,244	192,046	15,198
Total Expenditures	23,976,305	24,772,168	22,981,716	1,790,452
Budget Reserves	3,567,989	2,502,089	-	2,502,089
Total Expenditures	\$ 27,544,294	\$ 27,274,257	\$ 22,981,716	\$ 4,292,541
Net change in Fund Balance			1,358,745	
Fund Balance - Beginning			3,931,311	
Fund Balance - Ending			\$ 5,290,056	



Summary of Management Items

Prior Year Findings and Recommendations			Current Year Status		
Finding Reference #	Comment		Cleared	Partially Cleared	Not Cleared
MLC 2015-001	Payroll Deductions for Health Insurance Benefit	Significant Deficiency	X		
MLC 2015-002	Awareness of Single Audit Requirement	Material Weakness	X		



Summary of Management Items

Current Year Findings and Recommendations		
Finding Reference #	Comment	Status
MLC 2016-001	Recording of Capital Leases	Material Weakness
MLC 2016-002	Evaluating FRS Status Changes	Significant Deficiency
MLC 2016-003	Donor Acknowledgements	Significant Deficiency
MLC 2016-004	Employment Contracts	Significant Deficiency
MLC 2016-005	Improve Payroll Review of Hourly Employees	Significant Deficiency
MLC 2016-006	Investment Policy Compliance	Significant Deficiency



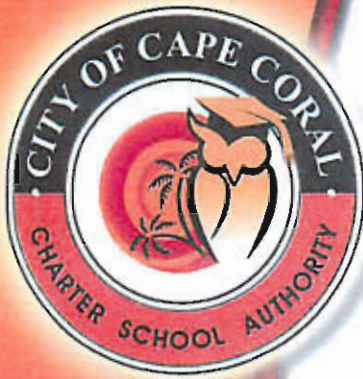
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

CAPE CORAL CHARTER SCHOOL AUTHORITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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October 13, 2016

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

Dear Chairperson and Members of the Charter School Authority Board:

We are pleased to present to you the Financial Statements and Independent Auditors' Report of the Cape Coral Charter School Authority (Authority), Cape Coral, Florida for the fiscal year ended June 30, 2016. 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 Authority. 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. We believe that the Authority's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

In addition, the Authority maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the Authority and approved by the Cape Coral City Council.

In compliance with the laws of the State of Florida, the Cape Coral Charter School Authority's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("Clean") opinion that the Authority's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

www.CapeCharterSchools.org

Charter School
Administration
3519 Oasis Blvd.
Cape Coral, FL 33914

Phone: (239) 424-6100
Fax: (239) 541-1039

Oasis High School
3519 Oasis Blvd.
Cape Coral, FL 33914
Phone: (239) 541-1167
Fax: (239) 541-1590

Oasis Middle School
3507 Oasis Blvd.
Cape Coral, FL 33914
Phone: (239) 945-1999
Fax: (239) 540-7677

Christa McAuliffe
Elementary School
2817 SW 3rd Lane
Cape Coral, FL 33991
Phone: (239) 283-4511
Fax: (239) 282-0376

Oasis Elementary School
3415 Oasis Blvd.
Cape Coral, FL 33914
Phone: (239) 542-1577
Fax: (239) 549-7662



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 Administrator 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 considered to be "ex officio" positions. The Charter School Administrator 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 was 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 8 through 11 for the 2009-2010 school year and grades 8 through 12 for the 2010-2011 school year. The first senior class graduated from Oasis High School in June 2011.

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.

As a result of consistent high academic achievement on the Florida Comprehensive Achievement Test (FCAT), 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 2016-2017 school year is estimated to be approximately 3,151 students, a 533% increase from the initial enrollment of the 2005-2006 school year.

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 to 36 full time students. In August 2010, additional portable classroom space was added to accommodate up to 54 students. For the past two prior school years, the VPK program was offered at both Oasis Elementary and Christa McAuliffe Elementary for 20 full time students at each location. There are no planned changes for the 2016-2017 school years for this program.

The Charter School facilities have been built and are owned by the City. They are leased to the Charter School Authority with lease payments based on the construction debt plus one dollar. In addition, charges for facilities maintenance and building insurance are also obligations of the Charter School Authority. City Council has

structured lease payments on the construction debt to coincide with the required debt payments of the City. Lease payments began in July 2008 for the 2007 Special Obligation Bond and all payments have been made in full in accordance with the terms of the debt. In January 2013, lease payments began for the remainder of the facilities occupied by schools in accordance with the terms of the 2011 Special Obligation Bond.

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 systems 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,

A handwritten signature in black ink, appearing to read 'N. Stephenson', with a stylized, flowing script.

Nelson Stephenson
Charter School Superintendent
Charter School Authority

A handwritten signature in black ink, appearing to read 'V. Bateman', with a stylized, flowing script.

Victoria L. Bateman, CPA, CGFM
Financial Services Director
City of Cape Coral

CAPE CORAL CHARTER SCHOOL AUTHORITY CAPE CORAL, FLORIDA

List of Board Members

CHAIRPERSON

Jessica Cosden

BOARD MEMBERS

Robert Zivkovic (Vice Chair)

Odette Boyer

Pascha Donaldson

Sam Fisher

Amy Jackson

Russell Winstead

William Buztrey, Council Representative

Jennifer Keesler (ex officio)

John Koepke (ex officio)

Kristi McMillan (ex officio)

Vacant (ex officio)

Nelson Stephenson, Charter School Superintendent

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, general fund, and other aggregate remaining fund information of the Cape Coral Charter School Authority (Authority), a component unit of the City of Cape Coral, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund, and aggregate remaining fund information of the Authority as of June 30, 2016, 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.

Emphasis of a Matter – Correction of an Error

As described in Note 12 to the financial statements, the Authority corrected an error in accounting for leases of school buses. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
October 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Cape Coral Charter School Authority's (the "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, 2016. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Charter School's financial activity, and (c) 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 2016, the Cape Coral Charter School Authority's liabilities exceeded its assets by \$957,395 (net position). This is an increase of \$1,564,765 from the restated net position of (\$2,522,160) at June 30, 2015, or an increase of 62.0% in comparison to the prior year.
- Total revenues for fiscal year 2016 were \$24,340,461 as compared to \$23,949,549 for fiscal year 2015, or a 1.6% increase in comparison to the prior year.
- Total expenses for fiscal year 2016 were \$22,775,696 as compared to \$22,798,412 for fiscal year 2015, or a 0.1% decrease in comparison to the prior year.

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 special purpose financial statements. The special purpose financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to special purpose statements.

The **Government-wide Financial Statements** distinguish the functions of the Cape Coral Charter School Authority as being principally supported by local revenues (FTE dollars through the Lee County School District) (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 12-13 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 of 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 is 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, use fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds used by the Cape Coral Charter School Authority are considered governmental fund types.

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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Cape Coral Charter School Authority maintains a general fund (governmental funds). Information is presented for the general fund in the governmental funds balance sheet and in the governmental funds 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 funds financial statements can be found on pages 14-17 of this report.

Fiduciary funds. The Fiduciary Fund financial statements (see page 18) are not presented as part of the Government-wide Financial Statements because the resources of these funds are not available to support the Cape Coral Charter School Authority operations. Fiduciary (School Internal Funds) Funds represent trust responsibilities of the government; however, these assets are restricted as to purpose and do not represent discretionary assets of the Authority.

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 funds financial statements. The notes to special purpose financial statements can be found on pages 19-41 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) comprising pages 3-11, and the budgetary comparison schedules and notes which can be found on pages 43-44.

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 *Government Auditing Standards*, which can be found on pages 47-49.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 50-56.

Government-wide Financial Analysis

For the fiscal year ended June 30, 2016 revenues exceeded expenses by \$1,564,765 increasing net position to (\$957,395). This change can be attributed to an approximate 1.0% increase in per pupil funding through the Florida Education Finance Program (FEFP) as well as a system wide increase of 52 enrolled students.

The administrative team, consisting of the superintendent, four school principals and a business manager, continues to focus on sound financial planning to sustain the system far into the future. With an additional 1% per student funding increase for the 2016-2017 school year, the system is expected to continue to improve net position year over year.

Accrued payroll of \$341,898 reflects administrative and staff compensation and benefits payable through June 30, 2016.

As was the case for the last four fiscal years, all teacher and certified staff contracts which extended through July 28, 2016 were fully paid in four additional payroll cycles on June 2, 2016. This eliminated the accrual requirement for these contracts that was required prior to fiscal year 2011.

Summary of Net Position

The following table reflects a Summary of Net Position for fiscal years 2016 and 2015.

Cape Coral Charter School Authority Summary of Net Position			
	Total		Year over Year
	2016	2015	Change
Assets			
Current assets	\$ 5,827,379	\$ 4,746,510	\$ 1,080,869
Capital assets, net	1,321,351	1,565,708	(244,357)
Total assets	7,148,730	6,312,218	836,512
Deferred outflows related to pension	1,581,835	1,266,010	315,825
Liabilities			
Current and other liabilities	537,323	815,199	(277,876)
Noncurrent liabilities	8,360,833	6,811,240	1,549,593
Total liabilities	8,898,156	7,626,439	1,271,717
Deferred inflows related to pension	789,804	2,473,949	(1,684,145)
Net position			
Net investment in capital assets	359,546	633,733	(274,187)
Unrestricted - restated	(1,316,941)	(3,155,893)	1,838,952
Total net position	\$ (957,395)	\$ (2,522,160)	\$ 1,564,765

Current assets are 81.5% of total assets; current assets are comprised of cash and cash equivalents and receivables. The Charter School's capital assets (net of accumulated depreciation) of \$1,321,351 are 138.0% of total net position.

Current and other liabilities of \$537,323 are 6.0% of total liabilities and include the following:

- Salaries and wages payable of \$91,311 reflect payments to administration and support staff for the final payroll cycle in June 2016 which was paid to employees on July 14, 2016.
 - Teacher and certified staff were fully paid on June 2, 2016 for the remaining four payroll cycles obligated under their contracts, eliminating the need for an accrual of this expense.

- Benefits payable was \$250,587, which also includes income tax and FICA and Medicare entitlements withholding.
- Accounts payable and other accrued liabilities of \$154,663 are scheduled payments to vendors for products and services received prior to the end of the fiscal year which are paid after the end of the fiscal year.

Noncurrent liabilities of \$8,360,833 are 94.0% of total liabilities and are recorded for the obligation of unused leave time, net pension liability and capital leases as of June 30, 2016. The compensated absences decreased \$13,711 from \$714,886 to \$701,175 or 1.9% in comparison to prior year. This allocation is based upon an average of the actual rates of attrition in the past five fiscal years. Net pension liability increased \$1,793,815 from \$4,904,038 to \$6,697,853 or 36.6% in comparison to the prior year.

