



St. Petersburg College Collegiate High School

**A Charter School and Restricted Fund
of St. Petersburg College**

**Comprehensive Annual Financial Report
June 30, 2019 and 2018**

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Independent Auditor's Report

To the Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School
St. Petersburg, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of St. Petersburg College Collegiate High School (Collegiate High School), a Charter School and a Restricted Fund of St. Petersburg College, St. Petersburg, Florida, as of and for the years ended June 30, 2019 and 2018, and the related notes to the special-purpose financial statements, which collectively comprise the School's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose financial statements.

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Collegiate High School as of June 30, 2019 and 2018, and the respective changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

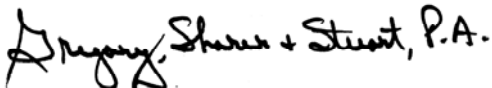
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 11 be presented to supplement the basic special-purpose financial statements. Such information, although not a part of the basic special-purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audits of the basic special-purpose 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 September 19, 2019, on our consideration of St. Petersburg College Collegiate High 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Petersburg College Collegiate High School's internal control over financial reporting and compliance.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." with a stylized flourish at the end.

St. Petersburg, Florida
September 19, 2019

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Notes to Special-Purpose Financial Statements
June 30, 2019 and 2018

Management's discussion and analysis of St. Petersburg College Collegiate High School's (Collegiate High School) financial statements provides an overview of the Collegiate High School's financial activities for the years ended June 30, 2019, 2018, and 2017. Management has prepared the accompanying financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with school management. The discussion and analysis contain financial activities of the Collegiate High School as a restricted fund of St. Petersburg College (the College).

Financial Highlights

For the year ended June 30, 2019, Collegiate High School revenues exceeded expenses, resulting in a net position balance of \$1,254,135. This represents an increase in net position of \$65,847 over the year ended June 30, 2018. During the 2018-2019 school year, the Collegiate High School conducted operations with net revenues of \$1,930,222. This figure represents an increase in net revenues of \$33,405 over the year ended June 30, 2018. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal year 2018-2019, and a State of Florida school recognition award for fiscal year 2018-2019. In accordance with Florida Statute 1007.271 Dual Enrollment Programs, St. Petersburg College (College) invoiced the Collegiate High School for the value of semester hours taken by Collegiate High School students, for the fall and spring terms. As no additional State appropriations were provided to the Collegiate High School, St. Petersburg College contributed funds in the amount of \$422,667 to help offset various operating expenses.

For the year ended June 30, 2018, Collegiate High School revenues exceeded expenses, resulting in a net position balance of \$1,188,288. This represents an increase in net position of \$100,458 over the year ended June 30, 2017. During the 2017-2018 school year, the Collegiate High School conducted operations with revenues of \$1,896,817. This figure represents an increase in revenues of \$44,436 over the year ended June 30, 2017. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal year 2017-2018, and a State of Florida school recognition award for fiscal year 2017-2018. In accordance with Florida Statute 1007.271 Dual Enrollment Programs, St. Petersburg College (College) invoiced the Collegiate High School for the value of semester hours taken by Collegiate High School students, for the fall and spring terms. As no additional State appropriations were provided to the Collegiate High School, St. Petersburg College contributed funds in the amount of \$422,595 to help offset various operating expenses.

Using This Annual Report

This report consists of three basic financial statements: the statements of net position; the statements of revenues, expenses, and change in net position; and the statements of cash flows. These financial 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 statements provide information on the Collegiate High School as a whole and, over time, will present a long-term view of the Collegiate High School's finances and fiscal health.

The Collegiate High School, located on the St. Petersburg-Gibbs campus, is a public charter school of the Pinellas County School District open to Pinellas County public, private, and home-schooled students who are in grades 10 through 12. Students entering grades 10 or 11 are accepted into the program. The purpose of the Collegiate High School is to provide academic educational opportunities for students who are emotionally and academically prepared to participate in college-level studies. The three-year curriculum allows serious students to simultaneously complete the requirements for a high school diploma and an Associate in Arts degree from the College. The educational programs are distinctive in that they meld secondary and post-secondary curricula. The programs employ various instructional techniques to accommodate different learning styles, use of technology across the curriculum and utilization of extensive group and individual counseling and mentoring. The high school has received an “A” rating every year since it opened in 2004.

