

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
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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 governmental activities, each major fund, and the aggregate remaining fund information of the State College of Florida Collegiate School (the Charter School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the financial statements of the Charter School are intended to present the financial position, the changes in financial position of only that portion of the governmental 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, 2019, the changes in its financial position 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.

Other Matters

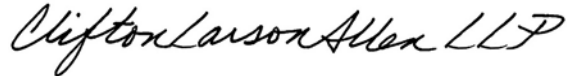
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of the Charter School's proportionate share of total OPEB liability, and the schedules of the Charter School's proportionate share of net pension liability and of its contributions – pension plans, 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 September 16, 2019, 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 results 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



Tampa, Florida
September 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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, 2019 and 2018. 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 (the College).

FINANCIAL HIGHLIGHTS

For the year ended June 30, 2019, the Charter School's revenues exceeded expenses by \$376,542. The Charter School conducted operations for the 2018-2019 academic year with revenues of \$3,983,286.

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.

OVERVIEW OF FINANCIAL STATEMENTS

The Charter School's basic financial statements consists of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements.

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 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.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the Charter School's overall financial condition in a manner similar to those of a private sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the primary government presented on the accrual basis of accounting.

The statement of net position provides information about the Charter School's financial position, its assets and liabilities, deferred inflows and outflows of resources, using an economic resources measurement focus. The difference between the assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources), the net position, is a measure of the financial health of the Charter School. The statement of activities presents information about the change in the Charter School's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the Charter School's financial health is improving or deteriorating.

All of the Charter School's activities and services are reported in the government-wide financial statements as governmental activities. The Charter School's governmental activities include instruction, student support services, instructional support services, administrative support, facility maintenance, and student transportation services. Revenues for current operations are received primarily from the Sponsor pursuant to the funding provisions included in the charter.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the Charter School's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity wide perspective contained in the government-wide statements. All of the operations of the Charter School are presented in governmental funds only.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the Charter School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the Charter School's governmental funds. The Charter School's major funds are the general fund and the capital project fund.

The Charter School adopts an annual appropriated budget for its governmental funds.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the Charter School's own programs. In its fiduciary capacity, the Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the Charter School's net position as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,829,590	\$ 1,408,204
Accounts Receivable	33,578	10,699
Prepaid Expenses	1,548	-
Prepaid Rent	28,500	38,000
Capital Assets, Nondepreciable	-	47,662
Capital Assets, Net of Accumulated Depreciation	<u>350,187</u>	<u>192,791</u>
Total Assets	<u>2,243,403</u>	<u>1,697,356</u>
Deferred Outflows of Resources	<u>515,069</u>	<u>493,230</u>
Accounts Payable	19,219	33,134
Accrued Wages and Benefits	177,309	179,785
Unearned Revenue	129,357	-
Notes Payable	-	19,931
Compensated Absences	89,770	63,238
Net Pension Liability	1,181,195	1,133,989
Total Other Post Employment Benefits Liability	<u>36,035</u>	<u>103,349</u>
Total Liabilities	<u>1,632,885</u>	<u>1,533,426</u>
Deferred Inflows of Resources	<u>196,850</u>	<u>104,965</u>
NET POSITION		
Net Investment in Capital Assets	350,187	220,522
Restricted	463,333	542,128
Unrestricted	<u>115,217</u>	<u>(210,455)</u>
Total Net Position	<u>\$ 928,737</u>	<u>\$ 552,195</u>

The restricted portion of the net position represents resources that are subject to restrictions on how they may be used. Unrestricted net position may be used to meet the Charter School's ongoing obligations to students, employees, and creditors.

The Charter School's 2019 net position increased by \$376,542. This increase was due to a variety of factors, but mainly due to the increase in Florida Education Finance Program (FEFP) funding as a result of increase in enrollment.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The key elements of the changes in the Charter School's net position for the fiscal years ended June 30, 2019 and 2018 are as follows:

	2019	2018
REVENUES		
Federal through State and Local	\$ 13,405	\$ 8,475
Florida Education Finance Program	3,535,853	2,943,539
Florida School Recognition	49,759	50,482
Other State Revenue	90,377	96,768
Charter School Capital Outlay	249,592	364,865
School District Local Sales Tax	25,643	-
Interest Earnings	18,657	-
Other Revenue	-	10,000
Total Revenues	<u>3,983,286</u>	<u>3,474,129</u>
EXPENSES		
Instruction	2,167,193	2,157,677
Exceptional Student Education	73,735	-
Student Support Services	92,493	78,534
Instruction and Curriculum Development Services	1,055	597
Instructional Staff Training Services	8,771	7,730
Instruction-Related Technology	65,705	47,563
Board	10,635	10,500
School Administration	617,629	502,993
Facilities Acquisition and Construction	32,073	11,384
Fiscal Services	40,765	39,626
Food Services	54,196	51,307
Central Services	5,727	7,897
Student Transportation Services	152,267	81,888
Operation of Plant	284,500	95,297
Administrative Technology Services	-	2,343
Total Expenses	<u>3,606,744</u>	<u>3,095,336</u>
INCREASE IN NET POSITION	376,542	378,793
Net Position - Beginning of Year	<u>552,195</u>	<u>173,402</u>
NET POSITION - END OF YEAR	<u>\$ 928,737</u>	<u>\$ 552,195</u>

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The largest revenue source is the funds received by the School District (89 percent). The primary source of these funds comes from the State of Florida and flows through the School District on behalf of the Charter School. Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts including Charter Schools. Other significant State revenues that flow through the school district are primarily for acquisition, construction, leasing and maintenance of educational facilities. These revenues accounted for \$249,592 or 6 percent.

The Charter School's State appropriations fluctuate with changes in enrollment; there was a slight increase in enrollment of approximately 15 FTE's.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL'S FUNDS

Major Governmental Funds

The general fund is the chief operating fund of the Charter School. At the end of the current fiscal year, total fund balance is \$1,075,498.

The capital project fund has a total fund balance of \$491,833. Fund balance in this fund is restricted for the acquisition, construction, leasing and maintenance of capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2018-19 fiscal year, there were budget amendments to the Charter School general fund budget. Budget revisions are due primarily to changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance. Actual revenues are \$5,507 or less than 1 percent greater than the budgeted amount. Actual expenditures are \$202,004 or 6 percent less than the budgeted amount.

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 520 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.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 1,829,590
Accounts Receivable	33,578
Prepaid Expenses	1,548
Prepaid Rent	28,500
Capital Assets, Net of Accumulated Depreciation	350,187
Total Assets	2,243,403
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pension	507,115
Deferred Outflows of Resources - OPEB	7,954
Total Deferred Outflows of Resources	515,069
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 2,758,472
LIABILITIES	
Accounts Payable	\$ 19,219
Accrued Wages and Benefits	177,309
Unearned Revenue	129,357
Compensated Absences	89,770
Net Pension Liability	1,181,195
Total Other Post Employment Benefits Liability	36,035
Total Liabilities	1,632,885
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pension	139,462
Deferred Inflows of Resources - OPEB	57,388
Total Deferred Inflows of Resources	196,850
NET POSITION	
Investment in Capital Assets	350,187
Restricted	463,333
Unrestricted	115,217
Total Net Position	928,737
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 2,758,472

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

		Program Revenues		
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
Governmental Activities:				
Instruction	\$ 2,167,193	\$ 13,405	\$ -	\$ (2,153,788)
Exceptional Student Education	73,735	-	-	(73,735)
Student Support Services	92,493	-	-	(92,493)
Instruction and Curriculum Development Services	1,055	-	-	(1,055)
Instructional Staff Training Services	8,771	-	-	(8,771)
Instruction-Related Technology	65,705	-	-	(65,705)
Board	10,635	-	-	(10,635)
School Administration	617,629	-	-	(617,629)
Facilities Acquisition and Construction	32,073	-	266,673	234,600
Fiscal Services	40,765	-	-	(40,765)
Food Services	54,196	-	-	(54,196)
Central Services	5,727	-	-	(5,727)
Student Transportation Services	152,267	-	-	(152,267)
Operation of Plant	284,500	-	8,562	(275,938)
Total Governmental Activities	\$ 3,606,744	\$ 13,405	\$ 275,235	\$ (3,318,104)
General Revenues:				
State through School Board of Manatee County				3,675,989
Unrestricted Investment Earnings				18,657
				3,694,646
CHANGE IN NET POSITION				376,542
Net Position - Beginning of Year				552,195
NET POSITION - END OF YEAR				\$ 928,737

