STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
State College of Florida Collegiate School
Bradenton, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the State College of Florida Collegiate School (the Charter School), a Charter School and restricted fund of State College of Florida, Manatee-Sarasota, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter 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 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 major fund and the aggregate remaining fund information of the Charter School as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2017 financial statements of the Charter School were audited by other auditors whose report dated October 6, 2017, expressed an unmodified opinion on those statements. As discussed in Note 3 to the financial statements, the Charter School has adjusted its 2017 financial statements to report a Statement of Fiduciary Net Position that presents asset and liability balances as of June 30, 2017.

As part of our audit of the 2018 financial statements, we also audited the adjustments to the 2017 financial statements as described in Note 3. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Charter School’s 2017 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Emphasis of Matters

As described in Note 1, the financial statements of the Charter School are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of State College of Florida that is attributable to the Charter School. They do not purport to, and do not, present fairly the financial position of State College of Florida as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As described in Note 3, the Charter School adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Plans Other Than Pensions*. As a result of the implementation of GASBS No. 75, the Charter School reported a restatement for the change in accounting principle. The auditors’ opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of changes in the Charter School's net OPEB liability, the schedule of funding progress – OPEB, and the schedules of the Charter School's proportionate share of the net pension liability and of its contributions – pension plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 9, 2018 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
October 9, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the State College of Florida Collegiate School (the Charter School) for the fiscal year ended June 30, 2018 and 2017. This discussion has been prepared by management and the information contained in the MD&A is intended to highlight significant transactions, events and conditions, and should be read in conjunction with the Charter School's financial statements and notes thereto. Responsibility for the completeness and fairness of this information rests with the Charter School's management. This discussion and analysis contains financial activities of the Charter School as a restricted fund of the State College of Florida, Manatee-Sarasota.

FINANCIAL HIGHLIGHTS

For the year ended June 30, 2018, the Charter School's revenues exceeded expenses by $378,793. The beginning net position was adjusted by ($89,944), due to the implementation of GASB No. 75. This resulted in an ending net position balance of $552,195. The Charter School conducted operations for the 2017-2018 academic year with revenues of $3,474,129.

For the year ended June 30, 2017, the Charter School's revenues exceeded expenses by $37,563. This resulted in an ending net position balance of $263,346. The Charter School conducted operations for the 2016-2017 academic year with revenues of $3,238,126.

OVERVIEW OF FINANCIAL STATEMENTS

The Charter School's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These financial statements and the notes thereto, provide information on the Charter School as a whole, and over time, will present a long-term view of the Charter School's finances and fiscal health.

The Charter School is a public charter school sponsored by the School District of Manatee County, Florida. The initial charter was effective until June 30, 2015, and was renewed during 2015 until June 30, 2030. It is organized pursuant to Section 1002.33, Florida Statutes, and is governed by the District Board of Trustees of the State College of Florida, Manatee-Sarasota, who are appointed by the Governor of the State of Florida, and confirmed by the Senate in regular session.

The Charter School is operated by the State College of Florida, Manatee-Sarasota (the College) and is housed on the College's Bradenton Campus. It is designed to provide students with the opportunity to graduate simultaneously with a high school diploma and an Associate in Arts (AA) degree. Students will explore their potential, discover the importance of higher education, and receive personalized attention in a close-knit school setting.

The Charter School is recognized as a separate restricted fund in the accounting system of the College. The State of Florida Auditor General's Office audits the College's financial statements. The College adheres to internal control procedures contained in the Board of Trustees Rules and the Accounting Manual of the Florida College System. As a restricted fund of the College, the Charter School is subject to the same internal control procedures as the College, and in addition, to the standards contained in the Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book) and other stipulated guidelines for Charter Schools.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

One of the most important questions asked about the Charter School's finances is, "Is State College of Florida Collegiate School as a whole, better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information on the Charter School as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Charter School's operating results.

These two statements report the Charter School's net position and changes in net position. You can think of the Charter School's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as one way to measure the Charter School's financial health or financial position. Over time, increases, or decreases in the Charter School's net position is one indication of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and the safety of the campus, to assess the Charter School's overall financial health.

These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

Condensed statements of net position for the Charter School as of June 30 are shown in the following table:

	As of		
	June 30, 2018	June 30, 2017	June 30, 2016
Current Assets	$ 1,428,403	$ 1,038,484	$ 1,029,423
Noncurrent Assets	268,953	263,306	131,320
Total Assets	1,697,356	1,301,790	1,160,743
Total Deferred Outflows of Resources	493,230	429,332	181,939
Current Liabilities	257,176	288,319	280,704
Noncurrent Liabilities	1,276,250	1,132,206	724,554
Total Liabilities	1,533,426	1,420,525	1,005,258
Total Deferred Inflows of Resources	104,965	47,251	111,641
Net Investment in Capital Assets	220,522	186,391	83,820
Restricted	542,128	317,287	324,376
Unrestricted	(210,455)	(240,332)	(182,413)
Total Net Position	$ 552,195	$ 263,346	$ 225,783

The Charter School's 2018 net position increased by $288,849. This increase was due to a variety of factors, but mainly due to the Local Capital Improvement funds from the discretionary millage authorized in section 1011.71(2), F.S. received in January 2018, which the Charter School had not received prior to this year.

The statement of revenues, expenses, and changes in net position presents the Charter School's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. All of the Charter School's revenues are considered nonoperating under GASB standards.