Changes in Net Position

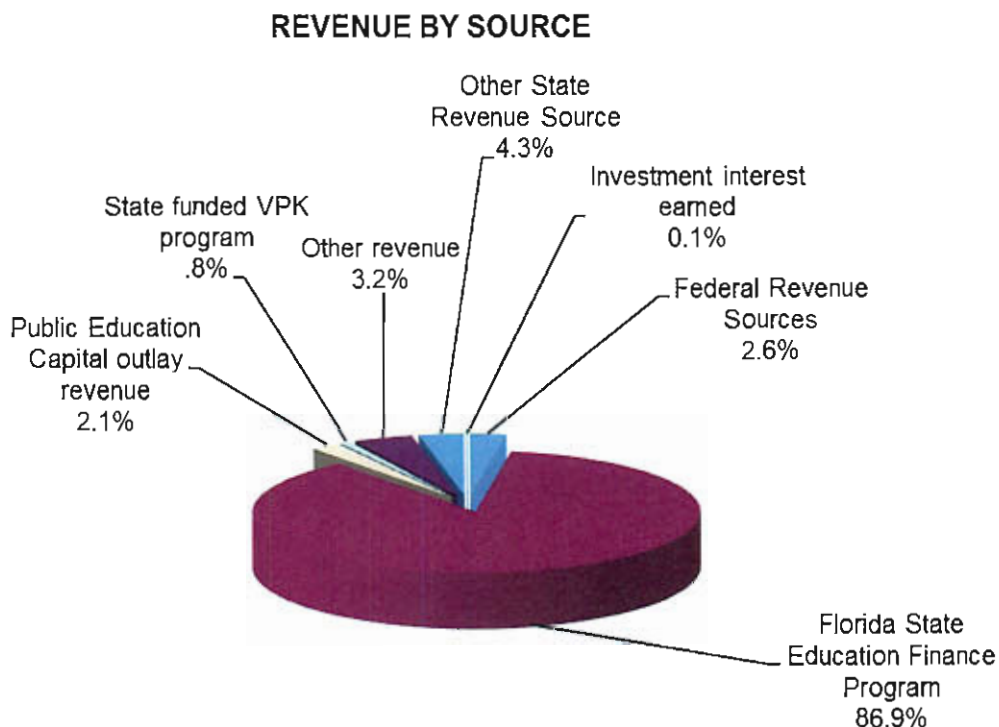
The following table reflects a comparison of the Revenues, Expenses and Changes in Net Position for fiscal years 2016 and 2015.

Cape Coral Charter School Authority Comparison of Revenues, Expenses and Changes in Net Position

	Total		Year over Year
	2016	2015	Change
Revenues			
State Revenue Sources			
Florida Education Finance Program revenue	\$ 21,156,371	\$ 20,355,976	\$ 800,395
Public Education Capital Outlay (PECO)	516,451	1,052,576	(536,125)
State funded VPK program	197,194	196,457	737
Other State Revenue Sources	1,045,143	844,178	200,965
Federal Revenue Sources			
Federal Revenue Sources	629,253	575,390	53,863
Local Revenue Source			
Other revenue	781,222	918,263	(137,041)
Interest income	14,827	6,709	8,118
Total revenues	<u>24,340,461</u>	<u>23,949,549</u>	<u>390,912</u>
Expenses			
Salaries, wages and employee benefits	15,696,746	15,316,425	380,321
Contractual services, materials and supplies	6,812,726	7,391,564	(578,838)
Depreciation	244,357	90,423	153,934
Interest Expense	21,867	-	21,867
Total expenses	<u>22,775,696</u>	<u>22,798,412</u>	<u>(22,716)</u>
Change in net position	1,564,765	1,151,137	413,628
Total net position - beginning, restated	<u>(2,522,160)</u>	<u>(3,673,297)</u>	<u>1,151,137</u>
Total net position - ending	<u>\$ (957,395)</u>	<u>\$ (2,522,160)</u>	<u>\$ 1,564,765</u>

Revenue

The following is a chart of revenues by major source for the Charter School for fiscal year 2016.



The major source of revenue for the Charter Schools is the funding from the Florida Education Finance Program (FEFP) of \$21,156,371 which represents 86.9% of the total revenue of \$24,340,461. FEFP funding increased \$800,395 (3.9%) from the prior fiscal year. The increase is due to the addition of 52 students and a 1.0% increase in per pupil funding from the prior fiscal year that was appropriated by the Florida legislature.

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 received for fiscal year 2016 was \$516,451 which represents 2.1% of the total revenue. The Florida legislature's fiscal year 2016 appropriation for statewide Capital Outlay funding of just over \$50 million which was \$25 million (33.3%) less than the prior fiscal year. In combination with an ever increasing number of charter schools sharing this funding source, Capital Outlay funding to the Authority for fiscal year 2016 realized an overall decrease of \$536,125 (50.9%).

The funding from the State for the Voluntary Pre-Kindergarten (VPK) Program of \$197,194 represents .8% of total revenue. The VPK program realized a slight increase in the revenue from the prior year of \$737 (0.4%) due to an increase in the State funding rate for fiscal year 2016. This program has remained unchanged at both elementary schools with 20 full time equivalent students enrolled at each program.

Other State Revenue Source funding of \$1,045,143 represents 4.3% of total revenue and increased by \$200,965 (23.8%) from the prior fiscal year. Other State revenue source for fiscal year 2016 includes:

- Funding from the Florida Department of Education for the Advanced International Certificate of Education (AICE) Program at Oasis High School was \$653,214 as compared to \$496,242 for the prior fiscal year. This was an increase of \$156,972 (31.6%). 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.
- School recognition funds for the 2015-2016 school year were \$302,757 for high achievement on the Florida Comprehensive Assessment Test (FCAT) as compared to \$301,048 for the prior year. This was an increase of \$1,709 (0.6%). This funding level was approved by the Florida legislature for schools with an A grade. All four schools qualified for these funds which were fully paid out as employee bonuses in the spring of 2016.
- State funded Teachers Classroom Supply Assistance Program stipends of \$47,891 as appropriated by the Florida legislature increased slightly by \$1,003 (2.1%) from \$46,888 in the prior fiscal year. This funding is fully distributed to all eligible teachers for the purchase of classroom supplies.
- Best and Brightest awards were awarded to teachers with exceptional credentials in the amount of \$41,281 in fiscal year 2016. This was the first year for this award.

Federal Revenue Source funding of \$629,253 represents 2.6% of total revenue and increased by \$53,863 (9.4%) from the prior fiscal year. Federal Revenue sources for fiscal year 2016 includes:

- Funding from the US Army to offset approximately 50% of the cost of the two JROTC instructors' salaries was \$63,409 which reflects a decrease of \$172 (0.3%) from \$63,581 in fiscal year 2015.
- Reimbursements through the Florida Department of Education for the National School Lunch Program of \$531,777 which is an increase of \$50,881 (10.6%) from the prior \$480,896 in fiscal year 2015.
- Funding for Title II-A eligible instructional staff training and associated travel of \$34,067 increased by \$3,154 (10.2%) from \$30,913 in the prior year. This funding is based on enrollment; however, funding levels have continued to decline over the past several years.

Other revenue sources for the Charter School of \$781,222 represents 3.2% of total revenue and a decrease of \$137,041 (14.9%) from \$918,263 in the prior fiscal year. Other revenue sources for fiscal year 2016 include the following:

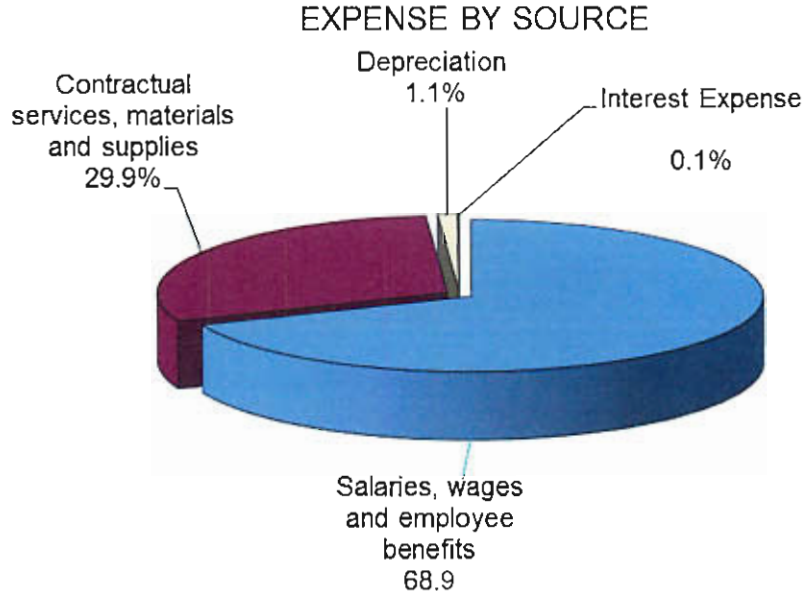
- Food service sales paid by parents or guardians of \$591,947 reflected an increase of \$7,233 (1.2%) from \$584,714 in the prior fiscal year as a result of our enrollment increasing 1.9% over the previous year. Our National School Lunch Program (NSLP) claims also increased due to our applied participation increasing 3% and more students purchasing NSLP meals.
- Donations of \$71,750 from PTO and local organizations decreased by \$5,527 (7.2%) from \$77,277 the prior fiscal year. These donations were designated to support technology purchases and operations.

- The charter schools did not receive a healthcare insurance profit sharing rebate from the medical insurance carrier as compared to the \$194,423 received in the prior year.
- Scholastic book fair revenue of \$24,251 decreased by \$4,465 (15.6%) from \$28,716 in the prior fiscal year. These funds are paid back to Scholastic with value in kind benefits to the media centers.
- Transportation service charges from the City's Parks & Recreation Department of \$5,625 for the use of the school's leased busses during the summer declined by \$3,957 (41.3%) from \$9,582 in the prior fiscal year. This was due a change in the school calendar that extended the regular school year later into June.
- Other miscellaneous revenue of \$87,649 increased by \$64,098 (272.2%) from \$23,551 the prior fiscal year primarily due to a change in the way custodial, busing and other reimbursable fees were reported in the general ledger. These fees were previously booked as a credit to expense.