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Capital Project Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,257,467	\$ 572,123	\$ 1,829,590
Accounts Receivable	13,011	20,567	33,578
Prepaid Expenses	1,548	-	1,548
Prepaid Rent	-	28,500	28,500
	\$ 1,272,026	\$ 621,190	\$ 1,893,216
LIABILITIES			
Accounts Payable	\$ 19,219	\$ -	\$ 19,219
Accrued Wages and Benefits	177,309	-	177,309
Unearned Revenue	-	129,357	129,357
Total Liabilities	196,528	129,357	325,885
FUND BALANCES			
Non-spendable	1,548	28,500	30,048
Restricted	-	463,333	463,333
Assigned	20,095	-	20,095
Unassigned	1,053,855	-	1,053,855
Total Fund Balances	1,075,498	491,833	1,567,331
Total Liabilities and Fund Balances	\$ 1,272,026	\$ 621,190	\$ 1,893,216

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balance for Governmental Funds	\$ 1,567,331
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	507,115
Deferred outflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	7,954
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	350,187
Compensated absences are not due and payable in the current period; therefore, are not reported in the fund statements.	(89,770)
Net pension liabilities are not due and payable in the current period; therefore, are not reported in the fund statements.	(1,181,195)
Total other post employment benefits liability are not due and payable in the current period; therefore, are not reported in the governmental funds	(36,035)
Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(139,462)
Deferred inflows of resources related to other post employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	<u>(57,388)</u>
Total Net Position of Governmental Activities	<u><u>\$ 928,737</u></u>

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General Fund	Capital Project Fund	Total
REVENUES			
Federal Sources:			
Federal through State and Local	\$ 13,405	\$ -	\$ 13,405
State Sources:			
Florida Education Finance Program	3,535,853	-	3,535,853
Florida School Recognition	49,759	-	49,759
Other State Revenue	90,377	-	90,377
Charter School Capital Outlay	-	249,592	249,592
Local Sources:			
School District Local Sales Tax	-	25,643	25,643
Interest Earnings	18,657	-	18,657
Total Revenues	3,708,051	275,235	3,983,286
EXPENDITURES			
Instruction	2,020,688	90,043	2,110,731
Exceptional Student Education	71,206	-	71,206
Student Support Services	89,567	-	89,567
Instruction and Curriculum Development Services	1,055	-	1,055
Instructional Staff Training Services	8,771	-	8,771
Instruction-Related Technology	63,452	-	63,452
Board	10,635	-	10,635
School Administration	597,832	-	597,832
Facilities Acquisition and Construction	-	150,987	150,987
Fiscal Services	39,367	-	39,367
Food Services	52,917	-	52,917
Central Services	5,727	-	5,727
Student Transportation Services	152,267	-	152,267
Operation of Plant	200,000	84,500	284,500
Debt Service - Capital Lease Payment	20,925	-	20,925
Total Expenditures	3,334,409	325,530	3,659,939
NET CHANGE IN FUND BALANCE	373,642	(50,295)	323,347
Fund Balance - Beginning of the Year	701,856	542,128	1,243,984
FUND BALANCE - END OF YEAR	\$ 1,075,498	\$ 491,833	\$ 1,567,331

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balance - Governmental Funds	\$	323,347
Amounts reported for governmental activities in the statement of activities are different because:		
In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for the compensated absences. This is the net amount of compensated absences used (earned) in excess of the amount earned (paid) in the current period.		
		(26,532)
Net effect of adjustments to pension-related expenses which decrease net position.		(62,818)
Net effect of adjustments to other post-employment benefits related expenses which increase net position		12,880
The net change in the liability for capital leases is reported in the government-wide statements, but expensed in the governmental fund statements.		19,931
Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the current period. The difference is comprised of:		
Capital Asset Additions	\$ 166,583	
Depreciation Expense	<u>(56,849)</u>	<u>109,734</u>
Change in Net Position of Governmental Activities	\$	<u><u>376,542</u></u>

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

ASSETS

Cash	<u>\$ 40,801</u>
Total Assets	<u><u>\$ 40,801</u></u>

LIABILITIES

Deposits Held in Custody for Others	<u>\$ 40,801</u>
Total Liabilities	<u><u>\$ 40,801</u></u>

See accompanying Notes to Basic Financial Statements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 rules of the Charter School are 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 financial statements of the Charter School have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The more significant of the Charter School's accounting policies are described below.