The following table presents the Charter School's revenues and expenses for the fiscal years ending June 30:

	Year Ended		
	June 30, 2018	June 30, 2017	June 30, 2016
Operating Revenues	$ -	$ -	$ -
Operating Expenses	3,095,336	3,200,563	3,082,243
Operating Loss	(3,095,336)	(3,200,563)	(3,082,243)
Nonoperating Revenues			
State Appropriations	3,034,309	3,055,812	2,971,328
Grants	8,475	3,306	59
Contributions from State College of Florida	10,000	-	-
Other Nonoperating Revenues	56,480	36,858	25,723
Total Nonoperating Revenues	3,109,264	3,095,976	2,997,110
Income (Loss) Before Capital Appropriations	13,928	(104,587)	(85,133)
Capital Appropriations	364,865	142,150	95,214
Change in Net Position	378,793	37,563	10,081
Net position - Beginning, as Previously Reported	263,346	225,783	215,702
Prior Period Adjustment, Refer to Note 3	(89,944)	-	-
Net Position - Ending	$ 552,195	$ 263,346	$ 225,783

The Charter School's State appropriations fluctuate with changes in enrollment; there was a slight decrease in enrollment of approximately 7 FTE's. However, overall revenue increased in 2017-18, which is due mainly to the receipt of the Local Capital Improvement funds.

OPERATING EXPENSES

The Charter School has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

Operating expenses for the Charter School for the fiscal years ending June 30, are presented in the following table:

	Year Ended		
	June 30, 2018	June 30, 2017	June 30, 2016
Salaries	$ 1,540,724	$ 1,474,088	$ 1,407,852
Benefits	504,893	533,727	433,062
Contractual Services	400,147	411,303	459,294
Materials and Supplies	322,593	334,113	298,295
Other Services and Expenses	283,277	416,668	455,193
Depreciation	43,702	30,664	28,547
	$ 3,095,336	$ 3,200,563	$ 3,082,243

Salaries for the Charter School primarily increased due to an increase in Best and Brightest Scholarship awards in 2017-18 of $51,200 and a one-time supplemental pay that was approved by State College of Florida's Board of Trustees for employees hired prior to March 2017 of $10,230. The decrease in benefits was primarily due to the implementation of GASB 75 for other post-employment benefits expense of $8,361 and a decrease in the incremental change in compensated absences of $20,335 in fiscal year 2018 compared to fiscal year 2017. The depreciation expense increase was primarily due to the purchase of educational interactive flat panels/whiteboards (promethean boards) resulting in depreciation of $5,243 for the first year, and the change in useful life of capital lease purchases of $5,984. The decrease in other services and expenses is due primarily to the Charter School incurring certain startup costs paid to the College of $145,510 in 2016-17 but no such costs incurred in 2017-18.

THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the Charter School's cash flows for the fiscal years ending June 30 is presented in the following table:

	Year Ended		
	June 30, 2018	June 30, 2017	June 30, 2016
Cash Provided (Used By)			
Operating Activities	$ (3,006,377)	$ (3,089,286)	$ (2,922,461)
Noncapital Financing Activities	3,106,972	3,095,975	3,006,288
Capital and Related Financing Activities	292,086	(890)	(4,657)
Net Increase in Cash	392,681	5,799	79,170
Cash - Beginning of Year	1,015,523	1,009,724	930,554
Cash - End of Year	$ 1,408,204	$ 1,015,523	$ 1,009,724

Cash provided by noncapital financing activities is comprised of state appropriations that passed through the School District of Manatee County, Florida ($3,034,309), grants ($8,475), and other miscellaneous nonoperating receipts and contributions ($66,480). Included in the calculations of cash flows used by operating activities are payments for salaries and benefits for teachers and staff ($2,045,617) and payments for suppliers for goods and services of ($1,014,521). Cash flows provided by capital and related financing activities is comprised of Florida Department of Education capital outlay funds in the amount of $369,919, note payable repayments of $18,984 and purchase of capital assets in the amount of $58,849.

CAPITAL ASSETS

Capital assets as of June 30, 2018, 2017, and 2016 were $240,453, $225,306, and $83,820, respectively, net of accumulated depreciation in the amount of $270,210, $226,508, and $196,580, respectively. See Note 5 of the notes to the basic financial statements for a detail of the activity during the fiscal year and other related information.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The Charter School's economic condition is closely tied to that of the State of Florida. It is expected that the Charter School will continue to maintain its present level of services and financial health. The initial contract between the School District of Manatee County, Florida, and the District Board of Trustees of State College of Florida, Manatee-Sarasota was five (5) years and this contract was renewed by mutual written agreement of the parties, pursuant to Florida law, in 2014-2015 for fifteen (15) years. The Charter School opened with 6th and 7th grades and 132 students in 2010. The Charter School was fully enrolled in grades 6-12, and graduated its first class of seniors in 2014. The charter agreement specified a maximum of 540 seats, however, with the designation of a high-performing charter school from the Commission of the Florida Department of Education, Pam Stewart, this allows for a 15% increase in enrollment. At this time, enrollment is approximately 521 students. Every year since its opening the Charter School has earned an "A" grade from the Florida Department of Education, and the Charter School is confident that it can maintain this excellent standard as it continues to grow and provide an alternative educational opportunity for the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of finances for those who may be interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice President for Finance and Administrative Services, State College of Florida, Manatee-Sarasota, 5840 26th Street West, Bradenton, Florida 34207.