Interest income of \$14,827 represents 0.1% of total revenue. Current fiscal year interest income was \$8,118 (121.0%) higher than the \$6,709 earned in the prior fiscal year reflecting a change in investment direction to higher yield products. Bank fees were netted against the interest earned on the general account and due to very low prevailing interest rates during fiscal year 2016, no interest was reported on the general account.

Expense

The following is a chart of expenses for the Charter School for fiscal year 2016.



Expenses of \$22,775,696 decreased by \$22,716 (0.1%) from \$22,798,412 in fiscal year 2015 due to cost containment efforts by the leadership team. The most significant expense of the Charter School is salaries, wages and employee benefits of \$15,696,746 as compared to \$15,316,425 in the prior year, representing 68.9% of total expenses. This is an increase of \$380,321 (2.5%) over the prior year. The increase was due primarily to adding one new teacher at each school and an across the board pay increase ranging from 2.5 percent to 3.5 percent depending on length of service.

Contractual services, materials and supplies of \$6,812,726 represent 29.9% of total expenses. Contractual services decreased by \$578,838 (7.8%) from \$7,391,564 in the prior fiscal year as a result of cost containment efforts by the leadership team and a change in the way that the bus leases with the City were recorded. A capital lease and capital assets were recorded for the buses which were purchased by the City of Cape Coral and being reimbursed by the Authority. The reimbursements were previously recorded as operating leases. The change resulted in a \$252,376 decrease in operating expenses.

Depreciation expense of \$244,357 represents 1.1% of total expenses. Depreciation expense increased from \$90,423 the prior fiscal year by \$153,934 (170.2%). Net assets of \$1,128,750 were added due to a change in recording of bus leases with a resulting increase of \$173,025 in depreciation expense. The Authority increased the threshold to classify a capital asset from \$1,000 to \$5,000 in September 2013 which resulted in no new assets being depreciated in fiscal year 2016.

Capital Assets

The Cape Coral Charter School Authority's investment in capital assets as of June 30, 2016, is \$1,321,351 (net of accumulated depreciation). This investment in capital assets includes equipment, buildings (portable classrooms infrastructure at Christa McAuliffe Elementary School), vehicles, computer software and leasehold improvements.

On September 6, 2013, the Charter School Authority adopted the revised City of Cape Coral administrative regulation (A.R. Number 51) to increase the minimum capital asset threshold on equipment purchases from \$1,000 to \$5,000.

The following table provides capital asset information as of June 30, 2016.

<u>Asset Category</u>	<u>Original Cost of Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets Net of Accumulated Depreciation</u>
Equipment	\$ 1,042,068	\$ (1,013,307)	\$ 28,761
Buildings	255,289	(224,489)	30,800
Vehicles	1,755,403	(626,653)	1,128,750
Computer Software	25,852	(25,852)	-
Leasehold Improvements	258,937	(125,897)	133,040
Totals	\$ 3,337,549	\$ (2,016,198)	\$ 1,321,351

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 2016, the Authority realized an increase of \$1,564,765 (62.0%) in net position from the restated prior fiscal year. The primary funding source for the Charter School is the FEFP which yearly establishes 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 significant impact on the funding level per student. System-wide enrollment increased by 52 students to 3,171 as well as an increase in per student funding. For the 2016-2017 school year, an additional increase of approximately 1% in per student FEFP funding is expected to help improve the net position for fiscal year 2017.

Capital outlay revenue from the Florida Department of Education is intended to help offset the debt service on the charter school buildings which is projected at \$3,452,910 for fiscal year 2017. In fiscal year 2016, this funding source decreased by \$536,125 from the previous fiscal year to \$516,451 as a result of a reduction in the statewide appropriation from \$75 million to approximately \$50 million by the Florida legislature. In addition, an ever increasing number of charter schools are required to share the funding pool. For fiscal year 2017, the State funding pool is expected to be \$75 million and will result in an increase of approximately 43.4% in Capital outlay funding for the Authority.

The state funded Voluntary Pre-Kindergarten Program realized \$197,194 in revenue in fiscal year 2016 against \$192,046 of operating expense. For fiscal year 2017, each of the VPK programs at Christa McAuliffe Elementary and Oasis Elementary will once again have 20 enrolled full time equivalent students with no change in per student rate expected. Teacher contracts for basic student education, exceptional education, guidance, and instructional media services are important considerations, along with the administrative cost of the operations of the schools.

Since fiscal year 2009 the expense for maintenance services, custodial services, and pupil transportation services have been significantly reduced by "in-sourcing" these activities with charter school employees. However, consideration is also given to the cost of employee benefits, the future impact of the Affordable Health Care Act and the cost of the outside service contracts which remain for landscape maintenance, and technical and professional services provided through the City of Cape Coral.

In January 2013, the charter schools began paying the deferred debt service to the City of Cape Coral for the 2011 Special Obligation Bond which funded the building of Oasis High School and the Oasis High gymnasium, as well as the expansion of Oasis Elementary and Oasis Middle. For fiscal year 2017, all debt service will be once again paid in equal monthly payments to meet the City's debt requirement.

All of these factors are considered in preparing the Cape Coral Charter School Authority's budget for fiscal year 2017.

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.

CAPE CORAL CHARTER SCHOOL AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$ 5,659,550
Accounts Receivable	44,845
Intergovernmental receivable	69,107
Prepaid expense	53,877
Capital assets (net of accumulated depreciation)	
Equipment	28,761
Buildings	30,800
Vehicles	1,128,750
Leasehold Improvements	133,040
Total capital assets	<u>1,321,351</u>
Total assets	<u>7,148,730</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	<u>1,581,835</u>
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LIABILITIES

Current Liabilities	
Accrued payroll	341,898
Accounts payable and other accrued liabilities	154,663
Due to City of Cape Coral	18,918
Unearned Revenue	21,844
Noncurrent liabilities:	
Due within one year	482,737
Due in more than one year	7,878,096
Total liabilities	<u>8,898,156</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension	<u>789,804</u>
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NET POSITION

Net investment in capital assets	359,546
Unrestricted	<u>(1,316,941)</u>
Total net position	<u>\$ (957,395)</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, 2016**

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)	\$ 11,424,272	\$ -	\$ 1,108,552	\$ 71,750	\$ (10,243,970)
Exceptional Education Services	320,507	-	-	-	(320,507)
Pupil Personnel Services	307,540	-	-	-	(307,540)
Health Services	93,343	-	-	-	(93,343)
Other Pupil Personnel Services	147,326	-	-	-	(147,326)
Instructional Media Services	173,947	26,141	-	-	(147,806)
Instructional Staff Training Services	29,843	-	34,067	-	4,224
Board	24,319	-	-	-	(24,319)
General Administration	539,387	85,759	-	-	(453,628)
School Administration	1,831,214	-	-	-	(1,831,214)
Facilities Acquisition & Construction	16,942	-	-	-	(16,942)
Fiscal Services	211,885	-	-	-	(211,885)
Food Services	978,786	591,947	531,777	-	144,938
Data Processing Services	312,100	-	-	-	(312,100)
Pupil Transportation Services	956,664	5,625	-	-	(951,039)
Operation of Plant	4,970,278	-	-	516,451	(4,453,827)
Maintenance of Plant	223,430	-	-	-	(223,430)
Voluntary Pre-Kindergarten Program	192,046	-	197,194	-	5,148
Interest on Capital Lease	21,867	-	-	-	(21,867)
Totals	\$ 22,775,696	\$ 709,472	\$ 1,871,590	\$ 588,201	\$ (19,606,433)
General Revenues:					
Florida Education Finance Program (State through Lee County School District)					\$ 21,156,371
Interest earnings					14,827
Total general revenues					21,171,198
Change in net position					1,584,765
Net position - beginning as restated					(2,522,160)
Net position - ending					\$ (957,395)

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, 2016

ASSETS	<u>General Fund</u>
Cash and cash equivalents	\$ 5,659,550
Receivables, net	44,845
Intergovernmental receivable	69,107
Prepaid items	<u>53,877</u>
Total assets	<u><u>5,827,379</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and other accrued liabilities	\$ 154,663
Accrued payroll	341,898
Due to City of Cape Coral	18,918
Unearned revenue	<u>21,844</u>
Total liabilities	<u><u>537,323</u></u>
Fund balances:	
Nonspendable	\$ 53,877
Committed	416,085
Assigned	360,828
Unassigned	<u>4,459,266</u>
Total fund balances	<u><u>5,290,056</u></u>
 Total liabilities and fund balances	 <u><u>\$ 5,827,379</u></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, 2016

Total fund balances - governmental funds **\$ 5,290,056**

Amounts reported for governmental activities in the statement of net assets 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	\$	3,337,549	
Accumulated depreciation		(2,016,198)	
Total capital assets			1,321,351

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. 1,581,835

Long-term liabilities, including debt payable, are not due and payable in the current period and therefore not reported in the fund statements.

Compensated absences		(701,175)	
Net Pension Liability		(6,697,853)	
Capital leases payable		(961,805)	
			(8,360,833)

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. (789,804)

Net position of governmental activities **\$ (957,395)**

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

CAPE CORAL CHARTER SCHOOL AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Fiscal Year Ending June 30, 2016

Revenues:	<u>General Fund</u>
Federal Direct Sources	
JROTC reimbursable charges	\$ 63,409
Federal through State Sources	
NSLP Lunch Reimbursement	458,416
NSLP Breakfast Reimbursement	73,361
Federal through Local Sources	
Title II-A funding	34,067
State through Local Sources	
Florida Education Finance Program	21,156,371
Florida Teachers Classroom Supply Assistance Program	47,891
School recognition funds	302,757
VPK Program	197,194
Public Education Capital Outlay (PECO)	516,451
Advanced International Certificate of Education (AICE Diploma Program)	653,214
Best and Brightest Scholarship	41,281
Local Sources	
Food service sales	591,947
Transportation service charges	5,625
Contributions and donations	71,750
Interest income	14,827
Other income	111,900
Total Revenues	24,340,461
Expenditures:	
Instruction Basic (FEFP K-12)	11,600,648
Exceptional Education Services	319,941
Pupil Personnel Services	310,664
Health Services	94,209
Other Pupil Personnel Services	149,260
Instructional Media Services	174,321
Instructional Staff Training Services	29,843
Board	24,319
General Administration	523,654
School Administration	1,845,546
Fiscal Services	210,939
Food Services	968,213
Data Processing Services	306,912
Pupil Transportation Services	1,039,664
Operation of Plant	4,973,981
Maintenance of Plant	217,556
Voluntary Pre-Kindergarten Program	192,046
Total Expenditures	22,981,716
Excess of revenues over expenditures	1,358,745
Fund balance - beginning	3,931,311
Fund balance - ending	\$ 5,290,056

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
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ending June 30, 2016

Net change in fund balance - total governmental funds **\$ 1,358,745**

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.