The Collegiate High School is organized by a nonprofit organization, the College. The College is governed by a local board of trustees appointed by the governor of the State of Florida. The Southern Association of Colleges and Schools accredits the College. The Board of Trustees of the College employs a president to act on its behalf in implementing its policies and to serve as the chief administrative officer of the College. The Board of Trustees also serves as the “Governing Board” of the Collegiate High School.

The contract between the Board of Trustees of the College on behalf of the Collegiate High School and the School Board of Pinellas County was amended in 2013. The Collegiate High School charter became effective July 1, 2004, renewed in 2009, amended in 2013 and shall end on June 30, 2024. The charter stipulates that the Collegiate High School shall serve students in grades 10 through 12, with a maximum funded school enrollment of 240 students.

The Collegiate High School is recognized as a separate and discrete department in the accounting system of the College. Currently, the State of Florida Auditor General’s Office audits the College’s financials and operations. The College currently adheres to internal control procedures contained in the Board of Trustee Rules and the Accounting Manual for Florida’s College System. The College has also established additional internal control procedures in accordance with standards contained in the Florida Schools Red Book and other stipulated guidelines for charter schools.

Statements of Net Position and Statements of Revenues, Expenses, and Change in Net Position

One of the most important questions asked about the institution’s finances is “Is St. Petersburg College Collegiate High School, as a whole, better or worse off as a result of the year’s activities?” The statements of net position and the statements of revenues, expenses, and change in net position report information on the institution 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 Collegiate High School’s operating results.

These two statements report the Collegiate High School’s net position and change in them. One may think of the Collegiate High School’s net position, the difference between assets and liabilities, as one way to measure the institution’s financial health or financial position. Over time, increases or decreases in the institution’s net position are one indicator of whether its financial health is improving or deteriorating.

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Notes to Special-Purpose Financial Statements
June 30, 2019 and 2018

The statements of net position and the statements of revenues, expenses, and change in net position include all assets, liabilities, revenues, and expenses using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. Condensed statements of assets, liabilities, and net position for the Collegiate High School at June 30, 2019, 2018, and 2017 are shown in the following table:

	June 30		
	2019	2018	2017
Assets			
Current assets	\$ 1,396,705	\$ 1,539,537	\$ 1,214,481
Total Assets	\$ 1,396,705	\$ 1,539,537	\$ 1,214,481
Liabilities			
Current liabilities	\$ 16,292	\$ 15,042	\$ 15,384
Noncurrent liabilities	126,278	107,376	111,267
Total Liabilities	142,570	122,418	126,651
Deferred Inflows of Resources			
Deferred Inflows - Capital Outlay	-	228,831	-
Total Deferred Inflows	-	228,831	-
Net Position			
Unrestricted	1,254,135	1,188,288	1,087,830
Total Net Position	1,254,135	1,188,288	1,087,830
Total Liabilities and Net Position	\$ 1,396,705	\$ 1,539,537	\$ 1,214,481

The condensed statements of net position show the assets, liabilities, deferred inflows, and net position for the years ended June 30, 2019, 2018, and 2017. Assets consist primarily of cash and cash equivalents. Current assets decreased by \$142,832 or 9.3% during 2019, and increased by \$325,056 or 26.8% during 2018. Liabilities increased by \$20,152 or 16.5% during 2019, and decreased by \$4,233 or 3.3% during 2018. Deferred inflows decreased by \$228,831 or 100% during 2019.

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Notes to Special-Purpose Financial Statements
June 30, 2019 and 2018

The statements of revenues, expenses, and change in net position present the Collegiate High School's results of operations. In accordance with GASB reporting principles, revenues, and expenses are classified as either operating or nonoperating. All Collegiate High School revenues are considered nonoperating revenues under GASB. Condensed statements of revenues, expenses, and change in net position of the Collegiate High School for the years ended June 30, 2019, 2018, and 2017 are presented in the following table:

	Year Ended June 30,		
	2019	2018	2017
Operating Revenues	\$ -	\$ -	\$ -
Less, Operating Expenses	1,864,375	1,796,359	1,782,738
Net operating loss	(1,864,375)	(1,796,359)	(1,782,738)
Nonoperating Revenues (Expenses)			
State appropriations from county school district	1,472,766	1,409,242	1,335,326
Capital outlay funds	345,469	41,586	63,697
Award funds	27,184	22,621	23,476
Contributions	422,667	422,595	425,834
Other non-operating revenues, net of related expenses	(3,481)	773	4,048
Capital outlay expense	(127,394)	-	-
St. Petersburg Collegiate High School Contribution expense	(206,989)	-	-
Total Net Nonoperating Revenues	1,930,222	1,896,817	1,852,381
Change in net position	65,847	100,458	69,643
Net Position at Beginning of Year	1,188,288	1,087,830	1,018,187
Net Position at End of Year	\$ 1,254,135	\$ 1,188,288	\$ 1,087,830

