

St. Petersburg College Collegiate High School

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

**Comprehensive Annual Financial Report
June 30, 2015 and 2014**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of St. Petersburg College Collegiate High School, a Charter School and a Restricted Fund of St. Petersburg College, St. Petersburg, Florida (the Collegiate High School), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Collegiate High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Petersburg College Collegiate High School as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

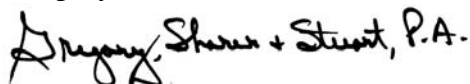
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 10 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 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 audits 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 23, 2015 on our consideration of St. Petersburg College Collegiate High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Petersburg College Collegiate High School's internal control over financial reporting and compliance

Gregory, Sharer & Stuart, P.A.

Handwritten signature in cursive script that reads "Gregory, Sharer + Stuart, P.A." with a stylized flourish at the end.

St. Petersburg, Florida
September 23, 2015

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Management's Discussion and Analysis
June 30, 2015 and 2014

Management's discussion and analysis of St. Petersburg College Collegiate High School's (Collegiate High School) financial statements provides an overview of the Collegiate High School's financial activities for the years ended June 30, 2015, 2014, and 2013. Management has prepared the accompanying financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with school management. The discussion and analysis contain financial activities of the Collegiate High School as a restricted fund of St. Petersburg College.

Financial Highlights

For the year ended June 30, 2015, Collegiate High School revenues exceeded expenses, resulting in a net position balance of \$1,070,414. This represents an increase in net position of \$103,319 over the year ended June 30, 2014. During the 2014-2015 school year, the Collegiate High School conducted operations with revenues of \$1,891,199. This figure represents an increase in revenues of \$75,011 over the year ended June 30, 2014. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal year 2014-2015, and a State of Florida school recognition award for fiscal year 2014-2015. In accordance with Florida Statute 1007.271 Dual Enrollment Programs, St. Petersburg College (College) invoiced the Collegiate High School for the value of semester hours taken by Collegiate High School students, for the fall and spring terms. As no additional State appropriations were provided to the Collegiate High School, St. Petersburg College contributed funds in the amount of \$436,559 to help offset various operating expenses.

For the year ended June 30, 2014, Collegiate High School revenues exceeded expenses, resulting in a net position balance of \$967,095. This represents an increase in net position of \$115,872 over the year ended June 30, 2013. During the 2013-2014 school year, the Collegiate High School conducted operations with revenues of \$1,816,188. This figure represents an increase in revenues of \$589,311 over the year ended June 30, 2013. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal year 2013-2014, a State of Florida school recognition award for fiscal year 2013-2014, and a contribution from the College to help offset various operating expenses.

Using This Annual Report

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

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

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

St. Petersburg College Collegiate High School
A Charter School and Restricted Fund of St. Petersburg College
Management's Discussion and Analysis
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The contract between the Board of Trustees of St. Petersburg College on behalf of the Collegiate High School and the School Board of Pinellas County was renewed in 2013. The Collegiate High School charter became effective July 1, 2009 and shall end on June 30, 2024. The charter stipulates that the Collegiate High School shall serve students in grades 10 through 12, with a maximum funded school enrollment of 230 students.

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

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

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

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

The statements of net position and the statements of revenues, expenses, and change in net position include all assets, liabilities, revenues, and expenses using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. Condensed statements of assets, liabilities, and net position for the Collegiate High School at June 30, 2015, 2014, and 2013 are shown in the following table:

	2015	June 30, 2014	2013
Assets			
Current assets	\$ 1,072,462	\$ 969,134	\$ 853,039
Total Assets	\$ 1,072,462	\$ 969,134	\$ 853,039
Liabilities			
Current liabilities	\$ 2,048	\$ 2,039	\$ 1,816
Total Liabilities	2,048	2,039	1,816
Net Position			
Unrestricted	1,070,414	967,095	851,223
Total Net Position	1,070,414	967,095	851,223
Total Liabilities and Net Position	\$ 1,072,462	\$ 969,134	\$ 853,039

St. Petersburg College Collegiate High School
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June 30, 2015 and 2014

The condensed statements of net position show the assets, liabilities, and net position for the years ended June 30, 2015, 2014, and 2013. Assets consist primarily of cash and cash equivalents. Current assets increased by \$103,328 or 10.7% during 2015, and increased by \$116,095 or 13.6% during 2014. Liabilities remained essentially unchanged during 2015, compared to an increase of \$223 or 12.3% during 2014.