Government-Wide Financial Statements

The government-wide financial statements, including the statement of net position and the statement of activities, present information about the Charter School as a whole. These statements include the nonfiduciary financial activity of the Charter School and report only governmental activities as the Charter School does not engage in any business type activities.

The government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements

The fund financial statements report detailed information about the Charter School in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The Charter School reports the following major governmental funds:

General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Capital Project Fund – a special revenue fund used to account for financial resources that are to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, leasing facilities and debt service payments on capital leases for relocatable school buildings.

Additionally, the Charter School reports the following fiduciary fund type:

Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected in connection with parent-teacher organization fund-raisers, school field trips, and club activities.

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 government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Charter School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, postemployment healthcare benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The fiduciary funds are reported using the accrual basis of accounting.

Cash and Cash Equivalents

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. Further discussion of cash and cash equivalents are continued in Note 2.

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. Capital assets are depreciated using group depreciation and the straight-line method over the following useful lives of the asset group:

Leasehold Improvements	40 years or life of lease
Furniture	7 years
Vehicles, Office Machines, Educational Equipment	5 years
Computer Equipment	3 years

Current year information relative to changes in capital assets is described in a subsequent note.

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 Charter School'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 Charter School's 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 inflows of resources reported in the Charter School'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 Charter School's Other Postemployment Benefits (OPEB) Plan.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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.

Fund Balance

The Charter School follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". Accordingly, in the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned.

Non-spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale, the corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. Non-spendable fund balance consists of \$1,548 and \$28,500 in the general fund and the capital project fund, respectively, as of June 30, 2019.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance consists of \$463,333 in the capital project fund as of June 30, 2019.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Trustees, the Charter School's highest level of decision-making authority. Commitments may be changed or lifted only by the Board of Trustees taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category. There was no committed fund balance reported as of June 30, 2019.

Assigned Fund Balance – Includes spendable fund balance amounts established by the administration of the Charter School that are intended to be used for specific purposes that are neither considered restricted or committed. Assigned fund balance consists of \$20,095 in the general fund as of June 30, 2019.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for governmental funds if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. Unassigned fund balance consists of \$1,053,855 in the general fund as of June 30, 2019.

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

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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. Under provisions of Section 1011.62, Florida Statutes, the Sponsor reports the number of student enrollments and related data to the Florida Department of Education (DOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Charter School is adjusted during the year to reflect revised calculations of actual student enrollment. The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the general fund.

The Charter School may receive federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures are incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Pensions

In the government-wide statement of net position, liabilities are recognized for the Charter School's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans.

For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and investments consisted of the following at June 30, 2019:

Bank Deposits	\$	874,239
Florida State Board of Administration - Local Government Investment Pool		996,152
Total Cash and Cash Equivalents	\$	1,870,391

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.

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, 2019, 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.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 CAPITAL ASSETS

Capital asset activity at June 30, 2019, was as follows:

Governmental Activities	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets - Nondepreciable:				
Construction in Progress	\$ 47,662	\$ 142,459	\$ (190,121)	\$ -
Capital Assets - Depreciable:				
Furniture, Fixtures, and Equipment	400,703	24,124	(174,018)	250,809
Leasehold Improvements	62,298	190,121	-	252,419
Total Depreciable Capital Assets	<u>463,001</u>	<u>214,245</u>	<u>(174,018)</u>	<u>503,228</u>
Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(267,874)	(52,915)	174,018	(146,771)
Leasehold Improvements	(2,336)	(3,934)	-	(6,270)
Total Accumulated Depreciation	<u>(270,210)</u>	<u>(56,849)</u>	<u>174,018</u>	<u>(153,041)</u>
Total Depreciable Capital Assets, Net	<u>192,791</u>	<u>157,396</u>	<u>-</u>	<u>350,187</u>
Total Capital Assets, Net	<u>\$ 240,453</u>	<u>\$ 299,855</u>	<u>\$ (190,121)</u>	<u>\$ 350,187</u>

Governmental Activities

Depreciation totaling \$56,849 for the year ended June 30, 2019 was allocated to governmental activities, between Instruction for \$46,413 and Facilities Acquisition and Construction for \$10,436.

