

**SCHOOL FOR ACCELERATED
LEARNING AND TECHNOLOGIES, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2017

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
JUNE 30, 2017**

GOVERNING BOARD

MEMBER	OFFICE
Evelyn Tukes	President
Vacancy	Vice-President
Vacancy	Secretary
Alvenia Derban	Director
Kevin Grant	Director
Monte King	Director
Chandra Simmons	Parent Representative

ADMINISTRATION

Michael LaRoche	Principal
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AND TECHNOLOGIES, INC.
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JUNE 30, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Governing Board,
School for Accelerated Learning and
Technologies, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the School for Accelerated Learning and Technologies, Inc. (a component unit of the Duval County School District), hereby known as “the School” as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School’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 auditor’s 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2017 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 Matter

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 9 to the financial statements, the entity has suffered reductions in FEFP revenues and has substantial current liabilities coming due that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

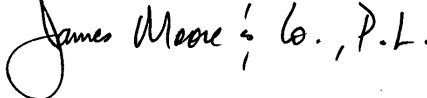
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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 November 15, 2017 on our consideration of the School's internal control over financial reporting and 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 results 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 the School's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
November 15, 2017

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This section of School for Accelerated Learning and Technologies, Inc.'s annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the School's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the School for Accelerated Learning and Technologies, Inc. (the "School") using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the School from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the School as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables. Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Fund Financial Statements include statements for the governmental activities. The Governmental Funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

The Primary unit of the government is the School Board of Duval County, Florida.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

An overview of significant financial information from the current year includes:

- The school's total net position decreased by \$904 thousand.
- Total governmental fund expenditures exceeded revenues by \$1 million.
- Capital assets, net of depreciation, increased by \$126 thousand.
- The School's governmental funds reported combined ending fund deficit of \$391,000.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the School as a whole and about its activities. These statements include *all* assets and liabilities of the School using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School's *net position* and changes in net position. Net position is the difference between assets and liabilities, one way to measure the School's financial health, or *financial position*. Over time, *increases or decreases* in the School's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the School's revenue base and the condition of the School's capital assets.

The relationship between revenues and expenses is the School's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the School. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we designate the School activities as follows:

Governmental activities—All of the School's services are reported in this category. This includes the education of high school students, and the on-going effort to improve and maintain capital assets. Revenues received from the Florida Education Finance Program through the Duval Public School system, Federal grants and miscellaneous local revenues finance these activities.

REPORTING THE SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

Governmental funds—The School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The differences between the governmental fund financial statements and the government-wide financial statements are explained in reconciliations following each governmental fund financial statement.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

THE SCHOOL AS A WHOLE

Net Position

The School's net deficiency was \$544,000 thousand for the fiscal year ended June 30, 2017. Of this amount, \$673,000 thousand was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions and enabling legislation that limit the School's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the School's governmental activities.

Table 1

	Net Position June 30, 2016	Net Position June 30, 2017
Current and other assets	\$ 657,129	\$ 300
Noncurrent assets	2,239	128,121
Total Assets	659,368	128,421
Deferred outflows	35,221	129,274
Net pension liability	228,787	353,930
Current liabilities	11,644	391,716
Total Liabilities	240,431	745,646
Deferred inflows	94,470	56,562
Net position		
Net Investment in capital assets	2,239	128,121
Restricted for capital projects	497,971	544
Unrestricted	(140,522)	(673,178)
Total Net Position	\$ 359,688	\$ (544,513)

The deficit of \$673 thousand in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the School as a whole are reported in the Statement of Activities on page 10. Table 2 takes the information from the Statement and rearranges it slightly to more readily identify the total revenues for the year.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

Table 2

	Governmental Activities June 30, 2016	Governmental Activities June 30, 2017
Revenues		
General Revenues:		
State of Florida Education Finance Program	\$ 802,524	\$ 907,736
Public Education Capital Outlay Program	28,376	-
Federal Grants	13,702	5,574
Other General Revenues	2,898	13,888
Total Revenues	847,500	927,198
Expenses		
Instruction-related Services	452,505	780,028
Support Services	379,552	424,618
Facility Acquisition and Construction	302,923	23,626
Maintenance and Operation of Plant	22,357	589,962
Depreciation	4,410	13,165
Total Expenses	1,161,747	1,831,399
Change in Net Position	\$ (314,247)	\$ (904,201)

Governmental Activities

In Table 3, we have presented the cost of the School's three largest operational functions - basic instruction, school administration, fiscal services, as well as each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the general public by each of these functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services	Net Cost of Services
Basic Instruction	\$ 661,845	\$ 661,845
Operation of Plant	589,962	589,962
School Administration	311,251	311,251
Total	\$ 1,563,058	\$ 1,563,058

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

THE SCHOOL'S FUNDS

As the School completed this year, the governmental funds reported a combined fund deficit of \$391,000 (Table 4).