The statements of revenues, expenses, and change in net position present the Collegiate High School's results of operations. In accordance with GASB reporting principles, revenues, and expenses are classified as either operating or nonoperating. All Collegiate High School revenues are considered nonoperating revenues under GASB. Condensed statements of revenues, expenses, and change in net position of the Collegiate High School for the years ended June 30, 2015, 2014, and 2013 are presented in the following table:

	Year Ended June 30,		
	2015	2014	2013
Operating Revenues	\$ -	\$ -	\$ -
Less, operating expenses	(1,787,880)	(1,700,316)	(1,233,296)
Net Operating Loss	(1,787,880)	(1,700,316)	(1,233,296)
Nonoperating Revenues			
State appropriations from county school district	1,326,457	1,215,245	1,120,179
Capital outlay funds	104,354	139,630	81,147
Award funds	22,262	21,788	19,490
Contributions	436,559	436,631	5,212
Other nonoperating revenues, net	1,567	2,894	849
Total Nonoperating Revenues	1,891,199	1,816,188	1,226,877
Change in Net Position	103,319	115,872	(6,419)
Net Position at Beginning of Year	967,095	851,223	857,642
Net Position at End of Year	\$ 1,070,414	\$ 967,095	\$ 851,223

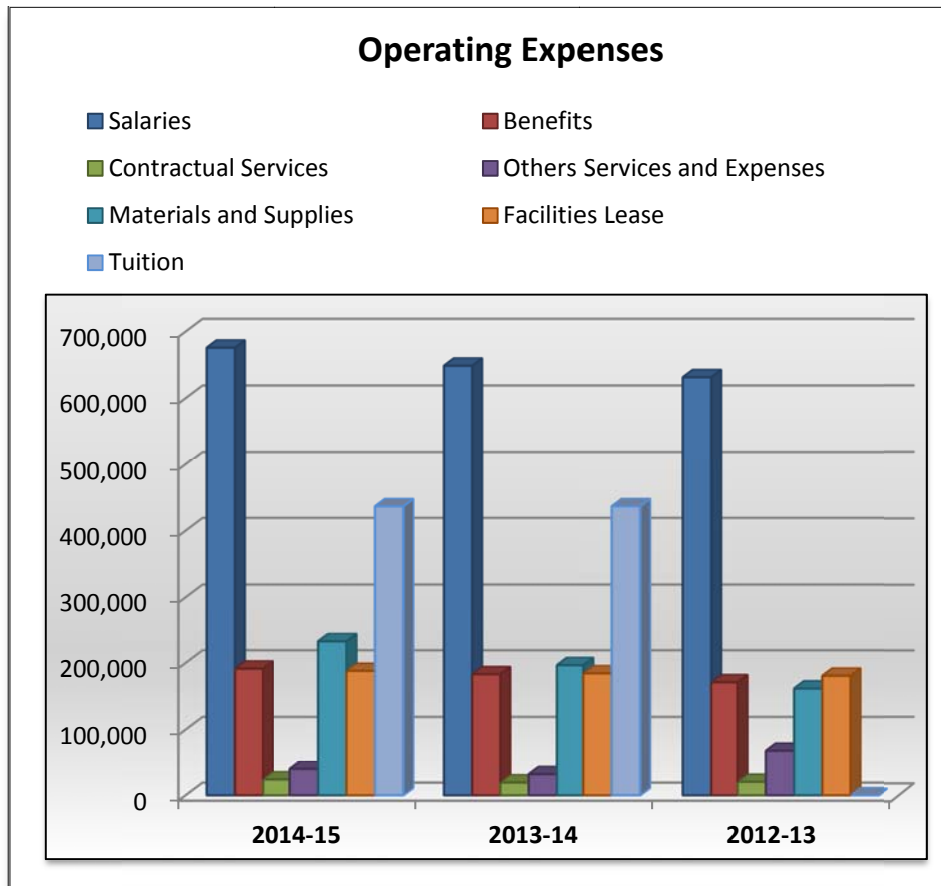
For the year ended June 30, 2015, Collegiate High School revenues exceeded expenses, resulting in a net position balance of \$1,070,414. This represents an increase in net position of \$103,319 over the year ended June 30, 2014, compared to an increase in net position of \$115,872 over 2013. During the 2014-2015 school year, the Collegiate High School conducted operations with non-operating revenues of \$1,891,199. This figure represents an increase in non-operating revenues of \$75,011 over the year ended June 30, 2014, as compared to an increase of \$589,311 over 2013. The non-operating revenues include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds, State of Florida school recognition awards, and a contribution from St. Petersburg College to offset various operating expenses.