NOTE 4 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 2022. Rent expense under these leases totaled \$79,384 for the year ended June 30, 2019. Also see note 12 for other operating leases with related party.

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

Years Ending June 30,	
2020	\$ 76,246
2021	27,595
2022	27,595
Total Minimum Lease Payments	<u>\$ 131,436</u>

NOTE 5 CONTRACT FOR SERVICES

The Charter School has an agreement with the Spence Management Group, LLC, to provide transportation for the Charter School's students for the school year. Payment is based on annual fee per student. For the fiscal year ended June 30, 2019, expenses reported pursuant to this agreement was \$143,870.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2019.

<u>Governmental Activities</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 63,238	\$ 75,456	\$ (48,924)	\$ 89,770	\$ 7,182

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, 2019, the estimated liability for compensated absences totaled \$89,770. Of this amount, \$7,182 is estimated to be paid in the coming fiscal year. For governmental activities, compensated absences are generally liquidated with resources of the general fund.

NOTE 7 ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

Fund balances are restricted, committed, or assigned at fiscal year-end to report an amount likely to be expended from the 2019-20 fiscal year budget as a result of purchase orders outstanding at June 30, 2019.

Because revenues of grants accounted for in the general fund are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances. Accordingly, no reserve for encumbrances are reported for grant funds. There were no purchase orders outstanding for grants accounted for in the general fund at June 30, 2019.

The Charter School had encumbrances outstanding as of June 30, 2019 in the amounts of \$20,095 and \$25,643 in the general fund and the capital project fund, respectively, for the purpose of instructional materials, janitorial services, and temporary employee services, and for sport field outdoor enhancements.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 SCHEDULE OF STATE REVENUE SOURCES

As stated in a prior note, the Charter School receives revenue for current operations primarily from the State of Florida through the Sponsor. The following is a schedule of the revenue for the 2018-19 fiscal year.

Source	Amount
Florida Education Finance Program	\$ 3,535,853
Florida School Recognition Program	49,759
Best and Brightest	82,710
Classroom Supplies	5,490
Other State Revenue	2,177
Charter School Capital Outlay	249,592
Total State Revenues	\$ 3,925,581

Accounting policies relating to certain State revenue sources are described in Note 1.

NOTE 9 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).

The Charter School's FRS and HIS pension expense totaled \$162,814 for the year ended June 30, 2019.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 STATE RETIREMENT PLANS (CONTINUED)

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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 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 2018-19 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.26
FRS, Senior Management Service	3.00	24.06
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	14.03
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 year ended June 30, 2019 was \$80,171.

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NOTE 9 STATE RETIREMENT PLANS (CONTINUED)

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

At June 30, 2019, the Charter School reported a liability of \$777,790 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Charter School's proportionate share of the net pension liability was based on the Charter School's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the Charter School's proportionate share was 0.002582262 percent, which was an increase of 0.000100257 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the Charter School recognized pension expense of \$133,654. In addition, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 65,891	\$ 2,392
Changes of Assumptions	254,144	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	-	60,094
Changes in Proportion and Differences Between Charter School FRS Contributions and Proportionate Share of Contributions	20,034	19,610
Charter School FRS Contributions Subsequent to the Measurement Date	80,171	-
Total	<u>\$ 420,240</u>	<u>\$ 82,096</u>

The deferred outflows of resources of \$80,171, 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2020	\$ 100,048
2021	65,696
2022	7,434
2023	46,218
2024	32,958
Thereafter	5,619
Total	<u>\$ 257,973</u>

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NOTE 9 STATE RETIREMENT PLANS (CONTINUED)

FRS Pension Plan Actuarial Assumptions

The total pension liability in the July 1, 2018, 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	7.00 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, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation 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%	2.90%	2.90%	1.80%
Fixed Income	18%	4.40%	4.30%	4.00%
Global Equity	54%	7.60%	6.30%	17.00%
Real Estate (Property)	11%	6.60%	6.00%	11.30%
Private Equity	10%	10.70%	7.80%	26.50%
Strategic Investments	6%	6.00%	5.70%	8.60%
Total	100%			
Assumed inflation - Mean			2.60%	1.90%

(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 7.00 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 2018 valuation was updated from 7.10 percent to 7.00 percent.

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NOTE 9 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the FRS Net Pension Liability	\$ 1,419,501	\$ 777,790	\$ 244,813

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.