Table 4

	Fund Balance June 30, 2016	Fund Balance June 30, 2017
General Fund	\$ 147,514	\$ (391,960)
Public Education Capital Outlay	497,971	544
Special Revenue Fund	-	-
Totals	\$ 645,485	\$ (391,416)

General Fund Budgetary Highlights

During the course of the fiscal year, the School revised its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. A schedule showing the School's original and final budget amounts compared with actual amounts paid and received is provided in our annual report on page 28.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the School had \$128,121 in a broad range of capital assets (net of depreciation), including furniture and equipment, and computer software (Table 5).

Table 5

	Governmental Activities June 30, 2016	Governmental Activities June 30, 2017
Furniture and Equipment	\$ 249,815	\$ 199,720
Computer Software	89,270	277,354
Building Improvements	21,636	21,636
Accumulated Depreciation	(358,482)	(370,589)
Totals	\$ 2,239	\$ 128,121

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

SIGNIFICANT ACTIVITIES DURING FISCAL YEAR 2016-2017 ARE NOTED BELOW:

- The School's enrollment was 185 students.
- The School had a graduating class of 10 for the 2016-2017 fiscal year.

ECONOMIC FACTORS

The economic position of the school for general operating is closely tied to that of the State. The formula for determining funding for education is set by Florida Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Michael LaRoche, the Principal, at 904-328-5009.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
STATEMENT OF NET POSITION
JUNE 30, 2017**

Assets	
Current Assets	
Cash and cash equivalents	\$ 300
Receivables	-
Total Current Assets	<u>300</u>
Noncurrent Assets	
Capital Assets	\$ 498,710
Less: Accumulated Depreciation	(370,589)
Total Capital Assets	<u>128,121</u>
Total Assets	<u><u>\$ 128,421</u></u>
Deferred Outflows	
Related to changes in the net pension liability	<u><u>\$ 129,274</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 389,416
Bank overdraft	2,300
Net Pension Liability	353,930
Total Liabilities	<u><u>\$ 745,646</u></u>
Deferred Inflows	
Related to changes in the net pension liability	<u><u>\$ 56,562</u></u>
Net Position	
Net investment in Capital Assets	\$ 128,121
Restricted for Capital Projects	544
Unrestricted	(673,178)
Total Net Position (Deficiency)	<u><u>\$ (544,513)</u></u>

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

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 661,845	\$ -	\$ 5,574	\$ -	\$ (656,271)
Instruction media	424	-	-	-	(424)
Instruction and Curriculum Development Services	114,421	-	-	-	(114,421)
Instruction staff training services	3,338	-	-	-	(3,338)
Board	7,940	-	-	-	(7,940)
School Administration	311,251	-	-	-	(311,251)
Facilities Acquisition and Construction	23,648	-	-	-	(23,648)
Fiscal Services	88,541	-	-	-	(88,541)
Pupil transportation	133	-	-	-	(133)
Operation of Plant	589,962	-	-	-	(589,962)
Administrative technology services	16,753	-	-	-	(16,753)
Depreciation (unallocated)	13,143	-	-	-	(13,143)
Total Governmental Activities	<u>\$ 1,831,399</u>	<u>\$ -</u>	<u>\$ 5,574</u>	<u>\$ -</u>	<u>(1,825,825)</u>

General revenues:

State aid not restricted to specific purposes	907,736
Miscellaneous	13,888
Subtotal, General Revenues	<u>921,624</u>
Change in Net Position	<u>(904,201)</u>
Net Position - Beginning of year	359,688
Net Position (Deficiency) - Ending of year	<u>\$ (544,513)</u>