For the year ended June 30, 2019, Collegiate High School revenues exceeded expenses, resulting in a net position balance of \$1,254,135. This represents an increase in net position of \$65,847 over the year ended June 30, 2018, compared to an increase in net position of \$100,458 over 2017. During the 2018-2019 school year, the Collegiate High School conducted operations with net non-operating revenues of \$1,930,222. This figure represents an increase in non-operating revenues of \$33,405 over the year ended June 30, 2018, as compared to an increase of \$44,436 over 2017. The non-operating revenues include FEFP, Charter School Capital Outlay Funds, State of Florida school recognition awards, and a contribution from the College to offset various operating expenses.

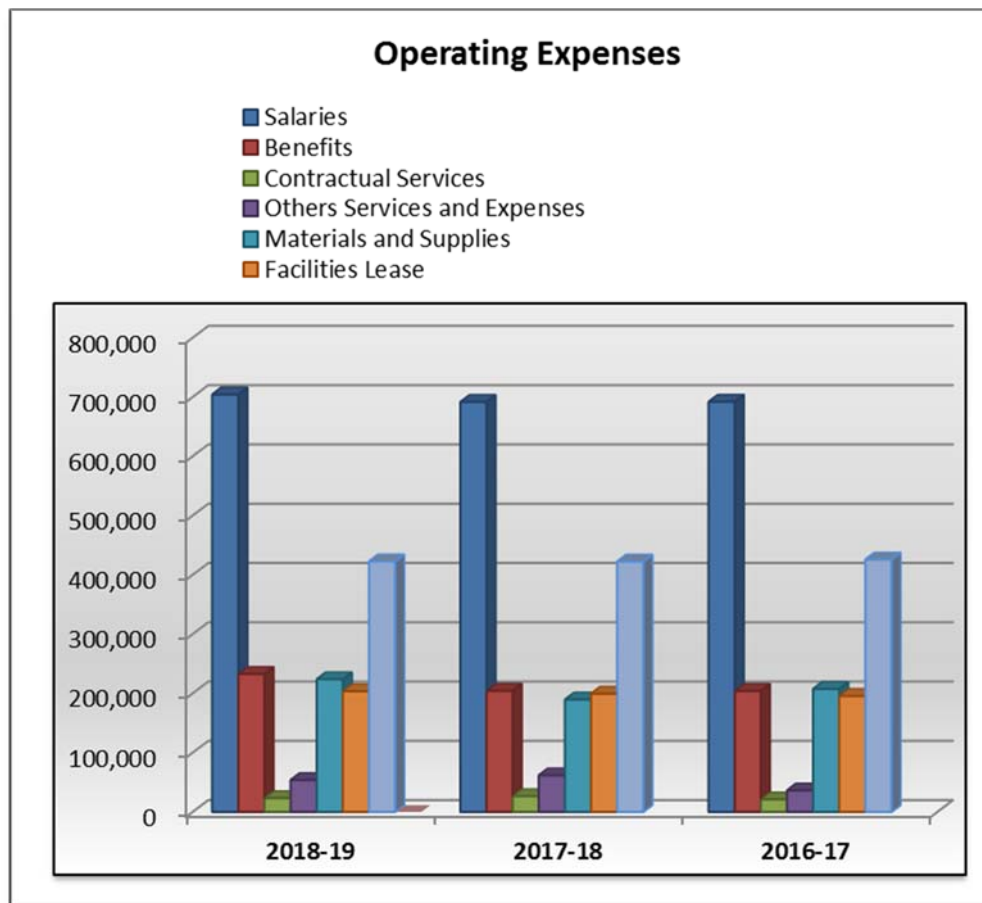
St. Petersburg College Collegiate High School
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Notes to Special-Purpose Financial Statements
June 30, 2019 and 2018

Operating Expenses

Operating expenses for the Collegiate High School for the years ended June 30, 2019, 2018, and 2017 are presented in the following table:

	Year Ended June 30		
	2019	2018	2017
Salaries	\$ 704,141	\$ 691,790	\$ 692,023
Benefits	232,746	204,316	204,124
Contractual Services	23,345	26,683	21,213
Others Services and Expenses	53,970	61,709	36,355
Materials and Supplies	223,962	189,713	207,549
Facilities Lease	203,544	199,553	195,640
Tuition	422,667	422,595	425,834
Total Operating Expenses	<u>\$ 1,864,375</u>	<u>\$ 1,796,359</u>	<u>\$ 1,782,738</u>