Operating Expenses

Operating expenses for the Collegiate High School for the years ended June 30, 2015, 2014 and 2013 are presented in the following table:

	Year Ended June 30,		
	2015	2014	2013
Salaries	\$ 675,849	\$ 648,779	\$ 631,496
Benefits	191,423	183,016	171,025
Contractual services	23,851	19,173	20,214
Other services and expenses	39,683	31,724	65,789
Materials and supplies	232,472	196,637	164,031
Facilities lease	188,043	184,356	180,741
Tuition	436,559	436,631	-
Total Operating Expenses	\$ 1,787,880	\$ 1,700,316	\$ 1,233,296

Operating expenses of the Collegiate High School for the years ended June 30, 2015, 2014 and 2013 are presented in the following chart:



St. Petersburg College Collegiate High School
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Statements of Cash Flows

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

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

A summary of the Collegiate High School's statements of cash flows for the years ended June 30, 2015, 2014 and 2013 is shown in the following table:

	Year Ended June 30,		
	2015	2014	2013
Cash (Used) Provided By			
Operating activities	\$ (1,782,517)	\$ (1,696,507)	\$ (1,242,743)
Noncapital financing activities	1,786,845	1,676,558	1,145,730
Capital and related financing activities	104,354	139,630	81,147
Net Increase (Decrease) in Cash and Cash Equivalents	108,682	119,681	(15,886)
Cash and Cash Equivalents at Beginning of Year	956,768	837,087	852,953
Cash and Cash Equivalents at End of Year	\$ 1,065,450	\$ 956,768	\$ 837,087

Cash used by operating activities was \$1,782,517 for the year ended June 30, 2015 compared to \$1,696,507 and \$1,242,743 for the years ended June 30, 2014 and June 30, 2013, respectively. Uses of cash during 2015, 2014, and 2013 included payments to suppliers of \$227,421, \$204,254, and \$173,423; payments to employees of \$675,537, \$637,353, and \$631,551; benefit payments of \$191,423, \$183,016, and \$171,025; payments for other services of \$63,534, \$50,897, and \$86,003; payments for facilities lease of \$188,043, \$184,356, and \$180,741; and payments for tuition of \$436,559, \$436,631, and \$0, respectively. Payroll, benefits, payments to suppliers, facilities lease, and tuition are the major outflows of operating activities.

Cash provided by noncapital financing activities was \$1,786,845 for the year ended June 30, 2015 compared to \$1,676,558 and \$1,145,730 for the years ended June 30, 2014 and June 30, 2013, respectively. These amounts primarily represent state appropriations passed through the Pinellas County School District and awards, and a contribution from St. Petersburg College to offset various operating expenses for the years ended June 30, 2015 and June 30, 2014.