BASIC FINANCIAL STATEMENTS

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,408,204	$ 1,015,523
Accounts Receivable	10,699	13,461
Prepaid Rent	9,500	9,500
Total Current Assets	1,428,403	1,038,484
NONCURRENT ASSETS		
Prepaid Rent	28,500	38,000
Capital Assets, Nondepreciable	47,662	-
Capital Assets, Net of Accumulated Depreciation	192,791	225,306
Total Noncurrent Assets	268,953	263,306
Total Assets	1,697,356	1,301,790
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources - Pension	484,720	429,332
Deferred Outflows of Resources - OPEB	8,510	-
Total Deferred Outflows of Resources	493,230	429,332
Total Assets and Deferred Outflows of Resources	$ 2,190,586	$ 1,731,122
CURRENT LIABILITIES		
Accounts Payable	$ 33,134	$ 51,139
Accrued Wages and Benefits	179,785	179,326
Current Portion - Note Payable	19,931	18,984
Current Portion - Compensated Absences	5,059	5,025
Current Portion - OPEB Liability	8,510	-
Current Portion - Net Pension Liability	10,757	33,845
Total Current Liabilities	257,176	288,319
LONG-TERM LIABILITIES		
Note Payable	-	19,931
Compensated Absences	58,179	57,787
Other Post Employment Benefits Liability	94,839	8,631
Net Pension Liability	1,123,232	1,045,857
Total Long-Term Liabilities	1,276,250	1,132,206
Total Liabilities	1,533,426	1,420,525
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pension	101,455	47,251
Deferred Inflows of Resources - OPEB	3,510	-
Total Deferred Inflows of Resources	104,965	47,251
NET POSITION		
Net Investment in Capital Assets	220,522	186,391
Restricted for Capital Outlay Projects - Expendable	542,128	317,287
Unrestricted	(210,455)	(240,332)
Total Net Position	552,195	263,346
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 2,190,586	$ 1,731,122

See accompanying Notes to Financial Statements.

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES	$ -	$ -
OPERATING EXPENSES		
Salaries	1,540,724	1,474,088
Benefits	504,893	533,727
Contractual Services	400,147	411,303
Materials and Supplies	322,593	334,113
Other Services and Expenses	283,277	416,668
Depreciation	43,702	30,664
Total Operating Expenses	3,095,336	3,200,563
Operating Loss	(3,095,336)	(3,200,563)
NONOPERATING REVENUES		
State Appropriations through School District	3,034,309	3,055,812
Grants	8,475	3,306
Contributions from State College of Florida	10,000	-
Other Nonoperating Revenues	56,480	36,858
Total Nonoperating Revenues	3,109,264	3,095,976
Income (Loss) Before Capital Appropriations	13,928	(104,587)
Capital Appropriations	364,865	142,150
Change in Net Position	378,793	37,563
Net Position - Beginning, as Previously Reported	263,346	225,783
Prior Period Adjustment, Refer to Note 3	(89,944)	-
Net position - Beginning, Restated	173,402	225,783
Net position - Ending	$ 552,195	$ 263,346

See accompanying Notes to Financial Statements.

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to Suppliers for Goods and Services	$ (1,014,521)	$ (1,170,095)
Payments to Employees	(1,991,856)	(1,919,191)
Net Cash Used by Operating Activities	(3,006,377)	(3,089,286)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations through School District	3,034,309	3,055,812
Grants	6,183	3,306
Other Nonoperating Receipts	56,480	36,857
Contributions from State College of Florida	10,000	-
Net Cash Provided by Noncapital Financing Activities	3,106,972	3,095,975
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Appropriations - Capital	369,919	138,889
Purchases of Capital Assets	(58,849)	(178,778)
Disposition of Capital Assets	-	6,628
Financing of Capital Assets	-	59,840
Note Repayments	(18,984)	(27,469)
Net Cash Provided (Used) by Capital and Related Financing Activities	292,086	(890)
Net Increase in Cash	392,681	5,799
Cash - Beginning of Year	1,015,523	1,009,724
Cash - End of Year	$ 1,408,204	$ 1,015,523

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (3,095,336)	$ (3,200,563)
Depreciation	43,702	30,664
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	9,500	9,500
Deferred Outflows of Resources	(63,898)	(247,393)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(18,004)	(17,511)
Accrued Wages and Benefits	458	(5,006)
Compensated Absences	426	20,761
Other Post Employment Benefits Liability	4,774	8,631
Net Pension Liability	54,287	376,021
Deferred Inflows of Resources	57,714	(64,390)
Net Cash Used by Operating Activities	$ (3,006,377)	$ (3,089,286)

See accompanying Notes to Financial Statements.

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash	$ 40,137	$ 37,749
Total Assets	$ 40,137	$ 37,749
LIABILITIES		
Accounts Payable	$ 852	$ -
Deposits Held in Custody for Others	39,285	37,749
Total Liabilities	$ 40,137	$ 37,749

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The State College of Florida Collegiate School (the Charter School) is a restricted fund of State College of Florida, Manatee-Sarasota (the College). The general operating School of the Charter School is contained in Section 1002.33, Florida Statutes. The Charter School operates under a charter with the sponsoring school district, the School District of Manatee County, Florida (Sponsor). The initial charter was renewed in 2015 and is effective through June 30, 2030. The charter may be renewed pursuant to Section 1002.33, Florida Statutes, for such duration as may be established by mutual written consent of the parties and by successful completion of the renewal process. At the end of the term of the charter, the Sponsor may choose not to renew the charter, in which case, the Sponsor is required to notify the Charter School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown. The Charter School shall notify the Sponsor in writing at least 90 days prior to the expiration of the charter as to its intent to renew or not renew.

Basis of Presentation

The records of the Charter School are maintained as a restricted fund on the books of the College and accordingly, they follow the same basis of presentation. The Charter School's accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB), such as GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. GASB Statement No. 35 includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. GASB Statement No. 35 allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-type activities or engaged in both governmental and business-type activities. The College elected to report as an entity engaged in only business-type activities. Therefore, these special-purpose financial statements are presented accordingly.