Operating expenses of the Collegiate High School for the years ended June 30, 2019, 2018 and 2017 are presented in the following chart:



St. Petersburg College Collegiate High School
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Notes to Special-Purpose Financial Statements
June 30, 2019 and 2018

Statements of Cash Flows

The statements of cash flows provide another way to assess the financial health of an institution. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statements of cash flows also help users assess:

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

A summary of the Collegiate High School’s statements of cash flows for the years ended June 30, 2019, 2018 and 2017 is shown in the following table:

	Year Ended June 30,		
	2019	2018	2017
Cash (used) provided by			
Operating activities	(1,844,223)	(\$1,800,592)	(\$1,780,440)
Noncapital financing activities	1,588,175	1,860,308	1,793,283
Capital and related financing activities	107,012	266,995	58,620
Net increase (decrease) in cash and cash equivalents	\$ (149,036)	326,711	71,463
Cash and cash equivalents at beginning of year	1,536,115	1,209,404	1,137,941
Cash and cash equivalents at end of year	\$1,387,079	\$1,536,115	\$1,209,404

Cash used by operating activities was \$1,844,223 for the year ended June 30, 2019 compared to \$1,800,592 and \$1,780,440 for the years ended June 30, 2018 and June 30, 2017, respectively. Uses of cash during 2019, 2018, and 2017 included payments to suppliers of \$222,580, \$189,633 and \$207,780; payments to employees of \$703,323, \$691,780, and \$691,478; benefit payments of \$214,794, \$208,639 and \$202,140; payments for other services of \$77,315, \$88,392, and \$57,568; payments for facilities lease of \$203,544, \$199,553, and \$195,640; and payments for tuition of \$422,667, \$422,595, and \$425,834, respectively. Payroll, benefits, payments to suppliers, facilities lease, and tuition are the major outflows of operating activities.

Cash provided by noncapital financing activities was \$1,588,175 for the year ended June 30, 2019 compared to \$1,860,308 and \$1,793,283 for the years ended June 30, 2018 and June 30, 2017, respectively. These amounts primarily represent state appropriations passed through the Pinellas County School District, awards, and contributions from the College to offset various operating and nonoperating expenses.

Cash provided by capital and related financing activities including capital outlay funding was \$107,012 for the year ended June 30, 2019, which was a decrease of \$159,983 from 2018 compared to an increase of \$208,375 from 2017.

Economic Factors That Will Affect the Future

The economic position of the Collegiate High School continues to be closely tied to that of the State of Florida. It is expected that the Collegiate High School will continue to maintain its present level of services and financial health.

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June 30, 2019 and 2018

For the 2018-2019 school year, the High Performing Charter School status was maintained, which kept the Pinellas County Schools administrative fee reduced from 5% to 2%.

Additionally, the Collegiate High School received the honor of being selected as one of *Newsweek's* best high schools in America. <https://www.usnews.com/education/best-high-schools/florida/districts/pinellas/st-petersburg-collegiate-high-school-5488>

For the school year 2019-2020, the initial fulltime equivalent (FTE) calculation indicates a slight increase in per-student annual charter revenue. The anticipated expenditures for the 2019-2020 school year may increase by an amount greater than the projected revenue, however, any shortfall will be covered by the Collegiate High School's unrestricted net position. The renewed Collegiate High School charter became effective on July 1, 2009 for a period of fifteen (15) years, which is the longest term pursuant to Florida law. The present contract, as amended in 2013, provides funding for up to 230 students and will continue through June 30, 2024. Occasionally the enrollment exceeds 230 students, allowing for a certain expected amount of student withdrawals. St. Petersburg College Collegiate High School received funding for 243 students for the 2018-2019 school year and expects to receive funding for 233 students for the 2019-2020 school year.