Depreciation (244,357)

Changes to long-term compensated absences 13,711

The issuance of leases provides current financial resources to governmental funds, while the repayment of the principal of the lease consumes the current financial resources of the governmental funds.

Principal on capital lease 230,511

Net effect of pension related expenses which increase net position:

Contribution subsequent to measurement date 711,616

Authority's share of collective pension amounts
for the measurement period (505,461)

206,155

Change in net position of governmental activities **\$ 1,564,765**

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

CAPE CORAL CHARTER SCHOOL AUTHORITY

**STATEMENT OF FIDUCIARY NET POSITION
SCHOOL INTERNAL FUNDS**

JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$	507,984
Accounts receivable		641
	\$	<u>508,625</u>

LIABILITIES

Accounts payable and other accrued liabilities	\$	36,146
Due to others		472,479
	\$	<u>508,625</u>

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, 2016

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 Comprehensive Annual Financial Report. The Charter School Authority has no component unit of its own.

2. 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. The 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 special revenue fund, a proprietary fund type and it is used to account for the operating financial resources of the Authority. In addition, there is an agency fund used to account for the resources held for school activities.

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 as well as a Statement of Fiduciary Net Position for the agency fund related to school internal funds. These statements report all assets, liabilities, 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 liabilities is reported as net position.

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

Measurement Focus and Basis of Accounting

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

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, 2016, 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 types of receivables:

Accounts Receivable

The receivable from Universal Service Administrative Company is for telephone expense reimbursement as of June 30, 2016. This receipt was received in August 2016. An accounts receivable was recorded for the LCEC Equity Rebate as a customer. Food Service Rebates were issued for food purchased during the 2016 fiscal year. Heartland, the authority's lunch program payment processing servicer, charged a service fee in error on a transaction that occurred at the end of the school year. That fee was subsequently returned to the Charter Schools. Two dishonored checks were still outstanding at the end of the fiscal year. The persons responsible for the dishonored checks have been notified and collection procedures have been initiated.

Intergovernmental

An intergovernmental receivable has been recorded for the final year end adjustment of the State funded Voluntary Pre-Kindergarten (VPK) programs operating at Oasis Elementary and Christa McAuliffe Elementary Schools. Each of the elementary schools have 20 full time equivalent students enrolled in the program.

The charter schools work closely with the City's Parks & Recreation Department to provide children's services to the community. These services include before and after school programs, and summer youth programs which are operated at the charter school facilities and utilize the charter school busses. A receivable has been recorded for the cost of bussing for the summer programs and the custodial services necessary for the programs.

An intergovernmental receivable is recorded for Funding from the US Army to offset approximately 50% of the cost of the two 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.

The June 2016 Public Education Capital Outlay (PECO) payment, funded by State of Florida Department of Education, was recorded as an intergovernmental receivable. PECO is based on enrollment and is intended to help offset the cost of the school buildings.

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
Computer Software	3
Leasehold Improvements	3-13

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 from the Authority if they meet certain criteria. These benefits plus the related taxes are classified as compensated absences.

During the fiscal year ended June 30, 2015 the Cape Coral Charter School Authority adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Net Pension Liability is also included in the Long-term liability category.

In July 2012, the City purchased 15 new school busses for pupil transportation. Since that date the Authority has reimbursed the City on a monthly basis for its debt service requirements for this purchase as a capital lease. This obligation will continue each month through December 2019. 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 of the Capital Lease for the additional busses will be repaid over 76.5 months. The Authority recognized the lease of buses from the City of Cape Coral as a capital lease during the fiscal year ended June 30, 2016. This is recorded as a long-term liability in the Statement of Net Position.

5. Operating Leases

A master lease agreement for all charter school facilities was negotiated in October 2011 which replaced all previous agreements. This master lease requires payments by the Authority equal to the debt service on the long term debt from the 2007 and 2011 Special Obligation bonds, plus the cost of commercial general liability insurance, and one dollar. The amount of future insurance premiums is not known and is not included in the schedule of operating lease obligations. In fiscal year 2009, capital outlay revenue became available based on current Florida State Statute 1013.62 to offset a portion of the building lease obligations

The Charter School Authority has entered into various lease agreements for copiers and school bus dispatch equipment. These leases are accounted for as operating leases and are for a term of one to five years and include renewal options. Additional information on Operating Leases can be found in Note III, Detailed Notes 5: Operating leases.

6. Fund Balance

During the fiscal year ended June 30, 2015, the Authority implemented GASB Statement No. 54; Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

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 Board, the Charters 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.

Reservations of Fund Balance – Reserves established by the Board (committed fund balance) or Authority management (assigned 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 committed fund balances in the General Fund for the removal of portable classrooms at Christa McAuliffe Elementary School, future Information Technology needs, and potential building upgrades. These fund balances are committed by the Board 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 6: Fund Balances.

7. Intergovernmental Revenue

Federal Revenue Sources

Cape Coral Charter Schools 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 and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.

Oasis High School receives reimbursements from the Army Junior Reserve Officer (JROTC) program. This funding is to offset approximately 50% of the cost of the two 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.

The Authority also receives funding from the State for Voluntary Pre-Kindergarten (VPK) Program. Both elementary schools have 20 full time equivalent students enrolled at each program.

Funding is received from the Florida Department of Education for the Advanced International Certificate of Education Program 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.

School recognition funds for the 2014-2015 school year for high achievement on the Florida Comprehensive Assessment Tests (FCAT), were approved by the Florida Legislature for schools with an A grade. All four schools qualified for these funds which were fully paid out as employee bonuses in the spring of 2016.

Other state revenue sources included the Florida Teachers Classroom Supply Assistance Program, which is to assist teachers in purchasing classroom supplies needed for the school year, and the Best and Brightest Scholarship. Florida's Best and Brightest Teacher Scholarship Program rewards Florida's teachers who have been evaluated as highly effective and who have earned college entrance exam scores that indicate they were exceptionally well prepared for college level coursework. Both programs were again funded by the Florida legislature for the 2016-2017 school year. Future funding is contingent upon legislative approval.

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 financial 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 represent changes in actuarial assumptions, the net difference between projected and actual earnings on Health Insurance Subsidy Program investments, changes in the proportion and differences between the Authority's contributions and proportionate share of contributions, and the Authority's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial 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 represent the difference between expected and actual economic experience and the net difference between projected and actual earnings on Florida Retirement System Pension investments, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in pension expense in future years.

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

Certain revenue transactions have been reported as 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 until such time as the revenue becomes available.

Unearned revenue recorded relates to school lunch accounts held at fiscal year-end that represents breakfast/lunches not yet provided to the students.

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 expenses 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.

NOTE III. DETAILED NOTES

1. Cash and Investments

As of June 30, 2016, the Cape Coral Charter School Authority had the following cash and investment amounts:

<u>Category</u>	<u>Fair Value</u>
Checking and savings accounts	\$ 3,555,786
Local Government Surplus Funds	
Trust Fund - Florida Prime (SBA)	1,006,454
Trust Fund-Florida Class	1,605,294
Total	\$ 6,167,534

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, 2016, 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>
Florida PRIME - SBA	\$ 1,006,454	0.11
Florida Class	1,605,294	0.21
Total Fair Value	\$ 2,611,748	
Portfolio Weighted Average Duration		0.17

C. 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, 2016 the investment portfolio had an effective duration of .17 years.

D. Credit Risk

The Authority's investments on June 30, 2016 are limited to credit quality ratings from nationally recognized rating agencies as follows:

Registered Investment companies (Mutual Funds)

- Rated AAAM 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, 2016, the Authority had the following credit exposure as a percentage of total investments:

<u>Security Type</u>	<u>S&P Credit Rating</u>	<u>% of Portfolio</u>
Florida PRIME - SBA	AAAm	38.54%
Florida Class	AAAm	61.46%
		<hr/> 100.00%

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, 2016, 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 25% investment in this category. Additionally, the Authority utilizes the Fifth Third Bank checking account as an investment tool, unlimited investing may be done to this account.

As of June 30, 2016, the Authority had the following issuer concentration based on fair value:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Florida PRIME - SBA	\$ 1,006,454	32.18%
Florida Class	1,605,294	51.32%
Fifth Third Bank	516,232	16.50%
	<hr/> \$ 3,127,980	<hr/> 100.00%

2. Receivables

Accounts Receivable

Universal Service Administrative Company	\$ 42,390
LCEC Equity Rebate	1,995
Food Service Rebates	413
Dishonored Checks	35
Student Lunch Fee Heartland	2
Other	10

Total Accounts Receivable \$ 44,845

Intergovernmental Receivable

Voluntary Pre-Kindergarten Program	\$ 10,547
Bus usage by Parks & Recreation	5,131
JROTC funding from US Army	3,858
Custodial services by Parks & Recreation	2,578
Public Education Capital Outlay (PECO)	46,993

Total Intergovernmental Receivables \$ 69,107

3. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Capital Assets	Beginning Balance- Restated	Increases	Decreases and Reclassifications	Ending Balance
Capital assets, being depreciated				
Equipment	\$ 1,042,068	\$ -	\$ -	\$ 1,042,068
Buildings	255,289	-	-	255,289
Vehicles	1,755,403	-	-	1,755,403
Computer Software	25,852	-	-	25,852
Leasehold Improvements	258,937	-	-	258,937
Capital assets, being depreciated	<u>3,337,549</u>	<u>-</u>	<u>-</u>	<u>3,337,549</u>
Less Accumulated Depreciation for:				
Equipment	(991,184)	(39,226)	17,103	(1,013,307)
Buildings	(237,888)	(4,400)	17,799	(224,489)
Vehicles	(452,720)	(173,933)	-	(626,653)
Computer Software	(25,852)	-	-	(25,852)
Leasehold Improvements	(64,197)	(26,798)	(34,902)	(125,897)
Total accumulated depreciation	<u>(1,771,841)</u>	<u>(244,357)</u>	<u>-</u>	<u>(2,016,198)</u>
Total capital assets, net	<u>\$ 1,565,708</u>	<u>\$ (244,357)</u>	<u>\$ -</u>	<u>\$ 1,321,351</u>

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

Governmental Activities:

Instruction Basic (FEFP K-12)	2,314
Instructional Media Services	2,066
School Administration	23,825
Facilities Acquisition & Construction	16,942
Fiscal Services	946
Food Services	10,714
Data Processing Services	5,523
Pupil Transportation Services	174,841
Operation of Plant	1,293
Maintenance of Plant	5,893
Total depreciation expense	<u>\$ 244,357</u>

4. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term capital leases	\$ 1,162,486	\$ -	\$ (230,511)	\$ 931,975	\$ 252,265
Premium on leases	29,830	-	-	29,830	-
Total capital leases	1,192,316	-	(230,511)	961,805	252,265
Compensated absences	714,886	90,236	(103,947)	701,175	89,677
Net pension liability	4,904,038	5,621,019	(3,827,204)	6,697,853	140,795
Total	<u>\$ 6,811,240</u>	<u>\$ 5,711,255</u>	<u>\$ (4,161,662)</u>	<u>\$ 8,360,833</u>	<u>\$ 482,737</u>

Capital Leases –The Authority leases school buses from the City, under a capital lease. These school buses were reported within capital assets at \$1,128,750, net of accumulated depreciation, as of June 30, 2016. Current year depreciation expense of the leased school buses was \$173,933. The capital leases are recorded at the present value of future minimum lease payments. The following schedule shows the present value of these payments at June 30, 2016.