HIS Plan Benefits Provided

For the fiscal year ended June 30, 2019, 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.

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NOTE 9 STATE RETIREMENT PLANS (CONTINUED)

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, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The College 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 year ended June 30, 2019, the Charter School's contributions to the HIS Plan totaled \$21,158.

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

At June 30, 2019, the Charter School reported a net pension liability of \$403,405 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, and update procedures were used to determine liabilities as of July 1, 2018. The Charter School's proportionate share of the net pension liability was based on the Charter School's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the Charter School's proportionate share was 0.003811421 percent, which was an increase of 0.00007207 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the Charter School recognized pension expense of \$29,160. In addition, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 6,176	\$ 685
Changes of Assumptions	44,864	42,651
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	244	-
Changes in Proportion and Differences Between Charter School HIS Contributions and Proportionate Share of Contributions	14,433	14,030
Charter School HIS Contributions Subsequent to the Measurement Date	21,158	-
Total	<u>\$ 86,875</u>	<u>\$ 57,366</u>

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NOTE 9 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 \$21,158, 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2020	\$ 4,693
2021	4,673
2022	4,011
2023	2,078
2024	(5,538)
Thereafter	(1,566)
Total	\$ 8,351

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	3.87 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 3.87 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 2018 valuation was updated from 3.58 percent to 3.87 percent.

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NOTE 9 STATE RETIREMENT PLANS (CONTINUED)

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:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Charter School's Proportionate Share of the HIS Net Pension Liability	\$ 459,455	\$ 403,405	\$ 356,684

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 2018-19 fiscal year were as follows:

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

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NOTE 9 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. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, 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 \$35,584 for the fiscal year ended June 30, 2019.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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, and the Charter School reports its proportionate share of the College's plan.

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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description (Continued)

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.

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.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	33
Total	33

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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability

At June 30, 2019, the Charter School reported a total OPEB liability of \$36,035 for its proportionate share of the College's total OPEB liability. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017. The Charter School's proportionate share of the total OPEB liability was based on the Charter School's participating members relative to the OPEB Plan's total participating members. At June 30, 2018, the Charter School's proportionate share was 2.36 percent, which was an decrease of 4.29 percent from its proportionate share measured as of June 30, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following key 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 wage inflation of 3.25%
Discount rate	
Prior measurement date	3.56%
Measurement date	3.87%
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017, decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2017, decreasing to an ultimate rate of 5.00% by 2020

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.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 3.87 percent in 2018.

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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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 (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

		<u>1% Decrease (2.87%)</u>		<u>Current Discount Rate (3.87%)</u>		<u>1% Increase (4.87%)</u>
Total OPEB liability	\$	42,810	\$	36,035	\$	30,098

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 to 6.00 percent) than the current healthcare cost trend rates:

		<u>1% Decrease (6.50% decreasing to 4.00%)</u>		<u>Healthcare Cost Trend Rate (7.50% decreasing to 5.00%)</u>		<u>1% Increase (8.50% decreasing to 6.00%)</u>
Total OPEB liability	\$	31,549	\$	36,035	\$	42,011

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

For the fiscal year ended June 30, 2019, the Charter School recognized OPEB expense of \$8,211. At June 30, 2019, the Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 158
Change of assumptions or other inputs	-	4,684
Transactions subsequent to the measurement date	7,954	-
Changes in proportionate share		52,546
Total	<u>\$ 7,954</u>	<u>\$ 57,388</u>

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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$7,954 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>		
2020	\$	13,805
2021		13,805
2022		13,805
2023		13,805
2024		668
Thereafter		1,500
Total	\$	<u>57,388</u>

NOTE 11 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.

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NOTE 12 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 \$28,500 for fiscal year ended June 30, 2019.

Beginning with fiscal year 2019-20, rent will increase to \$6.00/sf. or \$219,294 for 36,549 square feet of space. Rent expense was \$184,500 for fiscal year ended June 30, 2019.

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

<u>Fiscal Year Ending June 30,</u>			
2020	\$	219,294	
2021		219,294	
2022		219,294	
Total	\$	657,882	

Safe School Officer Service

Effective for the 2018-19 fiscal year, the Charter School was charged an annual fee of \$100,000 by the College for the implementation of F.S. 1003.12 "Safe School officers at each public school."