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Statements of Net Position

	June 30,	
	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,387,079	\$ 1,536,115
Accounts receivable	9,626	3,422
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,396,705</u>	<u>\$ 1,539,537</u>
 Liabilities, deferred inflows of resources, and net position		
Current liabilities		
Accounts payable	\$ 1,479	\$ 97
Salary and payroll taxes payable	3,832	3,014
Current portion, compensated absences payable	10,981	11,931
Total current liabilities	<u>16,292</u>	<u>15,042</u>
Noncurrent liabilities		
Compensated absences payable, net of current portion	<u>126,278</u>	<u>107,376</u>
Total liabilities	<u>142,570</u>	<u>122,418</u>
Deferred inflows of resources		
Deferred inflows - capital outlay	-	228,831
Net position		
Unrestricted	<u>1,254,135</u>	<u>1,188,288</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,396,705</u>	<u>\$ 1,539,537</u>

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Statements of Revenues, Expenses, and Change in Net Position

	Year Ended June 30,	
	<u>2019</u>	<u>2018</u>
Operating revenues	\$ -	\$ -
Operating expenses		
Salaries	704,141	691,790
Benefits	232,746	204,316
Contractual services	23,345	26,683
Other services and expenses	53,970	61,709
Materials and supplies	223,962	189,713
Facilities lease	203,544	199,553
Tuition	422,667	422,595
Total operating expenses	<u>1,864,375</u>	<u>1,796,359</u>
Operating loss	(1,864,375)	(1,796,359)
Nonoperating revenues (expenses)		
State appropriations from county school district	1,472,766	1,409,242
Capital outlay funds	345,469	41,586
Award funds	27,184	22,621
St. Petersburg College contribution	422,667	422,595
Other non-operating revenues, net of related expense of \$17,113 and \$14,547 in 2019 and 2018, respectively	(3,481)	773
Capital outlay expense	(127,394)	-
St. Petersburg College Collegiate High School Contribution expense	(206,989)	-
Total nonoperating revenues	<u>1,930,222</u>	<u>1,896,817</u>
Change in net position	65,847	100,458
Net position at beginning of year	1,188,288	1,087,830
Net position at end of year	<u>\$ 1,254,135</u>	<u>\$ 1,188,288</u>

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Statements of Cash Flows

	Year Ended June 30,	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Payments to suppliers	\$ (222,580)	\$ (189,633)
Payments to employees	(703,323)	(691,780)
Payments for benefits	(214,794)	(208,639)
Payments for other services	(77,315)	(88,392)
Payments for facilities lease	(203,544)	(199,553)
Payments for tuition	(422,667)	(422,595)
Net cash used by operating activities	<u>(1,844,223)</u>	<u>(1,800,592)</u>
Cash flows from noncapital financing activities		
State appropriations	1,476,188	1,414,319
Award funds	27,184	22,621
Receipts for other nonoperating activities	13,632	15,320
Payments for other nonoperating activities	(17,113)	(14,547)
St. Petersburg College contribution	422,667	422,595
Capital outlay expense	(127,394)	-
St. Petersburg College Collegiate High School contribution	(206,989)	-
Net cash provided by noncapital financing activities	<u>1,588,175</u>	<u>1,860,308</u>
Cash flows from capital and related financing activities		
Capital outlay funds	<u>107,012</u>	<u>266,995</u>
Net (decrease) increase in cash and cash equivalents	(149,036)	326,711
Cash and cash equivalents at beginning of year	<u>1,536,115</u>	<u>1,209,404</u>
Cash and cash equivalents at end of year	<u>\$ 1,387,079</u>	<u>\$ 1,536,115</u>
Reconciliation of net operating loss		
to net cash used by operating activities		
Operating loss	\$ (1,864,375)	\$ (1,796,359)
Adjustments to reconcile net operating loss		
to net cash used by operating activities:		
Change in assets and liabilities:		
Increase in accounts payable	1,382	80
Increase (decrease) in other payables	18,770	(4,313)
Net cash used by operating activities	<u>\$ (1,844,223)</u>	<u>\$ (1,800,592)</u>

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

St. Petersburg College Collegiate High School (Collegiate High School) is a restricted fund of St. Petersburg College (the College). The general operating authority of the Collegiate High School is contained in Section 1002.33, Florida Statutes. The Collegiate High School operates under a charter with the sponsoring school district, the School Board of Pinellas County (Sponsor or District). The initial charter was renewed on November 11, 2008 for a period of 15 years. The renewed charter became effective on July 1, 2009 and is effective through June 30, 2024. The charter can be renewed every five school years or longer by mutual written agreement of the parties, pursuant to Florida law. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case, the Sponsor is required to notify the Collegiate High 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 Collegiate High 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 Collegiate High School are maintained as a fund on the books of the College and, accordingly, they follow the same basis of presentation. The Collegiate High 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 provide the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB).

GASB 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.