Additionally, the Charter School reports fiduciary funds to account for resources which are used to administer moneys collected in connection with parent-teacher organization fund-raisers, school field trips, and club activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Charter School's financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The Charter School's principal activity is instruction. Operating revenues and expenses include all fiscal transactions related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include state appropriations from the county school district, subsidies from the College, federal grants, Charter School Capital Outlay funds, and other grants.

Cash

Amounts reported as cash consist of cash on hand and cash in demand deposit accounts. Cash deposits of the Charter School are held by banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

For purposes of the statement of cash flows, the Charter School considers all unrestricted and restricted highly liquid investments, such as money market accounts, to be cash equivalents.

Capital Assets

The Charter School uses the policies of the College for capitalization and depreciation. The Charter School has a capitalization threshold of $5,000 for tangible personal property and $25,000 for improvements other than buildings. All capital assets are depreciated using the straight-line method over their estimated useful lives. A useful life of 5 years is being used for equipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position include a separate section for *deferred outflows of resources*. This 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) until then. The deferred outflows of resources reported in the Authority's statement of net position pertain to the Charter School's participation in the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Other Postemployment Benefits (OPEB) Plan.

In addition to liabilities, the statement of net position includes a separate section for *deferred inflows of resources*. This 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 outflows of resources reported in the Authority's statement of net position pertain to the Charter School's participation in the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Other Postemployment Benefits (OPEB) Plan.

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as net investment in capital assets or restricted is reported as unrestricted net position.

When both restricted and unrestricted amounts of net position are available for use for expenses incurred, it is the Charter School's policy to use restricted amounts first and then unrestricted amounts as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenue for current operations is received primarily from the School District of Manatee County, Florida, pursuant to the funding provisions included in the Charter. In accordance with the funding provisions of the Charter and Section 1002.33(18)(b), Florida Statutes, the Charter School reports its student enrollment to the Sponsor. State appropriations and grant funding are classified as nonoperating revenue.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 REPORTING CHANGE

The Charter School implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB they provide; and requires more extensive note disclosures and supplementary information about a government’s OPEB liability.

NOTE 3 ADJUSTMENTS

The beginning net position of the Charter School was decreased by $89,944 due to implementation of GASB Statement No. 75. The Charter School's total OPEB liability reported at June 30, 2017, increased by $99,404 to $108,035 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and the only deferred outflow of resources that was part of the restatement related to contributions made after the measurement date. No amounts prior to June 30, 2017 were restated due to lack of information available resulting from the OPEB valuation performed under GASB Statement No. 75. The restatement of the June 30, 2017 net position of the business-type activities is as follows:

Net Position at June 30, 2017, as Previously Reported	$	263,346
Cumulative Effect of Application of GASB 75		(89,944)
Net Position at June 30, 2017, Restated	$	173,402

The previously issued financial statements incorrectly omitted the Statement of Fiduciary Net Position to report the resources used to administer moneys collected in connection with parent-teacher organization fund-raisers, school field trips, and club activities. These financial statements include a Statement of Fiduciary Net Position that correctly presents these asset and liability balances as of June 30, 2017.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2018 and 2017:

	2018		2017	
Petty Cash on Hand	$	100	$	100
Bank Deposits		1,080,609		687,928
Florida State Board of Administration - Local Government Investment Pool		327,495		327,495
Total Cash and Cash Equivalents	$	1,408,204	$	1,015,523

The Charter School does not currently maintain individual accounts with either financial institutions or brokerages titled under its name. Cash and cash equivalents as presented in these financial statements reflects the Charter School's equity in the College's pooled cash and cash equivalent balances. The Charter School does not have its own investment policy.

The Charter School's excess deposits are invested entirely in the State of Florida State Board Administration (SBA) Local Government Investment Pool (LGIP). This external investment pool, Florida PRIME, qualifies for making the election to measure all of its investments at amortized cost for financial reporting purposes. The pool's participants also measure their investments in this external investment pool at amortized cost for financial reporting purposes. Thus, the Charter School's position in Florida PRIME is measured at amortized cost. Florida PRIME is rated by Standard & Poor's with a current rating of AAAm. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less.

NOTE 4 CASH AND CASH EQUIVALENTS (CONTINUED)

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

With regard to liquidity fees, Chapter 218.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

At June 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value within Florida PRIME.

NOTE 5 CAPITAL ASSETS

Capital asset activity at June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets - Nondepreciable:				
Construction in Progress	$ -	$ 47,662	$ -	$ 47,662
Capital Assets - Depreciable:				
Furniture, Fixtures, and Equipment	389,516	11,187	-	400,703
Leasehold Improvements	62,298	-	-	62,298
Total Depreciable Capital Assets	451,814	11,187	-	463,001
Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	225,729	42,145	-	267,874
Leasehold Improvements	779	1,557	-	2,336
Total Accumulated Depreciation	226,508	43,702	-	270,210
Total Depreciable Capital Assets, Net	225,306	(32,515)	-	192,791
Total Capital Assets, Net	$ 225,306	$ 15,147	$ -	$ 240,453

Depreciation expense for the year ended June 30, 2018 was $43,702.

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital asset activity at June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets - Nondepreciable:				
Construction in Progress	$ 1,180	$ -	$ (1,180)	$ -
Capital Assets - Depreciable:				
Furniture, Fixtures, and Equipment	279,220	117,660	(7,364)	389,516
Leasehold Improvements	-	62,298	-	62,298
Total Depreciable Capital Assets	279,220	179,958	(7,364)	451,814
Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	196,580	29,885	(736)	225,729
Leasehold Improvements	-	779	-	779
Total Accumulated Depreciation	196,580	30,664	(736)	226,508
Total Depreciable Capital Assets, Net	82,640	149,294	(6,628)	225,306
Total Capital Assets, Net	$ 83,820	$ 149,294	$ (7,808)	$ 225,306

Depreciation expense for the year ended June 30, 2017 was $30,664.