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 2018-2019 school year, \$367,782 has been charged by the College to the Charter School for dual enrollment.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
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BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Sources:				
Federal through State and Local	\$ 5,000	\$ 5,000	\$ 13,405	\$ 8,405
State Sources:				
Florida Education Finance Program	3,561,467	3,561,467	3,535,853	(25,614)
Florida School Recognition	-	49,759	49,759	-
Other State Revenue	3,609	86,318	90,377	4,059
Local Sources:				
Interest Earnings	-	-	18,657	18,657
Total Revenues	<u>3,570,076</u>	<u>3,702,544</u>	<u>3,708,051</u>	<u>5,507</u>
EXPENDITURES				
Current:				
Instruction	2,352,393	2,364,125	2,020,688	343,437
Exceptional Student Education	-	84,046	71,206	12,840
Student Support Services	90,261	94,170	89,567	4,603
Instruction and Curriculum Development Services	715	739	1,055	(316)
Instructional Staff Training Services	9,254	9,570	8,771	799
Instruction-Related Technology	46,613	48,670	63,452	(14,782)
Board	12,570	12,999	10,635	2,364
School Administration	534,324	557,701	597,832	(40,131)
Facilities and Acquisition	13,628	14,093	-	14,093
Fiscal Services	41,618	43,465	39,367	4,098
Food Services	51,807	53,878	52,917	961
Central Services	9,454	9,776	5,727	4,049
Student Transportation Services	98,030	101,378	152,267	(50,889)
Operation of Plant	114,082	117,978	200,000	(82,022)
Debt Service - Capital Lease Payment	20,925	20,925	20,925	(0)
Administrative Technical Services	2,805	2,901	-	2,901
Total Expenditures	<u>3,398,478</u>	<u>3,536,413</u>	<u>3,334,409</u>	<u>202,004</u>
NET CHANGE IN FUND BALANCE	<u>\$ 171,598</u>	<u>\$ 166,131</u>	373,642	<u>\$ 207,511</u>
Fund Balance - Beginning of Year			<u>701,856</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,075,498</u>	

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charter School Capital Outlay	\$ -	\$ 303,044	\$ 249,592	\$ (53,452)
School District Local Sales Tax	-	155,000	25,643	(129,357)
Total Revenues	-	458,044	275,235	(182,809)
EXPENDITURES				
Instruction	-	90,000	90,043	(43)
Facilities Acquisition and Construction	55,210	216,407	150,987	65,420
Operation of Plant	74,585	292,353	84,500	207,853
Maintenance of Plant	57,589	135,734	-	135,734
Total Expenditures	187,384	734,494	325,530	408,964
NET CHANGE IN FUND BALANCE	\$ (187,384)	\$ (276,450)	(50,295)	\$ 226,155
Fund Balance - Beginning of the Year			542,128	
FUND BALANCE - END OF YEAR			\$ 491,833	

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO MEASUREMENT PERIODS
(UNAUDITED)**

**Schedule of the Charter School's Proportionate Share of the
Total Other Postemployment Benefits Liability**

	Measurement Date	
	6/30/2018	6/30/2017
Charter School's proportion of the total OPEB liability	2.36%	6.65%
Charter School's proportionate share of the total OPEB liability	\$ 36,035	\$ 103,349
Charter School's covered-employee payroll	\$ 1,611,876	\$ 1,478,195
Charter School's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	2.24%	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
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE MEASUREMENT PERIODS
(UNAUDITED)**

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

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Charter School's proportion of the FRS net pension liability	0.002582262%	0.002482005%	0.002498107%	0.002601348%	0.002451982%
Charter School's proportion share of the FRS net pension liability	\$ 777,790	\$ 734,160	\$ 630,774	\$ 335,999	\$ 149,607
Charter School's covered payroll (2)	\$ 1,478,195	\$ 1,397,236	\$ 1,323,403	\$ 1,270,592	\$ 967,151
Charter School's proportion share of the FRS net pension liability as a percentage of its covered payroll	52.62%	52.54%	47.66%	26.44%	15.47%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%	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
LAST SIX FISCAL YEARS
(UNAUDITED)**