Cash provided by capital and related financing activities including capital outlay funding was \$104,354 for the year ended June 30, 2015, which was a decrease of \$35,276 from 2014, compared to a \$58,483 increase from 2013.

Economic Factors That Will Affect the Future

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

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For the 2014-2015 school year, an increase in the per-student allocation funding resulted in an overall increase in funding. To further enhance the positive impact of this increase in funding, the following action was taken:

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

To note a further accomplishment, St. Petersburg College Collegiate High School was named by *Newsweek* as one of "America's Top High Schools 2015," with a ranking of #1 in Florida and #48 in the nation (<http://www.newsweek.com/high-schools/americas-top-high-schools-2015>).

For the school year 2015-2016, the initial FTE calculation indicates a slight increase in per-student annual charter revenue. The anticipated expenditures for the 2015-2016 school year may increase by an amount greater than the projected revenue, however, any shortfall will be covered by the Collegiate High School's unrestricted net position. The renewed Collegiate High School charter became effective on July 1, 2009 for a period of fifteen (15) years, which is the longest term pursuant to Florida law. The present contract, as amended in 2013, provides funding for up to 230 students and will continue through June 30, 2024. Occasionally the enrollment exceeds 230 students, allowing for a certain expected amount of student withdrawals. St. Petersburg College Collegiate High School received funding for 236 students for the 2014-2015 school year and expects to receive funding for 230 students for the 2015-2016 school year.

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

	June 30,	
	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,065,450	\$ 956,768
Accounts receivable	<u>7,012</u>	<u>12,366</u>
Total Assets	<u>\$ 1,072,462</u>	<u>\$ 969,134</u>
 Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 303
Salary and payroll taxes payable	<u>2,048</u>	<u>1,736</u>
Total Liabilities	<u>2,048</u>	<u>2,039</u>
Net Position		
Unrestricted	<u>1,070,414</u>	<u>967,095</u>
Total Net Position	<u>1,070,414</u>	<u>967,095</u>
Total Liabilities and Net Position	<u>\$ 1,072,462</u>	<u>\$ 969,134</u>

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

	Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ -	\$ -
Operating Expenses		
Salaries	675,849	648,779
Benefits	191,423	183,016
Contractual services	23,851	19,173
Other services and expenses	39,683	31,724
Materials and supplies	232,472	196,637
Facilities lease	188,043	184,356
Tuition	436,559	436,631
Total Operating Expenses	<u>1,787,880</u>	<u>1,700,316</u>
Operating Loss	(1,787,880)	(1,700,316)
Nonoperating Revenues		
State appropriations from county school district	1,326,457	1,215,245
Capital outlay funds	104,354	139,630
Award funds	22,262	21,788
St. Petersburg College contribution	436,559	436,631
Other non-operating revenues, net of related expense of \$13,392 and \$11,189 in 2015 and 2014, respectively	<u>1,567</u>	<u>2,894</u>
Total Nonoperating Revenues	<u>1,891,199</u>	<u>1,816,188</u>
Change in Net Position	103,319	115,872
Net Position at Beginning of Year	<u>967,095</u>	<u>851,223</u>
Net Position at End of Year	<u>\$ 1,070,414</u>	<u>\$ 967,095</u>