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

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 300	\$ 544	\$ -	\$ 844
Receivables	-	-	-	-
Total Assets	<u>\$ 300</u>	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ 844</u>
Liabilities and Fund Balances				
Current Liabilities				
Accounts Payable	\$ 389,416	\$ -	\$ -	\$ 389,416
Bank overdraft	2,844	-	-	2,844
Total Liabilities	<u>392,260</u>	<u>-</u>	<u>-</u>	<u>389,416</u>
Fund Balances				
Restricted	-	544	-	544
Unassigned	(391,960)	-	-	(391,960)
Total Fund Balances	<u>(391,960)</u>	<u>544</u>	<u>-</u>	<u>(391,416)</u>
Total Liabilities and Fund Balances	<u>\$ 300</u>	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ 844</u>

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

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balance - Governmental Funds \$ (391,416)

Amounts reported for Governmental Activities in the
Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds

Cost of capital assets	498,710	
Accumulated depreciation	<u>(370,589)</u>	128,121

Net pension liability and related deferred inflows/outflows are
not due and payable in the current period and, therefore,
are not reported in the funds. (281,218)

Total Net Position - Governmental Activities \$ (544,513)

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

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Federal Through State	\$ -	\$ -	\$ 5,574	\$ 5,574
State	907,736	-	-	907,736
Local	13,888	-	-	13,888
Total Revenues	<u>921,624</u>	<u>-</u>	<u>5,574</u>	<u>927,198</u>
Expenditures				
Instruction	668,663	-	-	668,663
Instruction media	424	-	-	424
Instruction and curriculum development Services	114,421	-	-	114,421
Instruction staff training services	3,338	-	-	3,338
Board	7,940	-	-	7,940
School Administration	316,715	-	-	316,715
Facilities Acquisition and Construction	157,209	-	-	157,209
Fiscal Services	88,541	-	-	88,541
Pupil transportation	133	-	-	133
Operation of Plant	589,829	-	-	589,829
Administrative technology services	16,886	-	-	16,886
Total expenditures	<u>1,964,099</u>	<u>-</u>	<u>-</u>	<u>1,964,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,042,475)</u>	<u>-</u>	<u>5,574</u>	<u>(1,036,901)</u>
Other financing sources (uses)				
Transfers in	503,001	-	-	503,001
Transfers out	-	(497,427)	(5,574)	(503,001)
Total other financing sources (uses)	<u>503,001</u>	<u>(497,427)</u>	<u>(5,574)</u>	<u>-</u>
Net change in fund balances	<u>(539,474)</u>	<u>(497,427)</u>	<u>-</u>	<u>(1,036,901)</u>
Fund Balance, Beginning of year	147,514	497,971	-	645,485
Fund Balance, Ending of year	<u>\$ (391,960)</u>	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ (391,416)</u>

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

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds \$ (1,036,901)

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statements of activities. This is the amount by which capital outlay exceeds depreciation of capital assets for the period.

Depreciation expense		(13,143)
Capital outlay		139,047

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:

Net pension liability	(125,165)	
Deferred outflows related to net pension liability	94,053	
Deferred inflows related to net pension liability	<u>37,908</u>	6,796

Change in Net Position of Governmental Activities \$ (904,201)

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

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:**

(a) **Financial reporting entity**—The School for Accelerated Learning and Technologies, Inc. (the “School”) was organized in 2003 under the laws of the State of Florida. The School operates under a seven-member Board form of government and provides educational services to students in grades nine through twelve. The School is located at 4751 Walgreen Road, Jacksonville Florida, 32209 and had an enrollment of 185 students.

The School is a non-profit public benefit corporation that was incorporated July 31, 2003. On April 6, 2004, the School Board of Duval County, Florida granted to the School a charter to operate. The purpose of the School is to provide educational services as a partner with the Florida Job Corps center.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For School for Accelerated Learning and Technologies, Inc., this includes general operations and student related activities of the School.

Component units—Component units are legally separate organizations for which the School is financially accountable. Component units may include organizations that are fiscally dependent on the School in that the School approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the School is not financially accountable but the nature and significance of the organization’s relationship with the School is such that exclusion would cause the School’s financial statements to be misleading or incomplete. The School has no component units. However, the School is considered a component unit of the Duval Public School system.

(b) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by intergovernmental revenues, and other nonexchange transactions.

(c) **Basis of presentation – government wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the School’s funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The School uses the following governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and major maintenance projects.