**Schedule of Charter School's Contributions –
Florida Retirement System Pension Plan**

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	\$ 80,171	\$ 73,592	\$ 64,709	\$ 60,089	\$ 57,924	\$ 53,709
FRS contributions in relation to the contractually required contribution	(80,171)	(73,592)	(64,709)	(60,089)	(57,924)	(53,709)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll (2)	\$ 1,611,876	\$ 1,478,195	\$ 1,397,236	\$ 1,323,403	\$ 1,270,592	\$ 967,151
FRS contributions as a percentage of covered payroll	4.97%	4.98%	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 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
LAST FIVE MEASUREMENT PERIODS
(UNAUDITED)**

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

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Charter School's proportion of the HIS net pension liability	0.003811421%	0.003739351%	0.003851943%	0.003605281%	0.003365741%
Charter School's proportion share of the HIS net pension liability	\$ 403,405	\$ 399,829	\$ 448,928	\$ 367,682	\$ 314,705
Charter School's covered payroll (2)	\$ 1,478,195	\$ 1,397,236	\$ 1,323,403	\$ 1,270,592	\$ 967,151
Charter School's proportion share of the HIS net pension liability as a percentage of its covered payroll	27.29%	28.62%	33.92%	28.94%	32.54%
HIS Plan fiduciary net position as a percentage of the FRS total pension liability	2.15%	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
LAST SIX FISCAL YEARS
(UNAUDITED)**

**Schedule of Charter School's Contributions –
Health Insurance Subsidy Pension Plan**

	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually required HIS contribution	\$ 21,158	\$ 20,680	\$ 19,852	\$ 19,007	\$ 12,588	\$ 11,530
HIS contributions in relation to the contractually required HIS contribution	<u>(21,158)</u>	<u>(20,680)</u>	<u>(19,852)</u>	<u>(19,007)</u>	<u>(12,588)</u>	<u>(11,530)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 1,611,876	\$ 1,478,195	\$ 1,397,236	\$ 1,323,403	\$ 1,270,592	\$ 967,151
HIS contributions as a percentage of covered payroll	1.31%	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.

**STATE COLLEGE OF FLORIDA COLLEGIATE SCHOOL
A CHARTER SCHOOL AND RESTRICTED FUND OF
STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

**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, 2019, total OPEB liability significantly decreased from the prior fiscal year as a result of changing methodology in determining the Collegiate School's liability from a proportionate share of the College's liability to the liability valued by the actuary.

Changes of Benefit Terms: None noted.

Changes of Assumptions: The discount rate increased from 3.56 percent in 2017 to 3.87 percent in 2018. 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 7.10 percent to 7.00 percent, and 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 3.58 percent to 3.87 percent.



**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 Trustees
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 governmental activities, each major fund, and the aggregate remaining fund information of State College of Florida Collegiate School (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 16, 2019.

Internal Control Over Financial Reporting

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

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.

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Tampa, Florida
September 16, 2019



MANAGEMENT LETTER

Board of Trustees
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 School), a restricted fund of the State College of Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 16, 2019.

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 September 16, 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 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 and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are State College of Florida Collegiate School and 412141.

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 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 School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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 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 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. See Appendix A for the current year findings and recommendations.

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



CliftonLarsonAllen LLP

Tampa, Florida
September 16, 2019

State College of Florida Collegiate School
Appendix A – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED June 30, 2019

2019-001: Internal Fund Policy

Criteria

The financial transactions of various school organizations are accounted for in a school's internal funds, which are reported as agency funds in the fiduciary fund financial statements. Under Chapter 8 of the Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book 2017), district school boards shall be responsible for the administration and control of internal funds of the district school system. In addition, district school boards should adopt written rules governing the receipt and disbursement of all internal funds and the accounting for property pursuant to Florida Statutes.

Condition

The School has an internal fund policy in place to ensure internal fund receipts are properly recorded. This written policy states: Money collected by clubs or at events are recorded on an itemized money collection form. Two members of the club must count and sign off verifying the total. For the transaction selected for review, of the four clubs receipts, one of the itemized money collection forms was missing a second member signature.

Cause

Policies and procedures were not followed.

Recommendation

We recommend that the School establish internal controls to ensure that the School's written policies and procedures are followed regarding internal fund receipts.

Management's Response

We acknowledge the auditor recommendation, and will continue to ensure two club members verify the totals on the itemized money collection form as required by SCFCS policy. However, it is to be noted this item was for less than \$50, and it is immaterial to the fund