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

	Year Ended June 30,	
	2015	2014
Cash Flows From Operating Activities		
Payments to suppliers	\$ (227,421)	\$ (204,254)
Payments to employees	(675,537)	(637,353)
Payments for benefits	(191,423)	(183,016)
Payments for other services	(63,534)	(50,897)
Payments for facilities lease	(188,043)	(184,356)
Payments for tuition	(436,559)	(436,631)
Net Cash Used by Operating Activities	<u>(1,782,517)</u>	<u>(1,696,507)</u>
Cash Flows From Noncapital Financing Activities		
State appropriations	1,326,457	1,215,245
Award funds	22,262	21,788
Receipts for other nonoperating activities	14,959	14,083
Payments for other nonoperating activities	(13,392)	(11,189)
St. Petersburg College contribution	436,559	436,631
Net Cash Provided by Noncapital Financing Activities	<u>1,786,845</u>	<u>1,676,558</u>
Cash Flows From Capital and Related Financing Activities		
Capital outlay funds	<u>104,354</u>	<u>139,630</u>
Net Increase in Cash and Cash Equivalents	108,682	119,681
Cash and Cash Equivalents at Beginning of Year	<u>956,768</u>	<u>837,087</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,065,450</u>	<u>\$ 956,768</u>
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities		
Operating loss	\$ (1,787,880)	\$ (1,700,316)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Decrease (increase) in accounts receivable	5,354	(7,455)
Decrease in prepaid expenses	-	11,041
Decrease in accounts payable	(303)	(162)
Increase in other payables	312	385
Net Cash Used by Operating Activities	<u>\$ (1,782,517)</u>	<u>\$ (1,696,507)</u>

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

Nature of Activities

St. Petersburg College Collegiate High School (Collegiate High School) is a restricted fund of St. Petersburg College (the College). The general operating authority of the Collegiate High School is contained in Section 1002.33, Florida Statutes. The Collegiate High School operates under a charter with the sponsoring school district, the School Board of Pinellas County (Sponsor or District). The initial charter was renewed on November 11, 2008 for a period of 15 years. The renewed charter became effective on July 1, 2009 and is effective through June 30, 2024. The charter can be renewed every five school years or longer by mutual written agreement of the parties, pursuant to Florida law. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case, the Sponsor is required to notify the Collegiate High School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown. The Collegiate High School shall notify the Sponsor in writing at least 90 days prior to the expiration of the charter as to its intent to renew or not renew.

Basis of Presentation

The records of the Collegiate High School are maintained as a fund on the books of the College and, accordingly, they follow the same basis of presentation. The Collegiate High School's accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provide the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board.

GASB allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-type activities, or engaged in both governmental and business-type activities. The College elected to report as an entity engaged in only business-type activities. Therefore, these special purpose financial statements are presented accordingly.

Basis of Accounting

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

The Collegiate High School's principal activity is instruction. Operating expenses include all fiscal transactions related to instruction as well as administration, academic support, student services, and physical plant operations. Nonoperating revenues include state appropriations from the county school district, a State of Florida School Recognition Award, Charter School Capital Outlay Funds, and other grants. The Collegiate High School follows Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Accounts Receivable

Management considers all receivables at June 30, 2015 to be collectible. Accordingly, no allowance for uncollectible accounts has been provided at June 30, 2015 and 2014.

Cash and Cash Equivalents

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

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

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Capital Assets

The Collegiate High School uses the policies of the College for capitalization and depreciation. The Collegiate High School has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for improvements other than buildings. There were no capital assets as of June 30, 2015 and 2014.

Net Position

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

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

Unrestricted: All other categories of net position.

When both restricted and unrestricted resources are available to fund capital outlay projects, it is the Collegiate High School's policy to first apply the restricted resources to such projects followed by the use of unrestricted resources.

Revenue Sources

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

Subsequent Events

Management has evaluated all events subsequent to the statement of net position date of June 30, 2015 through September 23, 2015, which was the date the financial statements were available to be issued. There were no subsequent events which would require adjustment to or disclosure in the accompanying financial statements.

Note B - Accounts Receivable

Accounts receivable as of June 30, 2015 consists of \$7,012 representing professional development expenses billed to Pinellas County School Board under the Title II Part A Charter Schools Reimbursement Allocation Plan, and was collected in July 2015. Accounts receivable as of June 30, 2014 consisted of \$12,366 for capital outlay funding due, which was collected in July 2014.