NOTE 6 OPERATING LEASES

The Charter School has entered into various agreements with Apple, Inc. for the use of computer equipment. The leases are effective for three years with payments through 2021. Rent expense under these leases totaled $81,186 and $57,891 for the years ended June 30, 2018 and 2017, respectively.

Future minimum rental payment required under the lease agreements are as follows:

Years Ending June 30,	
2019	$ 48,650
2020	48,650
2021	22,406
Total Minimum Lease Payments	$ 119,706

NOTE 7 CONTRACT FOR SERVICES

The Charter School has an agreement with the School District of Manatee County, Florida, to provide transportation for the Charter School's students for the school year. Payment is based on the cost per route, per day based on rates and average time expended performing transportation services. For the fiscal years ended June 30, 2018 and 2017, expenses reported pursuant to this agreement were $78,625 and $96,202, respectively.

NOTE 8 LONG-TERM LIABILITIES

Changes in the Charter School's long-term liabilities for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Long-Term Liabilities:					
Note Payable	$ 38,915	$ -	$ (18,984)	$ 19,931	$ 19,931
Compensated Absences	62,812	66,365	(65,939)	63,238	5,059
Subtotal	101,727	66,365	(84,923)	83,169	24,990
Other Post Employment Benefits*	108,035			103,349	8,510
Net Pension Liability	1,079,702			1,133,989	10,757
Total Long-Term Liabilities, per Statement of Net Position	$ 1,289,464			$ 1,320,507	$ 44,257

*Beginning balance was restated. See note 3.

Changes in the Charter School's long-term liabilities for the year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Long-Term Liabilities:					
Note Payable	$ 6,544	$ 59,840	$ (27,469)	$ 38,915	$ 18,984
Compensated Absences	42,051	24,125	(3,364)	62,812	5,025
Subtotal	48,595	83,965	(30,833)	101,727	24,009
Other Post Employment Benefits	-			8,631	-
Net Pension Liability	703,681			1,079,702	33,845
Total Long-Term Liabilities, per Statement of Net Position	$ 752,276			$ 1,190,060	$ 57,854

Compensated Absences

Charter School employees accrue vacation and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The Charter School reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the Charter School expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2018, the estimated liability for compensated absences totaled $63,238. Of this amount, $5,059 is estimated to be paid in the coming fiscal year.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB)

Beginning in fiscal year 2017-18, the Charter School follows GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the Florida College System Risk Management Consortium (Consortium).

General Information about the OPEB Plan

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the Charter School's retirement eligibility provisions. The Consortium exists as a risk sharing pool formed by the Florida College District Boards of Trustees under a mutual agreement. An actuarial valuation was performed for the College, which includes employees of the Charter School. As of and for the year ended June 30, 2018, the Charter School was allocated 6.65% of the OPEB related balances of the College derived from an actuarial valuation for the College, which included Charter School participants. This allocation was based on the ratio of Charter School participants to total participants in the OPEB Plan. At the June 30, 2017 measurement date, there were 30 active Charter School employees covered by the benefit terms under the OPEB Plan.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Charter School are eligible to participate in the Charter School's health and hospitalization plan for medical, prescription drug, and life insurance coverage. The Charter School subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The Charter School does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the Charter School and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

The OPEB Plan provides healthcare and life insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above. For qualifying employees hired prior to October 1, 2005, the Program provides payment of hospitalization coverage (or equivalent Medicare Supplement) at the rate in effect on January 1, 2006, for a period of 5 years, payments for $5,000 Retiree Group Life for a period of 5 years, and 2.5 percent of accumulated sick leave for every year of creditable service beyond 10 years, to a maximum of 20 additional years. For new qualifying employees hired on or after October 1, 2005, the Program provides for payment of hospitalization coverage (or equivalent Medicare Supplement) at a rate in effect on January 1, 2006, for a period of 3 years, payment of $5,000 Retiree Group Life for a period of 3 years, and the standard sick leave payout per Charter School rule.

Total OPEB Liability

The Charter School's total OPEB liability of $103,349 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	5.90%, average, including inflation
Discount Rate	3.56%
Healthcare Trend Rates	
Pre-Medicare	7.50% for 2017, decreasing to an ultimate rate of 5.00% for 2023 and
Medicare	5.50% for 2017, decreasing to an ultimate rate of 5.00% for 2020 and

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2014.

The demographic actuarial assumptions for mortality, retirement, disability incidence, and withdrawal used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017, valuation were based on a review of recent plan experience done concurrently with the June 30, 2017, valuation.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2017, as Restated	$	108,035
Changes for the Year:		
Service Cost		5,617
Interest		3,111
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience		(204)
Changes in Assumptions or Other Inputs		(3,750)
Benefit Payments		(9,460)
Net Changes		(4,686)
Balance at June 30, 2018	$	103,349

Changes of assumptions and other inputs reflect a change in the discount rate from 3.01 percent in 2016 to 3.56 percent in 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Charter School, as well as what the Charter School's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.56 percent) or 1 percentage point higher (4.56 percent) than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	$ 110,388	$ 103,349	$ 97,174

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Charter School, as well as what the Charter School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.50 percent decreasing to 4.00 percent) or 1 percentage point higher (8.50 percent decreasing 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 4.00%)	Current (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
Total OPEB Liability	$ 99,018	$ 103,349	$ 109,131

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2018 and 2017, the Charter School recognized OPEB expense of $8,284 and $8,842, respectively. At June 30, 2018, the Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ (181)
Change of Assumptions or Other Inputs	-	(3,329)
Contributions Subsequent to the Measurement Date	8,510	-
Total	$ 8,510	$ (3,510)