For the Year ending June 30,	Principal	Interest	Total
2017	\$ 228,649	\$ 23,616	\$ 252,265
2018	233,532	18,679	252,211
2019	238,872	13,486	252,358
2020	151,990	7,714	159,704
2021	62,934	3,942	66,876
2022	15,998	710	16,708
Total	931,975	\$ 68,147	\$ 983,414
Plus unamortized premium	29,830		
Total capital lease balance	<u>\$ 961,805</u>		

5. Operating Leases

The following schedule reflects the operating lease obligations for the Charter School Authority for the terms of the leases.

For the Year ending June 30,	Total
2017	\$ 3,484,122
2018	3,484,962
2019	3,475,657
2020	3,455,375
2021	3,456,350
Total	\$ 17,356,466

For fiscal year 2016, lease payments totaled \$3,485,735. In fiscal year 2009, capital outlay revenue became available based on current Florida State Statute 1013.62 to offset a portion of the building lease obligations. In fiscal year 2016, capital outlay revenue received was \$516,451.

6. Fund Balances

Fund balances for governmental funds at June 30, 2016 are as follows:

	Total Governmental Funds
Fund balances:	
Nonspendable	
Prepaid Items	\$ 53,877
Committed	
Future planning opportunities	416,085
Assigned	
Maintenance of Plant	83,902
Operations of Plant	84,635
Food Service	54,203
Pupil Transportation	51,452
Data Processing	39,480
Basic Instruction	17,389
School Administration	13,899
Miscellaneous	15,868
Total Assigned	360,828
Unassigned	4,459,266
Total fund balances	\$ 5,290,056

7. Other Revenue

Other governmental revenue consists of the following:

Scholastic book fairs	\$	24,251
Lost/damaged/sold textbooks		1,890
Reimbursable charges		58,978
Insurance damage claims		1,237
Other revenue		25,544
Total other revenue	\$	<u>111,900</u>

8. 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.

9. 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).

The Authority's pension expense totaled \$505,461 for both the FRS Pension Plan and HIS Plan for the fiscal year ended June 30, 2016.

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:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
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
Regular Class members initially enrolled on or after July 1, 2011	
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
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
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, 2015, were applied to employee salaries as follows: regular employees 7.26%, county elected officials 42.27%, senior management 21.43%, and DROP participants 12.88%. The Authority's contributions to the FRS Plan were \$524,780 for the year ended June 30, 2016.

Pension Costs – Florida Retirement System Pension Plan

At June 30, 2016, the Authority reported a liability of \$3,008,773 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2015, the Authority's proportion was 0.0233%, which was an increase/decrease of 0.0001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Authority recognized pension expense of \$219,780 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 317,637	\$ 71,359
Changes in Actuarial Assumptions	199,702	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	718,445
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	16,556	-
Authority Contributions Subsequent to the Measurement Date	524,780	-
Total	\$ 1,058,675	\$ 789,804

\$524,780 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, 2016. 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:

Year Ended June 30	Amount
2016	\$ (233,347)
2017	(233,347)
2018	(233,347)
2019	359,393
2020	66,759
Thereafter	17,980

Actuarial Assumptions – Florida Retirement System Pension Plan

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.65%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic Investments	12.00%	6.70%	6.10%	11.40%
Totals	100.00%			
Assumed Inflation - Mean		2.60%		1.90%

Discount Rate – Florida Retirement System Pension Plan

The discount rate used to measure the total pension liability was 7.65% 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, each of 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.

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:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.65%	7.65%	8.65%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 7,796,411	\$ 3,008,773	\$ (975,328)

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, 2016, 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, 2016, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100 percent of its statutorily required contributions for the current and preceding 3 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 \$186,836 for the year ended June 30, 2016.

Pension Costs – Retiree Health Insurance Subsidy Program

At June 30, 2016, the Authority reported a liability of \$3,689,080 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2014, through June 30, 2015, relative to the total employer contributions received from all participating employers. At June 30, 2015, the Authority's proportion was 0.0362%, which was an increase/decrease of 0.0010% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Authority recognized pension expense of \$285,682 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:

Description	Deferred Outflows of Resources
Changes in Actuarial Assumptions	\$ 290,233
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	1,997
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	44,094
District Contributions Subsequent to the Measurement Date	186,836
Total	<u>\$ 523,160</u>

\$186,836 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, 2017. 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:

Year Ended June 30	Amount
2016	\$ 61,386
2017	61,386
2018	61,386
2019	60,981
2020	54,549
Thereafter	36,636

Actuarial Assumptions – Retiree Health Insurance Subsidy Program

The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the FRS Plan for the period July 1, 2008, through June 30, 2013.

Discount Rate – Retiree Health Insurance Subsidy Program

The discount rate used to measure the total pension liability was 4.29% 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.

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:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.80%	3.80%	4.80%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 4,203,535	\$ 3,689,080	\$ 3,260,102

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>.

10. 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 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 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, 2016, 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 \$197,723 for the fiscal year ended June 30, 2016. Employee contributions to the Investment Plan totaled \$81,704 for the fiscal year ended June 30, 2016.

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.

12. Prior Period Restatement

During the year ended June 30, 2016, the Authority determined that the acquisition of 15 school buses in 2012 and 4 school buses in 2015, which had been accounted for as operating leases, should have been reported as capital leases at inception. In order to correct this error, the assets, liabilities, and net position of the governmental activities was restated as of June 30, 2015 as follows:

	Net Position	Capital Assets, Net	Capital Lease Obligation
Balance, June 30, 2015, as Previously Reported	\$ (2,631,619)	\$ 263,933	\$ -
Effect of 2012 School Bus Acquisition as a Capital Lease	111,440	911,775	800,335
Effect of 2015 School Bus Acquisition as a Capital Lease	(1,981)	390,000	391,981
Net Position, June 30, 2015, as Restated	<u>\$ (2,522,160)</u>	<u>\$ 1,565,708</u>	<u>\$ 1,192,316</u>

REQUIRED SUPPLEMENTARY INFORMATION

Cape Coral Charter School Authority
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ending June 30, 2016

REVENUE	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Federal Direct Sources				
JROTC reimbursable charges	\$ 69,529	\$ 69,529	\$ 63,409	\$ (6,120)
Federal through State Sources				
NSLP Lunch Reimbursement	400,000	423,000	458,416	35,416
NSLP Breakfast Reimbursement	55,000	59,000	73,361	14,361
Federal through Local Sources				
Title II-A funding	31,313	34,163	34,067	(96)
State through Local Sources				
Florida Education Finance Program	20,667,079	20,309,213	21,156,371	847,158
Florida Teachers Classroom Supply Assist.	46,899	47,891	47,891	-
School recognition funds	-	302,757	302,757	-
VPK Program State Shared	197,856	197,856	197,194	(662)
Public Education Capital Outlay (PECO)	1,047,739	522,247	516,451	(5,796)
Best and Brightest Scholarship	-	41,282	41,281	-
Advanced International Certificate of Educa	496,242	653,194	653,214	-
Local Sources				
Student lunch service	580,000	574,000	591,947	17,947
Transportation service charges	13,300	13,300	5,625	(7,675)
Student technology fees	-	-	-	-
Short term investment interest	5,700	11,050	14,827	3,777
Disposition of fixed assets	-	-	-	-
Contributions and donations private	60,500	78,500	71,750	(6,750)
Other Miscellaneous Sales	-	-	541	541
Insurance damage claims misc	-	-	1,237	1,237
Book sales misc revenue	25,000	21,852	24,251	2,399
Lost / damaged / sold textbooks	-	-	1,890	1,890
Reimbursable charges	-	43,477	58,978	15,501
Healthcare Insurance Profit Sharing	-	-	-	-
Other miscellaneous revenue	16,200	33,379	25,003	(8,376)
Assigned Balances	-	1,127,404	-	(1,127,404)
Cash balances brought forward	3,831,937	2,711,163	-	(2,711,163)
Total Revenue	27,644,294	27,274,257	24,340,461	(2,933,816)
EXPENDITURES				
Instruction Basic (FEFP K-12)	\$ 11,701,261	\$ 12,061,536	\$ 11,600,648	\$ 460,888
Exceptional Education Services	331,114	339,593	319,941	19,652
Pupil Personnel Services	304,589	311,520	310,664	856
Health Services	104,661	106,533	94,209	12,324
Other Pupil Personnel Services	167,441	146,658	149,260	(2,602)
Instructional Media Services	196,257	192,050	174,321	17,729
Instructional Staff Training Services	36,613	38,682	29,843	8,839
Board	54,143	29,143	24,319	4,824
General Administration	543,051	542,670	523,654	19,016
School Administration	1,879,377	1,852,708	1,845,545	7,163
Facilities Acquisition & Construction	30,000	-	1	(1)
Fiscal Services	320,116	320,116	210,939	109,177
Food Services	1,007,896	1,018,035	968,213	49,822
Data Processing Services	324,939	801,259	306,912	494,347
Pupil Transportation Services	1,109,066	1,109,241	1,039,664	69,577
Operation of Plant	5,201,608	5,417,916	4,973,981	443,935
Maintenance of Plant	456,929	277,264	217,556	59,708
Voluntary Pre-Kindergarten Program	207,244	207,244	192,046	15,198
Total Expenditures	23,976,305	24,772,168	22,981,716	1,790,452
Budget Reserves	3,567,989	2,502,089	-	2,502,089
Total Expenditures	\$ 27,644,294	\$ 27,274,257	\$ 22,981,716	\$ 4,292,541
Net change in Fund Balance			1,358,745	
Fund Balance - Beginning			3,931,311	
Fund Balance - Ending			<u>\$ 5,290,056</u>	

There are no differences between Budgetary Revenues and Expenditure and GAAP Revenues and Expenditures.