Note C - Functional Distribution of Expenses

Operating expenses on the statements of revenues, expenses, and change in net position are presented in the natural classifications. Below are those same expenses presented in functional classifications as recommended by NACUBO. The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. Functional classification of expenses for the years ended June 30 is summarized in the following table:

	<u>2015</u>	<u>2014</u>
Instruction	\$ 1,078,375	\$ 1,027,661
Academic support	709,505	672,655
Total Operating Expenses	<u>\$ 1,787,880</u>	<u>\$ 1,700,316</u>

Note D - State Retirement Programs

Florida Retirement System.

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

Essentially all regular employees of the College, including the Collegiate High School are eligible to enroll as members of the State administered Florida Retirement System (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 Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a cost-sharing, multiple-employer public-employee retirement system with two defined benefit plans and other nonintegrated programs administered by the Department of Management Services, Division of Retirement. These include a defined-benefit pension plan (Pension Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Pension Plan prior to July 1, 2011 vest at six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011 vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Pension Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Pension Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. The Collegiate High School employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in the Investment Plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

A Deferred Retirement Option Program (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 a Florida Retirement System 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 Florida Retirement System Fund and accrue interest.

State College System Optional Retirement Program

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

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

The employing college contributes, on behalf of the participant, 7.69% of the participant's salary, less a small amount of 0.10% used to cover administrative costs, and employees contribute 3% of their salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the charter school to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There was one Collegiate High School employee participating in the Optional Retirement Program during the years ended June 30, 2015 and 2014. The Collegiate High School's contributions to the Program for the years ended June 30, 2015 and 2014 were \$5,104 and \$4,821, respectively. Effective July 1, 2011, employees were required to contribute 3%. Employee contributions totaled \$1,946 and \$1,971 for the years ended June 30, 2015 and 2014, respectively.

The state of Florida establishes contribution rates for participating employers and employees. Contribution rates during for the year ended June 30, 2015 were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer ^(a)
Florida Retirement System - regular	3%	7.37%
Florida Retirement System - senior management service	3%	21.14%
Deferred Option Program - applicable to members from all of the above classes or plan	0%	12.28%

Note:

(a) Employer rates include 1.26% for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .04% for administrative costs of the Investment Plan.

The Collegiate High School's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The Collegiate High School's contributions to the state administered Florida Retirement System for the years ended June 30, 2015 and 2014 were \$43,809 and \$40,173, respectively, which were equal to the required contributions for each year.

Effective July 1, 2011, employees are required to contribute 3% to their respective state administered retirement plan. During the year ended June 30, 2015, there were seven Collegiate High School participants enrolled in the Pension Plan and there were five Collegiate High School participants enrolled in the Investment Plan. Employee contributions totaled \$17,673 and \$16,984 for the years ended June 30, 2015 and 2014, respectively, which were equal to the required contributions for each year.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement. The FRS Investment Plan is administered by the Florida State Board Administration (SBA), and is reported in an SBA annual financial statement and in the State of Florida Comprehensive Annual Financial Report.

Note E - Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks through a self-insured program and the Florida Community Colleges Risk Management Consortium. The Collegiate High School is part of the College's self-insured program for risk management.

Self-Insured Program

The board of trustees of the College has established an individual self-insured program to provide group health and dental insurance for College employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$500,000 per insured person for the years ended June 30, 2015 and June 30, 2014.

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

Consortium

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

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

Note F – Litigation

The College is involved in several pending and threatened legal actions not related to the Collegiate High School. The range of potential loss from all such claims and actions, as estimated by the College's attorney and management, should not materially affect the financial condition of the College or the Collegiate High School.

Note G - Related Parties

There is a formal lease agreement between the Collegiate High School and the College for facility space utilized by the Collegiate High School. The term of the lease agreement is 30 years which commenced on September 1, 2007. The lease was amended in March 2009 to accommodate the Collegiate High School's move to its present facilities on the second floor of the new Student Services Building. Either party may terminate this agreement upon giving the other party no less than 360 days' notice. The Collegiate High School will pay to the College base rent for the leased premises for each year during the lease term in the amount of \$15 per square foot or \$168,630. The base rent shall escalate on the anniversary date of each year during the lease term at a rate of 2% from the immediately preceding year's base rent. Lease payments made for the years ended June 30, 2015 and 2014 were \$188,043 and \$184,356, respectively.