Of the total amount reported as deferred outflows of resources related to OPEB, $8,510 resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ (444)
2020	(444)
2021	(444)
2022	(444)
2023	(444)
Thereafter	(1,290)
Total	$ (3,510)

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2017, annual OPEB cost (expense) was calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the Charter School's annual OPEB cost for the fiscal year ended June 30, 2017, the amount actually contributed to the OPEB Plan, and changes in the Charter School's net OPEB obligation:

Normal Cost (Service for One Year)	$	4,688
Amortization of Unfunded Actuarial Accrued Liability		4,109
Annual Required Contribution		8,797
Interest on Net OPEB Obligation		582
Adjustment to Annual Required Contribution		(537)
Annual OPEB Cost (Expense)		8,842
Contribution Toward OPEB Cost		(211)
Increase in Net OPEB Obligation		8,631
Net OPEB Obligation, Beginning of Year		-
Net OPEB Obligation, June 30, 2017	$	8,631

The Charter School's annual OPEB cost was $8,842, the percentage of annual OPEB cost contributed to the OPEB Plan was 11.1%, and the net OPEB obligation was $8,631 as of June 30, 2017.

Funded Status and Funding Progress

As of the July 1, 2015, valuation date, the actuarial accrued liability for benefits was $17,644 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $17,644 and a funded ratio of 0%. The covered payroll (annual payroll of active participating employees) was $1,241,013 for the 2016- 2017 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.42%. The Charter School recognized their OPEB liability for the first time for the year ending June 30, 2017.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes were based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. For the year ended June 30, 2017, the actuarial calculations of the OPEB Plan reflected a long-term perspective. Consistent with this perspective, the actuarial valuations used actuarial methods and assumptions that included techniques that were designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The Charter School's OPEB actuarial valuation as of July 1, 2015, used the entry age normal cost actuarial method to estimate the actuarial accrued liability as of June 30, 2017, and the Charter School's 2016-2017 fiscal year ARC. Because the OPEB liability is unfunded, the actuarial assumptions included a 4% rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.25% per year, an inflation rate of 2.60% per year, and an annual healthcare cost trend rate of 6.75% pre-Medicare and 5.25% Medicare for the 2016-2017 fiscal year, reduced by decrements to an ultimate rate of 5% in 2020 for pre-Medicare and in 2017 for Medicare. The unfunded actuarial accrued liability was being amortized as a level percentage of projected payroll amortized over 30 years on open basis. The remaining amortization period at June 30, 2017, was 20 years.

NOTE 10 STATE RETIREMENT PLANS

General Information about the Florida Retirement System (FRS)

The FRS was created in 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 (DROP) 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 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees of State colleges. Chapter 112, Florida Statutes, established the 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 College 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 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).

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

General Information about the Florida Retirement System (FRS) (Continued)

The Charter School's FRS and HIS pension expense totaled $147,706 and $131,008 for the years ended June 30, 2018 and 2017, respectively.

FRS Pension Plan

FRS Pension Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a 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.
- Senior Management Service Class (SMSC) – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the 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. 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. Employees enrolled in the Plan 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 to eligible participants.

The 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-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. 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.

FRS Pension Plan Benefits Provided

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 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 retirement plan and/or the 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.

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

FRS Pension Plan Benefits Provided (Continued)

The following table shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more 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 at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan 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 was 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. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

FRS Pension Plan Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were:

	Percent of Gross Salary	
Class	Employee	Employer (1)
FRS, Regular	3.00	7.92
FRS, Senior Management Service	3.00	22.71
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	13.26
FRS Reemployed Retiree (2)	Varies	Varies

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

FRS Pension Plan Contributions (Continued)

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-17 fiscal year were:

	Percent of Gross Salary	
Class	Employee	Employer (1)
FRS, Regular	3.00	7.26
FRS, Senior Management Service	3.00	21.43
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	12.88
FRS Reemployed Retiree (2)	Varies	Varies

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Charter School's contributions to the Plan for the fiscal years ended June 30, 2018 and 2017, were $73,923 and $64,709, respectively.

FRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Charter School reported a liability of $734,160 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Charter School's proportionate share of the net pension liability was based on the Charter School's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the Charter School's proportionate share was 0.002482005 percent, which was a decrease of 0.000016102 percent from its proportionate share measured as of June 30, 2016.

At June 30, 2017, the Charter School reported a liability of $630,774 for its proportionate share of the FRS Plan's net pension liability. 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 July 1, 2016. The Charter School's proportionate share of the net pension liability was based on the Charter School's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Charter School's proportionate share was 0.002498108 percent, which was a decrease of 0.000103241 percent from its proportionate share measured as of June 30, 2015.

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2018, the Charter School recognized pension expense of $119,165. In addition, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 68,275	$ 4,067
Change of Assumptions or Other Inputs	246,730	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	-	18,194
Changes in Proportion and Differences Between Charter School FRS Contributions and Proportionate Share of Contributions	8,759	25,949
Charter School FRS Contributions Subsequent to the Measurement Date	73,923	-
Total	$ 397,687	$ 48,210

The deferred outflows of resources of $73,923, resulting from Charter School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ 36,459
2020	98,719
2021	65,597
2022	9,611
2023	47,002
Thereafter	18,166
Total	$ 275,554

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2017, the Charter School recognized pension expense of $94,038. In addition, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 48,297	$ 5,873
Change of Assumptions or Other Inputs	38,160	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	163,047	-
Changes in Proportion and Differences Between Charter School FRS Contributions and Proportionate Share of Contributions	12,567	29,793
Charter School FRS Contributions Subsequent to the Measurement Date	64,709	-
Total	$ 326,780	$ 35,666

FRS Pension Plan Actuarial Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.10 percent, 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, 2017, valuation was based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

FRS Pension Plan Actuarial Assumptions (continued)

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 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 (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
Total	100.0%			
Assumed Inflation - Mean			2.6%	1.9%

(1) As outlined in the Plan's investment policy

FRS Pension Plan Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. 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. The discount rate used in the 2017 valuation was updated from 7.60 percent to 7.10 percent.