Special Revenue Fund—The Special Revenue Fund accounts for Federal Grant received from the Federal government for Title I and II funding.

(e) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Duval County School Board, are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the School’s policy to use restricted resources first, then unrestricted resources as they are needed.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Measurement focus and basis of accounting** (Continued)

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

(f) **Cash and cash equivalents**—The School's cash and cash equivalents are considered to be cash on hand and demand deposits.

(g) **Restricted assets**—Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

(h) **Capital assets and depreciation**—The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the School as a whole. The School maintains a capitalization threshold of \$1,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are 5 years.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Accrued liabilities**—All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

(j) **Estimates**—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(k) **Net position flow assumption**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(l) **Fund balance flow assumptions**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(m) **Fund balance policies**—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision-making authority. The School Board is the highest level of decision making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Budgetary data**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

(o) **Income taxes**—The School is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The School files income tax returns in the U.S. Federal jurisdiction. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination. The School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

(p) **Deferred outflows/inflows of resources**— In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (4b).

(q) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(2) **Cash and Cash Equivalents:**

(a) **Policies and practices**—The School maintains demand deposits with qualified depository financial institutions.

(b) **Deposits**— The School has no policy requiring collateral to support its cash deposits, although accounts at each bank are insured up to Federal Deposit Insurance Corporation limits.

(c) **Custodial credit risk-deposits**—In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(3) **Capital Assets:**

All capital asset additions were acquired with public funds. Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Governmental Activities				
Capital assets being depreciated				
Buildings and improvements	\$ 21,636	\$ -	\$ -	\$ 21,636
Computer software	278,412	-	1,058	277,354
Furniture and equipment	<u>60,673</u>	<u>139,047</u>	<u>-</u>	<u>199,720</u>
Total capital assets being depreciated	<u>360,721</u>	<u>139,047</u>	<u>1,058</u>	<u>498,710</u>
Less: Accumulated depreciation				
Buildings and improvements	21,636	-	-	21,636
Computer software	276,433	1,318	1,058	276,693
Furniture and equipment	<u>60,435</u>	<u>11,825</u>	<u>-</u>	<u>72,260</u>
Total accumulated depreciation	<u>358,504</u>	<u>13,143</u>	<u>1,058</u>	<u>370,589</u>
 Capital assets, net	 <u>\$ 2,217</u>	 <u>\$ 125,904</u>	 <u>\$ -</u>	 <u>\$ 128,121</u>

During the year ended June 30, 2017, \$13,143 was charged to depreciation expense.

Governmental Activities

Unallocated	<u>\$ 13,143</u>
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**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:**

(a) **General Information about the Pension Plan:**

SALTech Jacksonville (The "School") participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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. All members enrolled in the 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. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The 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 Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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 plan and/or class to which the member belonged when the service credit was earned.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (Continued)

(a) **General Information about the Pension Plan:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS 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.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Contributions

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at June 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Class	3.00%	7.52%
Senior Management	3.00%	21.77%
DROP Employees	0.00%	12.99%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

Actual contributions made for School employees participating in FRS and HIS for the each of last three fiscal years ended June 30 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Contributions – FRS	\$ 16,713	\$ 32,995	\$ 35,686
School Contributions – HIS	4,734	6,482	4,950
Employee Contributions – FRS	8,556	15,714	5,073

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (Continued)

(a) **General Information about the Pension Plan:** (Continued)

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000

(b) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

At June 30, 2017, the School reported a liability of \$353,930 for its proportionate share of the net pension liability, \$206,516 related to FRS and \$147,414 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the School's FRS proportion was .000817885% and .000816869%, respectively. At June 30, 2017 and June 30, 2016, the School's HIS proportion was 0.001264861% and 0.001208788%, respectively. For the year ended June 30, 2017, the School's recognized pension expense of \$24,612 from FRS and \$7,408 from HIS, for a grand total of \$32,020.