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

Coral Charter School Authority

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

June 30, 2016

Budgetary Basis

The Cape Coral Charter School Authority approves an annual budget for the Charter School special revenue 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. The budget was approved by the Authority Board on August 11, 2015 and adopted by City Council on September 8, 2015. For the 2016-2017 school year, the budget was approved by the Authority Board on August 9, 2016 and will be adopted by the City Council in September 2016.

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; reimbursement rates for the state funded VPK programs; changes to the Florida Retirement System (FRS); and any other special legislation at the state or federal level.
2. Beginning in May and June, 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.
3. 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 96 percent 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.
4. In early August, the proposed budget is presented to the Charter School Authority Board for review and approval.
5. Once approved, the budget is presented and adopted by Cape Coral City Council and included in the City's budget.
6. During the school year, the adopted budget may be amended to reflect changes in expected revenue or expense to more accurately reflect the financial position of the Authority. Budget amendments are approved by the Charter School Authority Board and included in the City's budget amendments to City Council.

Florida Retirement System Pension Plan
Last Ten Fiscal Years ⁽¹⁾

	<u>2014</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.023436771%	0.023294320%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,429,988	\$ 3,008,773
Authority's Covered-Employee Payroll	\$ 8,458,253	\$ 8,397,828
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	16.91%	35.83%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	96.09%	92.00%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

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

Schedule of Authority Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 513,365	\$ 567,935	\$ 524,780
Contributions in Relation to the Contractually Required Contribution	(513,365)	(567,935)	(524,780)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 8,458,253	\$ 8,397,828	\$ 8,234,468
Contributions as a Percentage of Covered Employee Payroll	6.07%	6.76%	6.37%

⁽¹⁾ Note: Information is required to be presented for 10 years. However, 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 Fiscal Years ⁽¹⁾

	<u>2014</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.037154649%	0.036173026%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,474,050	\$ 3,689,080
Authority's Covered-Employee Payroll	\$ 11,039,186	\$ 10,974,283
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	31.47%	33.62%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	0.99%	0.50%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

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

Schedule of Authority Contributions
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 127,279	\$ 138,276	\$ 186,836
Contributions in Relation to the Contractually Required Contribution	(127,279)	(138,276)	(186,836)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 11,039,186	\$ 10,974,283	\$ 10,957,931
Contributions as a Percentage of Covered Employee Payroll	1.15%	1.26%	1.71%

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

**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, general fund and other aggregate remaining fund information of the Cape Coral Charter School Authority (Authority), a component unit of the City of Cape Coral, Florida, as of and for the year ended June 30, 2016, 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 13, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying schedule of findings and responses as 2016-001 to be a material weakness.

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 determination of financial statement amounts. 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*.

Authority's Responses to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. The Authority's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

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 result 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
October 13, 2016

**CAPE CORAL CHARTER SCHOOL AUTHORITY
BOARD OF DIRECTORS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

2016-001: Recording of Capital Leases

Criteria

The Authority's management is responsible for establishing and maintaining internal controls for the proper recording of all the Authority's transactions.

Condition

If at its inception a lease meets one or more of the four criteria described within GASBS No. 62, paragraph 213, then the lease should be classified as a capital lease by the lessee. The Authority incorrectly assessed the lease of 15 school buses initiated in 2012 and another lease of 4 school buses initiated in 2015 as an operating lease instead of a capital lease. Also, the lease agreements were based on a verbal understanding between the lessor (City of Cape Coral, Florida) and lessee (Authority).

Cause

The Authority was not completely familiar with the authoritative guidance surrounding the accounting for leases.

Effect

As of the beginning of fiscal year 2016, capital assets, net, were understated by \$1,301,775; long term liabilities were understated by \$1,192,316; and net position was overstated by \$109,459. Upon discovery of the error, these amounts were restated in the current year financial statements.

Recommendation

We recommend that management reviews the terms of each lease agreement to ensure that all leases are accounted for properly. We also recommend that agreements between the City of Cape Coral, Florida and the Authority, especially those involving the exchange or borrowing of material assets, be executed in writing.

Views of Responsible Officials

Management agrees that a formal lease contract should be in place and will ensure that that one is executed. The accounting for the lease was based on the following: the City of Cape Coral issued the debt, the debt was secured by the revenues of City, and the City retained title to the assets. It was therefore determined that the GASB statement did not apply. As a result, the debt was classified as a capital lease on the City's financial statements and was disclosed as an operating lease in the notes to the financial statements.

It was also concluded that since the auditors had no comments in prior years that it had been properly recorded and reported.



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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 (Authority), a component unit of the City of Cape Coral, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 13, 2016.

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 Report

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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 13, 2016, 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. See Appendix A.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Cape Coral Charter School Authority.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report 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.

Other Matters

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Our current year findings and recommendations are listed in Appendix B to this Management Letter.

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, and Lee County District School Board (Sponsor) and is not intended and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
October 13, 2016

**CAPE CORAL CHARTER SCHOOL AUTHORITY
BOARD OF DIRECTORS
APPENDIX A – STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016**

Prior Year Findings and Recommendations		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2015-001 – Payroll Deductions for Health Insurance Benefit	Significant Deficiency	X		
2015-002 – Awareness of Single Audit Requirement	Material Weakness	X		

**CAPE CORAL CHARTER SCHOOL AUTHORITY
BOARD OF DIRECTORS
APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016**

2016-002: Evaluating Florida Retirement System (FRS) Status Changes

Criteria

Upon a change in employment affecting an individual's participation in the Florida Retirement System (FRS), the Authority is responsible for adjusting the individual's benefit deductions and reporting such change to FRS on a timely basis.

Condition

During our audit procedures we noted that an employee was not removed as an FRS participant after transferring to a non-FRS position. Rather, the employee continued to have pension contributions deducted for consecutive pay periods subsequent to the position change. The contributions were subsequently refunded to the employee after discovery of the error.

Cause

The method to track timely updates of personnel changes affecting FRS participation did not appear to be consistently reliable.

Effect

If personnel changes affecting FRS status are not timely acted upon, the employer and employee contributions remitted to FRS may be inaccurate.

Recommendation

We recommend that a reliable system be developed to track FRS status changes when incurred and also ensure that the timing of such changes are continually reviewed and monitored.

Management's Response

On a monthly basis, Human Resources will review all FRS status changes for accuracy and to insure that changes are entered into the payroll system in a timely manner.

2016-003: Donor Acknowledgments

Criteria

According to the Authority's *School Internal Funds Standard Operating Guide*, donations of \$250.00 or more received by the school must be acknowledged to the donor by the school. Schools must acknowledge in a timely manner the donation/contribution in written form. This acknowledgment letter must be retained by the Cash Custodian and attached as supporting documentation for the deposit.

Condition

As part of our audit we noted that the Authority did not provide evidence that a donor verification receipt was issued to an \$8,000 donation received from a donor on October 7, 2015.

**CAPE CORAL CHARTER SCHOOL AUTHORITY
BOARD OF DIRECTORS
APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016**

Cause

The system to track and file donor acknowledgments was not operating effectively.

Effect

The Authority was not in compliance with its policy relating to school internal funds.

Recommendation

We recommend that the Authority develop a reliable system to ensure that all donors receive an acknowledgment for their contribution in excess of \$250, and a copy is retained in the file as evidence that the acknowledgment was provided to the donor.

Management's Response

Section 5 Receipts Sub-section 5.C Donations to Internal Funds of the School Internal Funds Operating Guide outlines the policy regarding donations. Management will reinforce stated policy and implement the following control: The Charter School Business Manager will review the journal entry batches submitted by the Director of Procurement and Food Services to ensure that a copy of the required acknowledgement letter is attached.

2016-004: Employment Contracts

Criteria

On an annual basis, all of the Authority's employees are required to complete employment agreements, which include rate of pay and accrued leave balance at the onset of the school year, and other information relating to each individual's employment. This agreement is to be signed by both the employee and principal of the school.

Condition

For our testing of compensated absences, we requested employment agreements for a sample of 10 employees. The Authority was unable to provide one of the employee files.

Cause

There does not appear to be a dependable system in place to ensure that all annual employment contracts are executed at the beginning of each school year.

Effect

The Authority's practice of collecting annual employment contracts may not be consistently followed.

Recommendation

We recommend that all personnel files be reviewed to include verification that all employment contracts are properly executed and filed.

Management's Response

Management agrees with the recommendation. A Kronos report of all paid employees will be verified against signed contracts.

**CAPE CORAL CHARTER SCHOOL AUTHORITY
BOARD OF DIRECTORS
APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016**

Finding 2016-005: Improve Payroll Review of Hourly Employees

Criteria

The Authority's management is responsible for establishing and maintaining internal controls over payroll processing of hourly employees.

Condition

Each pay period, the Authority's Payroll Supervisor collects all approved time cards and creates a spreadsheet compiling total hours by employee and then submits this spreadsheet to the City for processing. We observed that while individual employee time cards are appropriately reviewed and approved, the spreadsheet that compiles the hourly information for each employee is not reviewed prior to submission to the City.

Cause

As individual time cards are reviewed, the Authority did not contemplate the risks associated with not reviewing the spreadsheet that accumulates the hours reported on the time cards prior to processing payroll.

Effect

Differences in hours between original time cards and hours accumulated on the spreadsheet, which could arise either by error or fraud, could potentially be undetected.

Recommendation

We recommend that each pay period, the principals be copied on the email submission of the Excel spreadsheet to the City, which will provide the principals with an opportunity to verify that the total hours accumulated on the payroll spreadsheet match the individual time cards prior to payroll processing.

Management's Response

Management agrees with the recommendation. The policy will be updated to include that the excel timesheet prepared by the Charter School Authority's Payroll Supervisor must be reviewed and approved prior to payroll processing.

2016-006: Investment Policy Compliance

Criteria

The Authority's investment policy, approved on November 12, 2013, establishes investment requirements and allocation limits on security types, issuers, and maturities. The investment policy also requires that the City of Cape Coral Financial Services Director shall provide the Charter School Superintendent with quarterly investment reports and an annual report that will show performance on both a book value and total rate of return basis and will compare the results to performance benchmarks. These reports shall also be distributed to the Charter School Authority Board.