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

FRS Pension Plan Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate as of June 30 2018 and 2017:

	June 30, 2018		
	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Charter School's Proportionate Share of the Net Pension Liability	$ 1,328,786	$ 734,160	$ 240,485

	June 30, 2017		
	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Charter School's Proportionate Share of the Net Pension Liability	$ 1,161,080	$ 630,774	$ 189,183

FRS Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

HIS Plan Description

The Health Insurance Subsidiary Pension Plan (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.

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

HIS Plan Benefits Provided

For the fiscal years ended June 30, 2018 and 2017, 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 benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

HIS Plan Contributions

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, 2018, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The Charter School 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 HIS 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.

For the years ended June 30, 2018 and 2017, the Charter School's contributions to the HIS Plan totaled $20,680 and $19,852, respectively.

HIS Plan Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Charter School reported a net pension liability of $399,829 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the Charter School's proportionate share of benefit payments expected to be paid within 1 year, net of the Charter School's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The Charter School's proportionate share of the net pension liability was based on the Charter School's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the Charter School's proportionate share was 0.003739351 percent, which was a decrease of 0.000112592 percent from its proportionate share measured as of June 30, 2016.

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

HIS Plan Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2017, the Charter School reported a net pension liability of $448,928 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the Charter School's proportionate share of benefit payments expected to be paid within 1 year, net of the Charter School's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. 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 July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2016. The Charter School's proportionate share of the net pension liability was based on the Charter School's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Charter School's proportionate share was 0.003851943 percent, which was an increase of 0.000246662 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2018, the Charter School recognized pension expense of $28,541. In addition, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 56,045	$ 34,573
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	222	-
Differences Between Expected and Actual Experience	-	832
Changes in Proportion and Differences Between Charter School HIS Contributions and Proportionate Share of Contributions	10,086	17,840
Charter School HIS Contributions Subsequent to the Measurement Date	20,680	-
Total	$ 87,033	$ 53,245

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

HIS Plan Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources totaling $20,680, resulting from Charter School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ 4,525
2020	4,640
2021	4,620
2022	3,989
2023	2,113
Thereafter	(6,779)
Total	$ 13,108

For the fiscal year ended June 30, 2017, the Charter School recognized pension expense of $36,969. In addition, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 70,448	$ -
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	-	1,022
Differences Between Expected and Actual Experience	227	-
Changes in Proportion and Differences Between Charter School HIS Contributions and Proportionate Share of Contributions	12,025	10,563
Charter School HIS Contributions Subsequent to the Measurement Date	19,852	-
Total	$ 102,552	$ 11,585

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

HIS Plan Actuarial Assumptions

The total pension liability at July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.58 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the HIS Plan. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

HIS Plan Discount Rate

The discount rate used to measure the total pension liability was percent. 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 plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85 percent to 3.58 percent.

HIS Plan Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rates disclosed in the preceding paragraph, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate for the years ended June 30, 2018 and 2017:

	June 30, 2018		
	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Charter School's Proportionate Share of the Net Pension Liability	$ 456,257	$ 399,829	$ 352,827

	June 30, 2017		
	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Charter School's Proportionate Share of the Net Pension Liability	$ 515,022	$ 448,928	$ 394,073

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS Investment Plan

The 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's 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. Charter School employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, 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 the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67

NOTE 10 STATE RETIREMENT PLANS (CONTINUED)

FRS Investment Plan (Continued)

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 regardless of membership class. 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. Nonvested 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, 2018, 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 Charter School.

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 in which 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 Charter School's Investment Plan pension expense totaled $64,853 and $55,566 for the fiscal years ended June 30, 2018 and 2017, respectively. Employee contributions to the Investment Plan totaled $24,565 and $22,161, for the fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 11 FUNCTIONAL CLASSIFICATION OF EXPENSES

Operating expenses on the statement of revenues, expenses and changes in net position are presented in the natural classifications. Presented below are those same expenses shown in functional classifications as recommended by the National Association of College and University Business Officers (NACUBO). The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department.

The functional classification of expenses for the fiscal years ended June 30, 2018 and 2017, are summarized in the following table:

Functional Classification	2018	2017
Instruction	$ 2,182,159	$ 1,989,631
Academic Support	175,778	247,593
Institutional Support	655,993	867,137
Student Transportation	81,406	96,202
Total Operating Expenses	$ 3,095,336	$ 3,200,563

NOTE 12 RISK MANAGEMENT PROGRAM

The College 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. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under School of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $200 million for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years. The Charter School, as part of the College, is covered under the Consortium's plan.

NOTE 13 RELATED PARTIES

Operating Leases

Effective July 1, 2012, the Charter School entered into a ten-year operating lease agreement with the College for the rental of the Charter school building. Pursuant to the lease agreement, there was an initial payment of $100,000, plus base rent charged each year. Rent expense is being reported on a straight-line basis over the term of the agreement, therefore an amount for prepaid rent has been reported in the amount of $38,000 and $47,500 for fiscal years ended June 30, 2018 and 2017, respectively. Rent expense was $84,500 for fiscal years ended June 30, 2018 and 2017.

The future minimum base rental payments for this lease are as follows:

Years Ending June 30,		
2019	$	75,000
2020		75,000
2021		75,000
2022		75,000
Total	$	300,000

Dual Enrollment

Effective for the 2013-14 fiscal year and pursuant to Florida Statute 1007.27(21)(n)1., the Charter School shall pay the College the standard tuition rate per credit hour for dual enrollment courses taken on the College's campus.