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 Collegiate High School's financial statements are presented using the economic resource measurement focus and accrual basis of accounting. 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 Collegiate High School's principal activity is instruction. Operating expenses include all fiscal transactions related to instruction as well as administration, academic support, student services, and physical plant operations. Nonoperating revenues include state appropriations from the county school district, a State of Florida School Recognition Award, Charter School Capital Outlay Funds, contribution from the College, and other grants. The Collegiate High School follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents consist of cash on hand and cash in demand deposit accounts. Cash deposits of the Collegiate High School are held by banks qualified as public depositories under Florida Statute Chapter 280. All such deposits are insured by federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool.

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

Accounts Receivable

Management considers all receivables at June 30, 2019 and 2018 to be collectible. Accordingly, no allowance for uncollectible accounts has been provided at June 30, 2019 and 2017.

Capital Assets

The Collegiate High School uses the policies of the College for capitalization and depreciation. The Collegiate High School has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for improvements other than buildings. There were no capital assets as of June 30, 2019 and 2018.

Net Position

The Collegiate High School's net position is classified into the following net position categories:

Restricted for Capital Outlay Projects - Expendable: Net position that must be used for the purchase, lease-purchase, or lease of permanent or relocatable school facilities and for the payment of the premiums for property and casualty insurance necessary to insure the school facilities.

Unrestricted: All other categories of net position.

When both restricted and unrestricted resources are available to fund capital outlay projects, it is the Collegiate High School's policy to first apply the restricted resources to such projects followed by the use of unrestricted resources. If capital outlay funds are received and expended in the same fiscal year, the Collegiate High School reports the resources as unrestricted.

Revenue Sources

Revenue for current operations is received primarily from the School Board of Pinellas County, Florida pursuant to the funding provisions included in the Collegiate High School's charter. In accordance with the funding provisions of the charter and Section 1002.33(18)(b), Florida Statutes, the Collegiate High School reports the number of fulltime equivalent (FTE) students and related data to the District. State appropriations, capital outlay funds, awards, contributions, and grant funding are classified as nonoperating revenue. The level of the Collegiate High School's operations and program services may be impacted or discontinued if funding is not renewed.

Subsequent Events

Management has evaluated all events subsequent to the statement of net position date of June 30, 2019 through September 19, 2019, which was the date the financial statements were available to be issued. There were no subsequent events which would require adjustment to or disclosure in the accompanying financial statements.

Note B - Accounts Receivable

Accounts receivable as of June 30, 2019 consists of \$9,626 representing accrued capital outlay revenue receivable from the Pinellas County School Board for the month of June 2019 that was collected in July 2019. Accounts receivable as of June 30, 2018 consists of \$3,422 representing accrued capital outlay revenue receivable from the Pinellas County School Board for the month of June 2018 that was collected in July 2018.

Note C - Compensated Absences Liability

College employees may accrue annual vacation and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, state noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College 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, 2019 and 2018, the estimated liability for compensated absences payable to the Collegiate High School employees, which includes the College’s share of the Florida Retirement System and FICA contributions, totaled \$137,259 and \$119,307, respectively.

The current portion of the compensated absences liability at June 30, 2019 and 2018 totaled \$10,981 and \$11,931, respectively, and is expected to be paid in the coming fiscal year. The current portion was determined by calculating 8% of the compensated absences liability at June 30, 2019 and 10% at June 30, 2018, estimated based on amounts that were historically paid out at the College.

Note D - Functional Distribution of Expenses

Operating expenses on the statements of revenues, expenses, and change in net position are presented in natural classifications. Below are those same expenses presented in functional classifications as recommended by 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. Functional classification of expenses for the years ended June 30 is summarized in the following table:

	2019	2018
Instruction	\$ 1,054,553	\$ 1,055,717
Academic support	809,822	740,642
Total operating expenses	<u>\$ 1,864,375</u>	<u>\$ 1,796,359</u>

Note E - State Retirement Programs

Florida Retirement System.

The College participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the College implemented Governmental Accounting Standards Board (GASB) Statement No 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers’ proportionate share of the net pension liabilities of the defined benefit pension plan. The requirements of this statement were implemented prospectively, with the College reporting its proportionate share of the actuarially determined liabilities at the July 1, 2014 date of transition, amortized over 30 years.

As a department of the College, the Collegiate High School’s net pension liability is aggregated within the College’s net pension liability.

Essentially all regular employees of the College, including the Collegiate High School are eligible to enroll as members of the state administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail.