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

Year Ending June 30,	
2016	\$ 191,804
2017	195,640
2018	199,553
2019	203,544
2020	207,615
2021-2025	1,102,044
2026-2030	1,216,745
2031-2035	1,343,385
2036-2037	428,927
	<u>\$ 5,089,257</u>

The Collegiate High School receives annual Capital Outlay funding, restricted for lease payments and other capital outlay requirements. This funding allocation is expected to be insufficient to cover capital outlay requirements including lease payments. The Collegiate High School has no net position restricted for capital outlay projects at June 30, 2015, and 2014.

Tuition

During the fiscal year ended June 30, 2014, the Florida legislature passed statute 1007.271, Dual Enrollment Programs. This legislation addresses enrollment of eligible secondary students in postsecondary courses creditable toward high school completion and a career certificate or an associate or baccalaureate degree. The statute requires each district school superintendent and each public postsecondary institution president to develop a comprehensive dual enrollment articulation agreement for the respective school district and postsecondary institution. Such agreement must be submitted annually to the Florida Department of Education. The components of the articulation agreement include a requirement for a funding provision that delineates costs incurred by each entity.

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

In accordance with this legislation, the College invoiced the Collegiate High School for the number of semester hours taken by Collegiate High School students for classes at St. Petersburg College, multiplied by the standard tuition rate per credit hour, for the fall and spring terms. The Collegiate High School recorded this tuition expense which totaled \$436,559 and \$436,631 for the fiscal years ended June 30, 2015 and 2014, respectively.

As no additional state appropriations were provided to the Collegiate High School, the College contributed funds in the amount of \$436,559 and \$436,631 for the fiscal years ended June 30, 2015 and 2014, respectively, to help offset various operating expenses such as the costs for textbook, nutrition, transportation, contracted services and educational supplies.

Note H - Operating Lease Commitments

The Collegiate High School leases computer equipment and a copier under operating leases. The computer lease expires in 2019. The copier lease expires in 2018. These leased assets and the related commitments are not reported on the Collegiate High School's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Future minimum lease commitments for noncancelable operating leases are as follows:

Year Ending June 30,	
2016	\$ 7,028
2017	7,028
2018	6,550
2019	1,912
	<u>\$ 22,518</u>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the special purpose financial statements of St. Petersburg College Collegiate High School as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise St. Petersburg College Collegiate High School's basic financial statements, and have issued our report thereon dated September 23, 2015.

Internal Control Over Financial Reporting

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

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

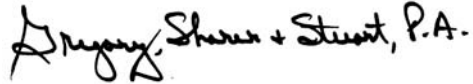
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of This Report

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

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

St. Petersburg, Florida
September 23, 2015



Gregory, Sharer & Stuart, P.A.

Certified Public Accountants and Business Consultants

Management Letter

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

Report on the Financial Statements

We have audited the special purpose financial statements of St. Petersburg College Collegiate High School as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 23, 2015.

Auditor's Responsibility

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

Other Reporting Required by *Government Auditing Standards*

We have also issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, if any, which is dated September 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the June 30, 2014 financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is St. Petersburg College Collegiate High School.

Financial Condition

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for St. Petersburg College Collegiate High School. It is management's responsibility to monitor the St. Petersburg College Collegiate High School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

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

Other Matters

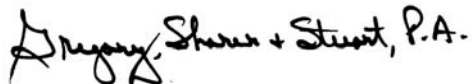
Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the school's financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the board of trustees of St. Petersburg College, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Gregory, Sharer & Stuart, P.A.

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

St. Petersburg, Florida
September 23, 2015