For the 2017-2018 school year, $354,938 has been charged by the College to the Charter School for dual enrollment. For the 2016-2017 school year, $344,131 has been charged by the College to the Charter School for dual enrollment.

REQUIRED SUPPLEMENTARY INFORMATION

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

Schedule of Changes in the Charter School's Other Postemployment Benefits Liability and Related Ratios

	2018
Total OPEB Liability	
Service Cost	$ 5,617
Interest	3,111
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(204)
Changes of Assumptions or Other Inputs	(3,750)
Benefit Payments	(9,460)
Net Change in Total OPEB liability	(4,686)
Total OPEB Liability - Beginning, as Restated	108,035
Total OPEB Liability - Ending	$ 103,349
Covered-Employee Payroll	$ 1,478,195
Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.99%

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

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
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(UNAUDITED)

Schedule of Funding Progress – OPEB

		2017
Actuarial Valuation Date		July 1, 2015
Actuarial Value of Assets	$	-
Actuarial Accrued Liability	$	17,644
Unfunded Actuarial Accrued Liability	$	17,644
Funded Ratio		0%
Covered Payroll	$	1,241,013
UAAL as Percentage of Covered Payroll		1.42%

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

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

Schedule of the Charter School's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
Charter School's Proportion of the FRS Net Pension Liability	0.002482005%	0.002498107%	0.002601348%	0.002451982%
Charter School's Proportionate Share of the FRS Net Pension Liability	$ 734,160	$ 630,774	$ 335,999	$ 149,607
Charter School's Covered Payroll (2)	$ 1,397,236	$ 1,323,403	$ 1,270,592	$ 967,151
Charter School's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	52.54%	47.66%	26.44%	15.47%
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	83.89%	85.00%	92.00%	96.09%

(1) The amounts presented for each fiscal year were determined as of June 30.
(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

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

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

Schedule of Charter School Contributions – Florida Retirement System Pension Plan

	2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
Contractually Required FRS Contribution	$73,923	$64,709	$60,089	$57,924	$53,709
FRS Contributions in Relation to the Contractually Required Contribution	(73,923)	(64,709)	(60,089)	(57,924)	(53,709)
FRS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	-
Charter School's Covered Payroll (2)	$1,478,195	$1,397,236	$1,323,403	$1,270,592	$967,151
FRS Contributions as a Percentage of Covered Payroll	5.00%	4.63%	4.54%	4.56%	5.55%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State college system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes

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

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

Schedule of the Charter School's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
Charter School's Proportion of the HIS Net Pension Liability	0.003739351%	0.003851943%	0.003605281%	0.003365741%
Charter School's Proportionate Share of the HIS Net Pension Liability	$ 399,829	$ 448,928	$ 367,682	$ 314,705
Charter School's Covered Payroll (2)	$ 1,397,236	$ 1,323,403	$ 1,270,592	$ 967,151
Charter School's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	28.62%	33.92%	28.94%	32.54%
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	1.64%	0.97%	0.50%	0.99%

(1) The amounts presented for each fiscal year were determined as of June 30.
(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

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

STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018
(UNAUDITED)

Schedule of Charter School Contributions – Health Insurance Subsidy Pension Plan

	2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
Contractually Required HIS Contribution	$20,680	$19,852	$19,007	$12,588	$11,530
HIS Contributions in Relation to the Contractually Required Contribution	(20,680)	(19,852)	(19,007)	(12,588)	(11,530)
HIS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	-
Charter School's Covered Payroll (2)	$1,478,195	$1,397,236	$1,323,403	$1,270,592	$967,151
HIS Contributions as a Percentage of Covered Payroll	1.40%	1.42%	1.44%	0.99%	1.19%

(1) The amounts presented for each fiscal year were determined as of June 30.
(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

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

NOTE 1 SCHEDULE OF CHANGES IN THE CHARTER SCHOOL'S TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2018, total OPEB liability significantly increased from the prior fiscal year as a result of changes to benefits and assumptions as discussed below:

Changes of Benefit Terms: None noted.

Changes of Assumptions: In 2017, GASB 75 required a major change in valuation of the total OPEB liability (TOL) by utilizing the Entry Age Normal (EAN) actuarial funding method which rolls back the TOL to the prior measurement date. In 2012, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general plan members. In 2009, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of members. In 2006, amounts reported as changes in assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

NOTE 2 SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN

Changes of Benefit Terms: None noted.

Changes of Assumptions: The long-term expected rate of return was decreased from 7.60 percent to 7.10 percent for reporting purposes, however decreased from 7.60 percent to 7.50 percent for funding purposes. Also, the active member mortality assumption was updated.

NOTE 3 SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN

Changes of Benefit Terms: None noted.

Changes of Assumptions: The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.

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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
State College of Florida Collegiate School
Bradenton, 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 business-type activities and the remaining fund information of State College of Florida Collegiate School (the Charter School), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated October 9, 2018.

Internal Control Over Financial Reporting

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

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

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

Board of Directors
State College of Florida Collegiate School

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter 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*.

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 Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
October 9, 2018

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MANAGEMENT LETTER

Board of Directors
State College of Florida Collegiate School
Bradenton, Florida

Report on the Financial Statements

We have audited the financial statements of the State College of Florida Collegiate School (the Charter School), a restricted fund of the State College of Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated October 9, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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 9, 2018, 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 are no prior year findings.

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 State College of Florida Collegiate School.

Financial Condition and Management

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

Board of Directors
State College of Florida Collegiate School

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 Charter School. It is management's responsibility to monitor the Charter 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.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
October 9, 2018