The FRS is a cost-sharing, multiple-employer public-employee retirement system with two defined benefit plans and other nonintegrated programs administered by the Department of Management Services, Division of Retirement. These include a defined-benefit pension plan (Pension Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Pension Plan prior to July 1, 2011 vest at six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011 vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

All members enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65, or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Pension 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 Pension Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

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. Collegiate High School employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in the Investment Plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds.

The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

DROP is subject to the provisions of Section 121.091, Florida Statutes, and permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Fund and accrue interest.

State College System Optional Retirement Program

Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible charter school instructors and administrators. The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for eight or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers.

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Notes to Special-Purpose Financial Statements
June 30, 2019 and 2018

The employing college contributes, on behalf of the participant, 8.26% of the participant’s salary, less a small amount of 0.01% used to cover administrative costs; employees contribute 3% of their salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the charter school to the participant’s annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There were no Collegiate High School employees participating in the Optional Retirement Program during the year ended June 30, 2019 and one employee participated during the year ended June 30, 2018. The Collegiate High School’s contributions to the Program for the years ended June 30, 2019 and 2018 were \$0 and \$1,218, respectively. Effective July 1, 2011, employees were required to contribute 3%. Employee contributions totaled \$0 and \$438 for the years ended June 30, 2019 and 2018, respectively.

Contributions

The state of Florida establishes contribution rates for participating employers and employees. Contribution rates during for the year ended June 30, 2019 were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer <i>(a)</i>
FRS - regular	3%	8.26%
FRS - senior management service	3%	24.06%
DROP - applicable to members from all of the above classes or plan	0%	14.03%

(a) Employer rates include 1.66% for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06% for administrative costs of the Investment Plan.

The Collegiate High School’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The Collegiate High School’s contributions to the state administered FRS for the years ended June 30, 2019 and 2018 were \$57,008 and \$53,266, respectively, which were equal to the required contributions for each year.

Effective July 1, 2011, employees are required to contribute 3% to their respective state administered retirement plan. During the year ended June 30, 2019, there were nine Collegiate High School participants enrolled in the Pension Plan and five participants enrolled in the Investment Plan. Employee contributions totaled \$20,045 and \$19,893 for the years ended June 30, 2019 and 2018, respectively, which were equal to the required contributions for each year.

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, Division of Retirement. The FRS Investment Plan is administered by the Florida State Board Administration (SBA), and is reported in an SBA annual financial statement and in the State of Florida Comprehensive Annual Financial Report.

Note F - Risk Management Programs

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 through a self-insured program and the Florida Community Colleges Risk Management Consortium. The Collegiate High School is part of the College’s self-insured program for risk management.

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Self-Insured Program

The board of trustees of the College has established an individual self-insured program to provide group health and dental insurance for College employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$350,000 per insured person for the years ended June 30, 2019 and 2018.

The plan is provided by an insurance company licensed by the state of Florida Department of Financial Services, Office of Insurance Regulation. The College contributes a portion of employee premiums as a fringe benefit. The remaining portion of the employee premium and dependent coverage is by payroll deduction. Coverage for retirees, former employees, and their dependents is by prepaid premium. The Collegiate High School is part of the College's self-insured program for group health insurance benefits.

Consortium

The College participated in the Florida Community Colleges Risk Management Consortium (the Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of Florida public community colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated statewide community college risk management program.

The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three years. The Collegiate High School is part of the College's participation in the Consortium.

Note G - Related Parties

There is a formal lease agreement between the Collegiate High School and the College for facility space utilized by the Collegiate High School. The term of the lease agreement is 30 years and commenced on September 1, 2007. Either party may terminate this agreement upon giving the other party no less than 360 days' notice. The Collegiate High School will pay to the College base rent for the leased premises for each year during the lease term in the amount of \$15 per square foot or \$168,630. The base rent shall escalate on the anniversary date of each year during the lease term at a rate of 2% from the immediately preceding year's base rent. Lease payments made for the years ended June 30, 2019 and 2018 were \$203,544 and \$199,553, respectively.

Scheduled lease payments for future periods under the operating lease with the College are as follows:

Year Ending June 30,	
2020	\$ 207,615
2021	211,767
2022	216,002
2023	220,322
2024	224,729
2025-2029	1,192,887
2030-2034	1,317,044
2035-2037	708,349
	<u>\$ 4,298,715</u>

The Collegiate High School receives annual Capital Outlay funding, restricted for lease payments and other capital outlay requirements. This funding allocation is expected to be insufficient to cover capital outlay requirements including lease payments. The Collegiate High School has no net position restricted for capital outlay projects at June 30, 2019 and 2018.