**CAPE CORAL CHARTER SCHOOL AUTHORITY
BOARD OF DIRECTORS
APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016**

Condition

At June 30, 2016, the Authority's investment in a local government investment pool exceeded the maximum allowable limit per policy. Additionally, the internal quarterly and annual reporting requirements were not being met according to the specifications within the investment policy.

Cause

The Authority did not actively monitor compliance with its investment policy.

Effect

By not complying with its investment policy, the Authority is in violation of Section 218.415, Florida Statutes, regarding investment compliance.

Recommendation

We recommend that the Authority modify its policy, as necessary, in order to align with its current investment diversification and reporting objectives. Furthermore, the Authority should establish a process for monitoring compliance with its investment policy.

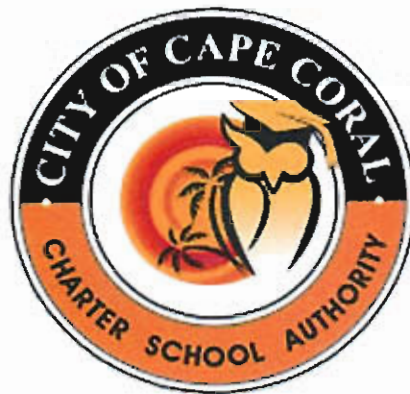
Management's Response

Management will review and update the Charter School Investment policy. In addition, the Charter School Accountant and the Business Manager will meet monthly to review the cash and investment balances to ensure compliance with the Charter School Investment Policy.

12 E

Presentation of the Revised Charter School Investment Policy.

Victoria Bateman



INVESTMENT POLICY

APPROVED ON November 12, 2013 December XX, 2016

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Investment Policy

Cape Coral Charter School Authority

I. PURPOSE

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the Cape Coral Charter School Authority (hereinafter "Charter School"). These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

II. SCOPE

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the Charter School.

III. INVESTMENT OBJECTIVES

Safety of Principal

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Maintenance of Liquidity

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

Return on Investment

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

IV. DELEGATION OF AUTHORITY

The responsibility for providing oversight and direction in regard to the management of the investment program resides with the Charter School Superintendent (Superintendent). The daily management responsibility for all funds in the investment program and investment transactions is delegated to the City of Cape Coral's Financial Services Director (Financial Services Director). The City of Cape Coral Financial Services Director shall maintain written procedures for the operation of the investment portfolio and a system of internal accounting and administrative controls to regulate the activities of employees. The Charter School may employ an Investment

Advisor to assist in managing some of the Charter School's portfolios. Such Investment Advisor must be registered under the Investment Advisors Act of 1940.

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by investment officials shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported to the Charter School Superintendent in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The "Prudent Person" rule states the following:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the Investment Advisor shall exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

VI. ETHICS AND CONFLICTS OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the ~~Charter School~~ Superintendent and the Charter School Authority Board any material financial interests in financial institutions that conduct business with the Charter School, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Charter School's investment program.

VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The ~~City of Cape Coral~~ Financial Services Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the Charter School's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase

agreements, the separation of transaction authority from accounting and recordkeeping, wire transfer agreements, banking service contracts and collateralization. No person may engage in an investment transaction except as authorized under the terms of this policy.

Independent auditors as a normal part of the annual financial audit to the Charter School shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

VIII. CONTINUING EDUCATION

The ~~Superintendent, or his or her Designee, the City of Cape Coral Financial Services Director, Assistant Financial Services Director~~Deputy Financial Services Director, and other appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products in accordance with Florida Statute 218.415.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized Charter School staff shall only purchase securities from financial institutions, which are qualified as public depositories by the Chief Financial Officer of the State of Florida; institutions designated as "Primary Dealers" by the Federal Reserve Bank of New York, direct issuers of commercial paper and bankers' acceptances or approved non-primary securities dealers.

The Charter School's Investment Advisor(s) shall utilize and maintain its own list of approved primary and non-primary dealers.

All approved non-primary securities dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) must provide the following information prior to executing investment trades with the Charter School:

1. Annual financial statement, as well as most recent quarterly statement.
2. Regulatory history, through either the Office of the Comptroller of the Currency for dealer banks, or the FINRA for securities firms.
3. Statement of any pending lawsuits materially affecting the firm's business.

Authorized Charter School staff shall only enter into repurchase agreements with financial institutions that are state qualified public depositories and primary dealers as designated by the Federal Reserve Bank of New York.

X. MATURITY AND LIQUIDITY REQUIREMENTS

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.

XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

After the ~~City of Cape Coral~~ Financial Services Director, ~~Assistant Financial Services Director~~Deputy Financial Services Director and/or the Investment Advisor, has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) qualified banks and/or approved broker/dealers must be contacted and asked to provide bids/offers on securities. Bids will be held in confidence until the bid best deemed to meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

- A. Telerate Information System
- B. Bloomberg Information Systems
- C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing
- D. Daily market pricing provided by the Charter School's custodian or their correspondent institutions

The ~~City of Cape Coral~~ Financial Services Director, ~~Assistant Financial Services Director~~Deputy Financial Services Director, or the Investment Advisor shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the ~~City of Cape Coral~~ Financial Services Director, or the Investment Advisor, competitive bidding would inhibit the selection process.

Examples of when this method may be used include:

- A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
- B. When no active market exists for the issue being traded due to the age or depth of the issue
- C. When a security is unique to a single dealer, for example, a private placement
- D. When the transaction involves new issues or issues in the "when issued" market

Overnight sweep repurchase agreements will not be bid, but may be placed with the Charter School's depository bank relating to the demand account for which the repurchase agreement was purchased.

XII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the Charter School's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more

optimal investments, the ~~City of Cape Coral~~ Financial Services Director or ~~Assistant Financial Services Director~~Deputy Financial Services Director may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the Charter School's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the Charter School. The ~~City of Cape Coral~~ Financial Services Director or the ~~Assistant Financial Services Director~~Deputy Financial Services Director shall have the option to further restrict investment percentages from time to time based on market conditions, risk, and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

Security Type	Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
Florida PRIME	AAAm	N/A	75%	N/A
United States Government Securities	N/A	2 Years	100%	N/A
United States Government Agencies (full faith and credit of the United States Government)	N/A	2 Years	50%	25%
Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE") which are non-full faith and credit).*	N/A	2 Years	75%	25%
Non-Negotiable Interest Bearing Checking or Savings Accounts	N/A	1 Years	100%	N/A
Commercial Paper	P-1/A-1	270 Days	25%	15%
Bankers' Acceptances	P-1/A-1	180 Days	25%	15%
Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	100%	N/A
Intergovernmental Investment Pool	AAAm	N/A	25/75%	N/A

A. The Florida PRIME

1. Investment Authorization

~~City of Cape Coral~~The Financial Services Director or the Assistant Financial Services DirectorDeputy Financial Services Director may invest in the Florida PRIME. Any investment with the Florida PRIME will be evaluated with the same criteria as Money Market Mutual Funds, detailed in section I.

2. Portfolio Composition

A maximum of 75% of available funds may be invested in the Florida PRIME.

3. Rating Requirements

The Florida PRIME shall be rated "AAAm" by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Rating Organization ("NRSRO").

4. Due Diligence Requirements

A thorough investigation of the Florida PRIME is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Investment Advisor that will contain a list of due diligence considerations that deal with the major aspects of any investment pool/fund. A current prospectus or equivalent documentation, including an Investment Policy, Financial Statements, and Portfolio Holdings must be obtained.

B. United States Government Securities

1. Purchase Authorization

The ~~City of Cape Coral~~ Financial Services Director or the Assistant Financial Services Director ~~Deputy Financial Services Director~~ may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

- Cash Management Bills
- Treasury Securities – State and Local Government Series (“SLGS”)
- Treasury Bills
- Treasury Notes
- Treasury Bonds
- Treasury Strips

2. Portfolio Composition

A maximum of 100% of available funds may be invested in the United States Government Securities.

3. Maturity Limitations

The maximum length to maturity of any direct investment in the United States Government Securities is two (2) years from the date of purchase.

C. United States Government Agencies

1. Purchase Authorization

The ~~City of Cape Coral~~ Financial Services Director or the Assistant Financial Services Director ~~Deputy Financial Services Director~~ may invest in bonds, debentures, notes or callables issued or guaranteed by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:

- Government National Mortgage Association
 - Direct obligations and mortgage pass through securities
- United States Export – Import Bank
 - Direct obligations or fully guaranteed certificates of beneficial ownership
- Farmer Home Administration
 - Certificates of beneficial ownership
- Federal Financing Bank
 - Discount notes, notes and bonds
- Federal Housing Administration Debentures
- General Services Administration
- United States Maritime Administration Guaranteed
 - Title XI Financing
- New Communities Debentures
 - United States Government guaranteed debentures

United States Public Housing Notes and Bonds
-United States Government guaranteed public housing notes and bonds
United States Department of Housing and Urban Development
-Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The maximum length to maturity for an investment in any United States Government agency security is two (2) years from the date of purchase.

D. Federal Instrumentalities (United States Government sponsored agencies)

1. Purchase Authorization

The ~~City of Cape Coral~~ Financial Services Director or the Assistant Financial Services Director ~~Deputy Financial Services Director~~ may invest in bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:

Federal Farm Credit Bank (FFCB)
Federal Home Loan Bank or its district banks (FHLB)
Federal National Mortgage Association (FNMA)
Federal Home Loan Mortgage Corporation (Freddie-Macs) including
Federal Home Loan Mortgage Corporation participation certificates

2. Portfolio Composition

A maximum of 75% of available funds may be invested in Federal Instrumentalities.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested in any one issuer.

4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality security is two (2) years from the date of purchase.

E. Non-Negotiable Interest Bearing Time Deposit or Saving Accounts

1. Purchase Authorization

The ~~City of Cape Coral~~ Financial Services Director ~~or the Assistant Financial Services Director~~ Deputy Financial Services Director may invest in non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

2. Portfolio Composition

A maximum of 100% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.

3. Maturity Limitations

The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.

F. Commercial Paper

1. Purchase Authorization

The ~~City of Cape Coral~~ Financial Services Director ~~or the Assistant Financial Services Director~~ Deputy Financial Services Director may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated at least single "A" category by any two NRSROs.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

G. Bankers' Acceptances

1. Purchase Authorization

The ~~City of Cape Coral~~ Financial Services Director ~~or the Assistant Financial Services Director~~ Deputy Financial Services Director may invest in Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which is eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in Bankers' Acceptances

3. Limits on Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for Bankers' Acceptances shall be 180 days from the date of purchase.

H. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization

The ~~City of Cape Coral~~ Financial Services Director ~~or the Assistant Financial Services Director~~ Deputy Financial Services Director may invest in shares 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.