Deferred outflows/inflows related to pensions:

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,812	\$ (1,923)	\$ -	\$ (336)
Changes of assumptions	12,494	-	23,133	-
Net different between projected and actual investment earnings	53,382	-	75	-
Change in School's proportionate share	121	(26,213)	4,534	(28,090)
Contributions subsequent to measurement date	14,988	-	4,735	-
	<u>\$ 96,797</u>	<u>\$ (28,136)</u>	<u>\$ 32,477</u>	<u>\$ (28,426)</u>

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (Continued)

(b) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from School contributions subsequent to the measurement date and 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 deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2018	\$	3,366
2019		3,366
2020		24,163
2021		16,539
2022		1,579
Thereafter		3,976
Total	\$	<u>52,989</u>

Actuarial assumptions. The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed for the FRS Pension Plan.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 2.85%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.60%. The 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.80%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (Continued)

(b) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** (Continued)

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Long- Term Expected Rate of Return %</u>
Cash	1	3
Fixed Income	18	4.7
Global Equities	53	8.1
Real Estate	10	6.4
Private Equity	6	11.5
Strategic Investments	12	6.1
Total	100.0%	

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 380,211	\$ 206,516	\$ 61,939
HIS	2.85%	169,118	147,414	129,402

(5) **Subsequent Events:**

Subsequent events— Subsequent events have been evaluated through November 15, 2017, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(6) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Loss mitigation is provided through purchased commercial insurance. Health and hospitalization insurance coverage is provided to school employees through purchased commercial insurance. Insurance coverage for fiduciary and student accident are provided by commercial insurance.

Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

(7) **Donated Use of Facilities:**

The Job Corp Center provided space for the School to operate its educational programs on their property under a written agreement through November 1, 2016. The School does not pay rent under this agreement. The value of this donation and other services is approximately \$44,000 per month and is not recognized in the accompanying financial statements.

(8) **Transfers:**

The following is a summary of interfund transfers reported in the governmental fund financial statements:

	Interfund	
	Transfers In	Transfers Out
Funds:		
General fund	\$ 503,001	\$ -
Special revenue fund	-	5,574
Capital projects fund		497,427
Total	\$ 503,001	\$ 503,001

The transfers are used to move revenues to finance various programs that must be accounted for in other funds.

(9) **Going Concern:**

The Organization has suffered large reductions in FEFP revenues and has substantial current liabilities past due that raise substantial doubt about its ability to continue as a going concern. Management has reduced the total number of employees while reducing salaries of other certain employees and decreasing operating costs. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management acknowledges that uncertainty remains on the School's ability to meet its operational financial requirement.

(10) **Related Party Transaction:**

For the year ended June 30, 2017, payables due from the School to the Principal totaled \$20,000.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>		<u>Actual (GAAP Basis)</u>	<u>Variances - Positive (Negative) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State	\$ 2,424,904	\$ 2,424,904	\$ 907,736	\$ (1,517,168)
Local	50,000	73,983	13,888	(60,095)
Total Revenues	<u>2,474,904</u>	<u>2,498,887</u>	<u>921,624</u>	<u>(1,577,263)</u>
Expenditures				
Instruction	1,013,688	1,013,939	668,663	345,276
Instruction media	-	170,000	424	169,576
Instruction and Curriculum Development Services	72,324	72,324	114,421	(42,097)
Instructional staff training services	-	-	3,338	(3,338)
Board	17,000	17,000	7,940	9,060
School Administration	650,194	650,194	316,715	333,479
Facilities Acquisition and Construction	24,000	24,000	157,209	(133,209)
Fiscal Services	20,150	20,150	88,541	(68,391)
Pupil transportation	-	-	133	(133)
Operation of Plant	466,483	466,483	589,829	(123,346)
Administrative technology services	1,800	1,800	16,886	(15,086)
Total Expenditures	<u>2,265,639</u>	<u>2,435,890</u>	<u>1,964,099</u>	<u>471,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>209,265</u>	<u>62,997</u>	<u>(1,042,475)</u>	<u>(1,105,472)</u>
Other financing sources (uses)				
Transfers in	-	-	503,001	503,001
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>503,001</u>	<u>503,001</u>
Net change in fund balances	<u>209,265</u>	<u>62,997</u>	<u>(539,474)</u>	<u>(602,471)</u>
Fund balance, Beginning of year	147,514	147,514	147,514	-
Fund balance, Ending of year	<u>\$ 356,779</u>	<u>\$ 210,511</u>	<u>\$ (391,960)</u>	<u>\$ (602,471)</u>

The accompanying notes are an integral
part of this schedule.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:**