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Nonoperating Expense Contribution

During the fiscal year ended June 30, 2019, Collegiate High School made a one-time contribution expense in the amount of \$206,989. The contribution expense provides for start-up costs for the St. Petersburg Collegiate High School North Pinellas campus in Tarpon Springs, Florida, in accordance with Section 1011.62, Florida Statute. In addition to the contribution expense, Collegiate High School used available Charter School Capital Outlay Funds in the amount of \$127,394 to remodel the designated facility space for St. Petersburg Collegiate High School North Pinellas, in accordance to Section 1013.62, Florida Statute. This amount is reflected as a capital outlay expense in the accompanying statements of revenues, expenses, and change in net position.

Tuition

Florida Statute Section 1007.271, Dual Enrollment Programs, addresses enrollment of eligible secondary students in postsecondary courses creditable toward high school completion and a career certificate or an associate or baccalaureate degree.

The Statute requires each district school superintendent and each public postsecondary institution president to develop a comprehensive dual enrollment articulation agreement for the respective school district and postsecondary institution. Such agreement must be submitted annually to the Florida Department of Education. The components of the articulation agreement include a requirement for a funding provision that delineates costs incurred by each entity.

The funding provision requirement further details that school districts shall pay public postsecondary institutions the standard tuition rate per credit hour from funds provided in the Florida Education Finance Program when dual enrollment course instruction takes place on the postsecondary institution's campus, and the course is taken during the fall or spring term.

In accordance with this legislation, the College invoiced the Collegiate High School for the number of semester hours taken by Collegiate High School students for classes at St. Petersburg College, multiplied by the standard tuition rate per credit hour, for the fall and spring terms. The Collegiate High School recorded this tuition expense which totaled \$422,667 and \$422,595 for the fiscal years ended June 30, 2019 and 2018, respectively.

As no additional state appropriations were provided to the Collegiate High School, the College contributed funds in the amount of \$422,667 and \$422,595 for the fiscal years ended June 30, 2019 and 2018, respectively, to help offset various operating expenses such as the costs for textbooks, nutrition, contracted services, and educational supplies.

Note H - Operating Lease Commitments

The Collegiate High School leases computer equipment and a copier under operating leases with various expiration dates through 2021. These leased assets and the related commitments are not reported on the Collegiate High School's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Future minimum lease commitments for noncancelable operating leases are as follows as of June 30, 2019:

Year Ending June 30	
2020	23,735
2021	23,426
	<u>\$ 47,161</u>



Independent Auditor's Report
on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School
St. Petersburg, Florida

We have audited, 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, the special-purpose financial statements of St. Petersburg College Collegiate High School as of and for the year ended June 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise St. Petersburg College Collegiate High School's basic special-purpose financial statements, and have issued our report thereon dated September 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered St. Petersburg College Collegiate High School's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Petersburg College Collegiate High School's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Petersburg College Collegiate High 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 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 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.

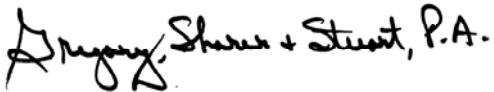
Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Petersburg College Collegiate High School's special-purpose 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 special-purpose 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 results of that testing, and not to provide an opinion on the effectiveness of St. Petersburg College Collegiate High 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 St. Petersburg College Collegiate High School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." The signature is written in a cursive style with a large initial 'G'.

St. Petersburg, Florida
September 19, 2019



Management Letter

To the Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School
St. Petersburg, Florida

Report on the Financial Statements

We have audited the special-purpose financial statements of St. Petersburg College Collegiate High School as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 19, 2019.

Auditor's Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditor's 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*. Disclosures in that report, if any, which is dated September 19, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the June 30, 2018 financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is St. Petersburg College Collegiate High School, and the school code assigned by the Florida Department of Education is 7191.

Financial Condition

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for St. Petersburg College Collegiate High School. It is management's responsibility to monitor the St. Petersburg College Collegiate High 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether St. Petersburg College Collegiate High School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that St. Petersburg College Collegiate High School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

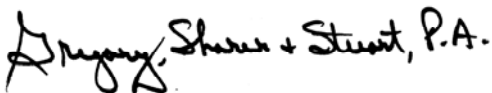
Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants attention of those charged with governance. In connection with our audit, we did not have 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 trustees of St. Petersburg College, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." The signature is written in a cursive, flowing style.

St. Petersburg, Florida
September 19, 2019