2. Portfolio Composition

A maximum of 75% of available funds may be invested in Money Market Mutual Funds.

3. Limits of Individual Issuers

A maximum of 50% of available funds may be invested with any one Money Market Mutual Funds.

4. Rating Requirements

The mutual funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another NRSRO.

5. Due Diligence Requirements

A thorough review of any investment mutual fund is required prior to investing, and on a annual basis. There shall be a questionnaire developed by the City of Cape Coral Financial Services Director that will contain a list of questions that covers the major aspects of any investment pool/fund.

I. Intergovernmental Investment Pools

1. Investment Authorization

The Financial Services Director ~~or the Assistant Financial Services Director~~ Deputy Financial Services Director may invest in intergovernmental investment pools that 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.

2. **Portfolio Composition**

A maximum of 25% of available funds may be invested in intergovernmental investment pools.

3. **Rating Requirements**

The investment pool shall be rated “AAAm” by Standard & Poor’s or the equivalent by another rating agency

4. **Due Diligence Requirements**

A thorough review of any investment pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Financial Services Director that will contain a list of questions that covers the major aspects of any investment pool/fund.

XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS

Investment in any derivative products or the use of reverse repurchase agreements requires specific Charter School Authority Board approval prior to their use. If the Charter School Authority Board approves the use of derivative products, the City of Cape Coral Financial Services Director shall develop sufficient understanding of the derivative products and have the expertise to manage them. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the Charter School Authority Board approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the City of Cape Coral Financial Services Director has sufficient resources and expertise to manage them.

XIV. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolio’s performance, the Charter School will use performance benchmark for the short-term portfolio. The use of benchmark will allow the Charter School to measure its returns against other investors in the same markets.

- A. For the short-term portfolio (less than 24 months maturity), an appropriate benchmark will have a duration and asset mix that approximates the portfolio and will be utilized as a benchmark, such as the S&P Rated GIP Index, to be compared to the portfolio’s net book value rate of return.

XV. REPORTING

The ~~City of Cape Coral~~ Financial Services Director shall provide the Charter School Superintendent with ~~annually quarterly~~ investment reports which shall then be distributed to the Charter School Authority Board. Schedules in the ~~annually quarterly~~ report should include the following:

- A. A listing of individual securities held at the end of the reporting period
- B. Percentage of available funds represented by each investment type
- C. Coupon, discount or earning rate
- D. Average life or duration and final maturity of all investments
- E. Par value and market value

On an annual basis, the ~~City of Cape Coral's~~ Financial Services Director shall provide to the Charter School Superintendent a written report on all invested funds which shall then be distributed to the Charter Authority Board. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, income earned, the book value, the market value and the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB standards. Investment reports shall be available to the public.

XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

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 Charter School should be properly designated as an asset of the Charter School. 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 as defined in Section 658.12, Florida Statutes, 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.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the ~~City of Cape Coral~~ Financial Services Director and which authorization has been provided, in writing, to the custodian. Only a duly authorized person shall be permitted to in whole or in part withdraw securities from the custodian.

The custodian shall provide the ~~City of Cape Coral~~ Financial Services Director with safekeeping receipts that provide detailed information on the securities held by the custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable,

to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

XVII. INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by a Charter School ordinance. The City of Cape Coral Financial Services Director shall review the policy annually and the Charter School Authority Board shall approve any modification made thereto.

APPROVED AND ADOPTED BY THE CAPE CORAL CHARTER SCHOOL
AUTHORITY BOARD

ON _____.

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Attachment A
Glossary of Cash and Investment Management Terms

The following is a glossary of key investing terms, many of which appear in the Charter School's investment policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans, and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10, and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of \$4 billion, 30-year new issues having a minimum size of \$1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity

emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance, and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash-flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are at par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In “plain vanilla” CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution, or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement, and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs, and BAs clear through DTC.

Derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities). For hedging purposes, common derivatives are options, futures, interest rate swaps, and swaptions. All Collateralized Mortgage Obligations (CMOs) are derivatives.

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB's regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are \$1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of \$100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets exist.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the "fed funds rate."

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances, and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries, and issuers offering potentially independent returns.

Dollar Price. A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 $\frac{1}{2}$, would have a principal cost of \$955 per \$1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security's or portfolio's cash-flows, where the present values of the cash-flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of \$250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its "reference note" program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its

importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

Financial Industry Regulatory Authority, Inc. (FINRA). A private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission (SEC).

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or "floater"). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also "Variable Rate Security."

Freddie Mac. See "Federal Home Loan Mortgage Corporation."

Ginnie Mae. See "Government National Mortgage Association."

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that are actually full faith and credit of the U.S. government).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the

economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. government, but they are not direct obligations of the U.S. government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Examples of GSEs include: FHLB, FHLMC, FNMA, and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - A separation of duties is achieved by separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations, and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital, including bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Additionally, it is a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (e.g., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one-year period.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA, and FHLMC. There are a variety of MBS structures with varying levels of risk and complexity. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. The largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (e.g., bond, equity, and money market funds); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs (\$100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets including securities, cash, and any accrued earnings, then subtracting the total assets from the fund's liabilities, and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

$$[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$$

NRSRO. A "Nationally Recognized Statistical Rating Organization" (NRSRO) is a designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, S&P, Fitch, and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. A Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. The face value, stated value, or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. A designation given to certain government securities dealer by the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are the largest buyers and sellers by volume in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody's.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Expert Rule. Standard that requires that a fiduciary manage a portfolio with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. This statement differs from the "prudent person" rule in that familiarity with such matters suggests a higher standard than simple prudence.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

Qualified Public Depository - Per Subsection 280.02(26), F.S., "qualified public depository" means any bank, savings bank, or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States.
2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.
3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 et seq.
4. Has procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits.
5. Meets all requirements of Chapter 280, F.S.
6. Has been designated by the Chief Financial Officer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See “Unrealized Gains (Losses).”

Reference Bills: FHLMC’s short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency, and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC’s Reference Bills are unsecured general corporate obligations. This program supplements the corporation’s existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC’s intermediate-term debt program with issuances of 2, 3, 5, 10, and 30-year maturities. Initial issuances range from \$2 - \$6 billion with re-openings ranging \$1 - \$4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor’s custodial bank, or “tri-party” where the securities are delivered to a third party intermediary. Any type of security can be used as “collateral,” but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Industry and Financial Markets Association (SIFMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the SIFMA also recommends bond market closures and early closes due to holidays.

Securities Lending. An arrangement between an investor and a custody bank that allows the custody bank to “loan” the investor’s investment holdings, reinvest the proceeds in permitted investments, and share any profits with the investor. Should be governed by a securities lending agreement. Can increase

the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g., FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Swap. Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5, and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week, and 26-week T-Bills.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. government and issued with maturities of ten years and longer by the U.S. Department of the Treasury. The Treasury stopped issuing Treasury Bonds in August 2001.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 5-year, and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC Rule 15c3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually, or annually). See also "Floating Rate Note."

Weighted Average Maturity (or just "Average Maturity"). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or "inverted" (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as "Yield to Maturity," except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security's yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash-flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call," and "Yield to Maturity."

Attachment B
Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

City of Cape Coral Charter School
Transfer Assessment
11/30/2016

OPTION 1

Account	Interest Rate	Current % of Total	BOA Balance Including All Pending Transactions	Transfer	Balance after transfer	% of Total Portfolio after Xfer	Policy Limits
Bank of America - operations account	0.12%	51.84%	3,375,485	(2,000,000)	1,375,485	21.12%	100%
Florida Prime (SBA)	0.86%	15.50%	1,009,005	2,000,000	3,009,005	46.22%	75%
5/3 Bank	0.49%	7.94%	516,854	-	516,854	7.94%	100%
FL CLASS POOL	0.82%	24.72%	1,609,271	-	1,609,271	24.72%	25%
Total Portfolio		100.00%	6,510,615.00	-	6,510,615.00	100.00%	

City of Cape Coral Charter School
Cash and Investment Balances Summary
November 30, 2016
Cash Balances

<u>Account</u>	<u>Account Number</u>	<u>Interest Rates</u>	<u>Cash and Investment Balances</u>	<u>% of Total Portfolio</u>	<u>Policy Limits</u>
Bank of America - operations account	5502715212	0.12%	\$ 3,375,484.72	51.84%	100%
Florida Prime (SBA) Total	322600	0.86%	1,009,004.98	15.50%	75%
5/3 Bank	7433586182	0.49%	516,854.26	7.94%	100%
FLClass Pool	FL-01-0014-0001	0.82%	1,609,270.88	24.72%	25%
Total Short Term Funds			6,510,614.84	100.00%	

FLCLASS
Recommendation to Investment Policy
increase to 75%

Bank Of America

Est. Interest earned	\$ 4,053.03
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Est. Interest earned	\$ 2,538.30
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Est. Interest earned	\$ 8,711.50
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Investment Amount

\$	1,609,270.88
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Additional Deposit or Investment amount		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Balance		\$ 1,609,995.35	\$ 1,610,649.99	\$ 1,611,375.08	\$ 1,612,077.08	\$ 1,612,802.79	\$ 1,613,505.39	\$ 1,614,231.72	\$ 1,614,958.36	\$ 1,615,661.86	\$ 1,616,389.12	\$ 1,617,093.22
Interest Rate	January 0.53%	February** 0.53%	March 0.53%	April 0.53%	May 0.53%	June 0.53%	July 0.53%	August 0.53%	September 0.53%	October 0.53%	November 0.53%	December 0.53%
Interest per day	\$ 23.37	\$ 23.38	\$ 23.39	\$ 23.40	\$ 23.41	\$ 23.42	\$ 23.43	\$ 23.44	\$ 23.45	\$ 23.46	\$ 23.47	\$ 23.48
Interest Per Month	\$ 724.47	\$ 654.64	\$ 725.09	\$ 702.00	\$ 725.71	\$ 702.60	\$ 726.33	\$ 726.64	\$ 703.50	\$ 727.26	\$ 704.10	\$ 727.88
Est. Balance at Month end	\$ 1,609,995.35	\$ 1,610,649.99	\$ 1,611,375.08	\$ 1,612,077.08	\$ 1,612,802.79	\$ 1,613,505.39	\$ 1,614,231.72	\$ 1,614,958.36	\$ 1,615,661.86	\$ 1,616,389.12	\$ 1,617,093.22	\$ 1,617,821.10

Est. Interest earned **\$ 8,550.22**

Est. Annual Interest Earned	\$ 23,853.05
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