The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual are presented using the School’s budget format for all major governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the “Board”). The budget presented for fiscal year ended June 30, 2017, has not been amended.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	2017	2016	2015
Florida Retirement System (FRS)			
Proportion of the net pension liability (asset)	0.000817885%	0.000816869%	0.000955983%
Proportionate share of the net pension liability (asset)	\$ 206,516	\$ 105,510	\$ 58,329
Covered-employee payroll	285,199	390,479	470,490
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.41%	27.02%	12.40%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)			
Proportion of the net pension liability (asset)	0.001264861%	0.001208788%	0.001583556%
Proportionate share of the net pension liability (asset)	\$ 147,414	\$ 147,414	\$ 148,066
Covered-employee payroll	285,199	390,479	470,490
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.69%	37.75%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the school will present information for only those years for which information is available.

The accompanying notes are an integral
part of this schedule.

**SCHOOL FOR ACCELERATED LEARNING
AND TECHNOLOGIES, INC.
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Florida Retirement System (FRS)</u>				
Contractually required contribution	\$ 16,713	\$ 32,995	\$ 35,686	\$ 33,659
Contributions in relation to the contractually required contribution	(16,713)	(32,995)	(35,686)	(33,659)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 285,199	\$ 390,479	\$ 392,831	\$ 470,490
Contributions as a percentage of covered-employee payroll	5.86%	8.45%	9.08%	7.15%
<u>Health Insurance Subsidy Program (HIS)</u>				
Contractually required contribution	\$ 4,734	\$ 6,482	\$ 4,950	\$ 5,646
Contributions in relation to the contractually required contribution	(4,734)	(6,482)	(4,950)	(5,646)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 285,199	\$ 390,479	\$ 392,831	\$ 470,490
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the school will present information for only those years for which information is available.

The accompanying notes are an integral
part of this schedule.

**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***

To the Governing Board,
School for Accelerated Learning
and Technologies, Inc.:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the School for Accelerated Learning and Technologies, Inc. ("the School") as of and for the year ended June 30, 2017, and related notes to the financial statements which collectively comprise the School's basic financial statements and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control that we consider to be material weakness.

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. We consider the deficiencies described below to be a material weakness.

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2017-001: Significant Adjustments

Condition and Criteria: The internal controls of the School have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: For the year ended June 30, 2017, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. These adjustments were necessary to correct material misstatements of the financial statements.

Effect: Financial statements would be materially misstatement significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Compliance and Other Matters

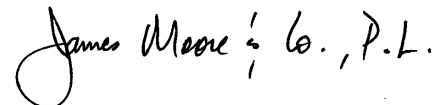
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

SALTech's Response to Findings

SALTech's response to findings identified in our audit are described in the accompanying corrective action plan. SALTech's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

James Moore & Co., P.L.

Tallahassee, Florida
November 15, 2017

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.850, RULES OF THE AUDITOR GENERAL**

To the Governing Board,
School for Accelerated Learning
and Technologies, Inc.:

Report on the Financial Statements

We have audited the financial statements of the School for Accelerated Learning and Technologies, Inc. (“the School”), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 15, 2017.

Auditors’ Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

Other Reporting Required by *Government Auditing Standards*

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 November 15, 2017, 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. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is the School for Accelerated Learning and Technologies, Inc.

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Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the School 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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. It is management's responsibility to monitor the School'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. We noted the School District has determined the School to be in a state of deteriorating financial condition due to a significant drop in FTE, loss of PECO funds, and overstaffing during the current Fiscal year. The Commissioner of Education will make a final determination on how to best handle the financial condition of the School going forward, in order to ensure the School does not meet any of the specific conditions included in Section 218.503(1), of the Florida Statute going forward.

2017-002 - Deteriorating Financial Condition

Criteria: As defined in Section 218.39(5)(b) indicators of a deteriorating financial condition are a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or non-spendable, or a total or unrestricted net assets deficit and for which sufficient resources are not available to cover the deficit.

Condition: At June 30, 2017 the School had a spendable - unassigned fund balance deficit of (\$391,416). Current liabilities exceed current assets. Current assets should equal or exceed current liabilities.

Cause: The School is in its first year of operation at new location and expended resources for the initial startup costs and purchases of capital assets for which it did not incur any related debt.

Potential effect: The School could lack the resources to meet its obligations.

Recommendation: The School should monitor its enrollment and budget versus expenditures to ensure spending is within the budget.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School did not maintain all of the required information on its website as specified in Section 1002.33(9)(p), Florida Statutes.

Finding 2017-003 Transparency - In connection with our audit, we determined that the SALTech did not include the School's most recent budget, or the most recent school rating on its website as required by Florida Statutes. We recommend the School website be reviewed each year to ensure proper implementation of statute.

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 recommend the School continue to review financial statements and accounting adjustments on a monthly basis in order to ensure proper recording of all activities that take place during the fiscal year.

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.

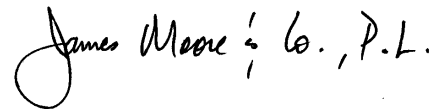
Finding 2017-004 Improper Documentation to Support Reported FTE - In connection with our audit, we noted SALTech did not comply with proper adherence to FTE policies and procedures as noted by a District audit of the FTE process. We recommend the School works with the District in order to create and implement an FTE process that meets the documentation requirement.

SALTech's Response to Findings

SALTech's response to findings identified in our audit are described in the accompanying corrective action plan. SALTech's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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, Duval County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

 James Moore & Co., P.L.

Tallahassee, Florida
November 15, 2017



November 15, 2017

Annual Audit Corrective Action

2017-001: Significant Adjustments

Fiscal 2017 was our initial year of operations in our new facility and the move to the new facility resulted in an organized chaos which permeated throughout the organization including the finance department. As a result, we fell behind in accumulating documentation to support account balances which lead to inadequate account reconciliations and material audit adjustments. Our efforts have been to establish standard operating procedures for completing and maintaining proper documentation as we refocused our efforts toward administrative functions.

2017-002: Deteriorating Financial Condition

We reported a negative fund balance at June 30, 2017 and a significant decrease in fund balance for the year, which were primarily related to lower than expected enrollment and denial of capital outlay funding. . The Board was never given an opportunity to discuss or validate the findings prior to the district immediately withholding funds, which resulted in a decrease in revenue. After submitting several corrective action plans to the district, eventually the district provided the school with an acceptable corrective action plan format. We have taken action to remedy this negative fund balance by reducing the number of employees at the school through combining several key administrative functions, retirements, and reducing staff during the summer to reduce expenditures. Also, salary adjustments were made and will be maintained until a satisfactory recovery has occurred. In addition, the school has secured funding from Charter School Capital to help manage cash flows. We have prepared a balanced fiscal 2018 budget based on initial student counts of 70 whereas the actual student counts for fiscal 2018 are currently between 172 to 227 and awaiting final verification from the state. Our school serves an at-risk population where we experience a fluctuation in enrollment and attendance. We will continue to closely monitor our monthly budget based on actual cash inflows and outflows, and will make necessary adjustments as required to achieve financial stability.

2017-003: Transparency

Fiscal 2017 was our initial year of operations in our new facility and the move to the new facility resulted in an organized chaos which permeated throughout the organization including the administrative department. We have implemented procedures to ensure our website is reviewed and updated periodically and to include the most recent budget on the school's website.

2017-004: Improper Documentation to Support Reported FTE

After exiting Job Corps on November 1, 2016 and relocating to the current facility, Job Corps erroneously claimed 116 of SALTech's students during the October Survey 2016. Consequently, that number (116 students) resulted in lowering our enrollment. Additionally, Fiscal 2017 was our initial year of independent operation (formerly housed at Jacksonville Job Corps) in our new facility and the move to



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the new facility resulted in an organized chaos which permeated throughout the organization including the registrar's office. During fiscal 2017, the district performed an audit of our reported student count and we were unable to immediately produce contemporaneous attendance records and documentation to support student counts which were entered into the on-line attendance system (FOCUS) due to jam-packed documents. We eventually produced the records and documentation but the timeline to submit the information to the district was unacceptable which resulted in a claw back of fiscal 2017 FTE revenues equating to approximately \$200,000. We have subsequently revised our attendance and enrollment procedures; hired a registrar and an assistant who attend numerous district training sessions related to attendance in FOCUS in order to fully comply with required attendance policies and procedures. Our Board has made compliance a priority with a goal to achieve total compliance for fiscal 2018 and will commit the resources and personnel necessary to achieve this objective.

Sincerely,

Michael LaRoche, Principal

School for Accelerated Learning &
Technologies, Inc. High School
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