

**FLORIDA SOUTHWESTERN STATE COLLEGE CHARTER SCHOOLS
GOVERNING BOARD
Agenda Item Summary**

Meeting Date: 1/27/2015

1. Action Requested/Purpose: Florida SouthWestern Collegiate High School – Charlotte Campus
Consent Agenda – Approval of the Audited Financial Report for Fiscal Year Ended June 30, 2014

2. Fiscal Impact: ☐ Yes ☒ No ☐ N/A

3. Funding Source Amount: \$

4. Administration Recommendation: Approval of Florida SouthWestern Collegiate High School – Charlotte Campus audited financial report for the fiscal year ended June 30, 2014.

5. Agenda Item Type:

- ☐ Action Item
☒ Consent Agenda
☐ Information Only
☐ Board Requested Information/Report

8. Requirement/Purpose (Include Citation)


- ☒ Statute 1009.33(9)(j)
☐ Administrative Code
☐ Other

9. Background Information:

Florida Statute Section 1009.33(9)(j) states that the "governing body of the charter school shall be responsible for ensuring the charter school has retained the services of a certified public accountant for the annual financial audit and reviewing and approving the audit report". The attached audited financial reports represent the activities and financial results of Florida SouthWestern Collegiate High School – Charlotte Campus for the fiscal year ended June 30, 2014. The reports were prepared by the College's Office of Financial Services in accordance with Generally Accepted Accounting Principles and audited by Clifton Larson Allen, LLP Certified Public Accountants. The CPA firm issued an unqualified opinion.

It is recommended that the audited financial report be approved.

Requested By:


Vice President, Administrative Services

Funding Verified by:


Vice President, Administrative Services

Approved For Agenda by:


President

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL – CHARLOTTE CAMPUS
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**



EDISON

COLLEGIATE HIGH SCHOOL

CHARLOTTE CAMPUS

DISTRICT BOARD OF TRUSTEES AND OFFICERS

MEMBERS OF THE DISTRICT BOARD OF TRUSTEES WHO SERVED DURING THE FISCAL PERIOD ARE LISTED BELOW:

Sankey E. "Eddie" Webb, III, Chair	Charlotte
Brian Chapman, Jr., Vice-Chair	Lee
Marjorie Starnes-Bilotti	Lee
Christopher T. Vernon	Collier
Julia G. Perry	Glades
Eric Loche	Charlotte
Byron Donalds	Collier
Braxton C. Rhone	Lee
Tristan "Tris" Chapman	Hendry

THE CHARTER SCHOOL'S EXECUTIVE OFFICERS FOR THE FISCAL PERIOD ARE LISTED BELOW:

Dr. Jeffery S. Allbritten, President
Dr. Erin Harrel, Dean, School of Education & Charter Schools
Diane Juneau, Principal

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL – CHARLOTTE CAMPUS
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Edison State College Collegiate High School
Charlotte County Campus
Fort Myers, 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 Edison State College Collegiate High School – Charlotte County Campus (the “School”), a department of Edison State College, as of and for the year ended June 30, 2014, 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 School as of June 30, 2014, 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 discussed in Note 1, the financial statements of the School are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edison State College that is attributable to the School. They do not purport to, and do not, present fairly the financial position of Edison State College as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014, on our consideration of the 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
September 29, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Edison State College Collegiate High School (Charter School) for the year ended June 30, 2014. 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 considered in conjunction with the Charter School's financial statements and notes to financial statements.

The Edison State College Collegiate High School is a division of Edison State College (College). The Charter School is organized pursuant to Section 1002.33, Florida Statutes and is governed by the Board of Trustees of the College who are appointed by the Governor of the State of Florida. The Charter School operates under a charter with the sponsoring school district, Charlotte County District School Board (Sponsor). The Charter School commenced operations on July 1, 2009 and is effective for a term of five (5) years ending on June 30, 2014.

The Charter School is operated by the College and is housed on the Charlotte Campus. Students attending the Charter School enjoy full access to all College facilities, activities and services. The Charter School is designed to provide students of all ability levels an opportunity to graduate with both a high school diploma and an Associate of Arts (AA) degree. Charter School students enjoy a college environment along with a vast array of resources provided by the College while also maintaining the traditional elements of high school life.

The Charter School is recognized as a separate and discrete department in the accounting system of Edison State 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-14 fiscal year are as follows:

- General revenues total \$1,924,576 or 85 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$331,554 or 15 percent.
- Expenses total \$2,247,605; of which \$331,554 of these expenses was offset by program specific charges and revenue, with the remainder paid from general revenues. Total revenue exceeded total expenses by \$8,525.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$128,604 at June 30, 2014, or 6 percent of total General Fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

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 government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, 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, pupil support services, instructional support services, administrative support services, facility maintenance, transportation, and food 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.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the Charter School's most significant funds. The District's major funds are the General Fund, Lease Revenue Fund, and Grant Revenue 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.

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, 2014 and 2013:

	2014	2013
Current Assets	\$ 281,097	\$ 228,649
Capital Assets	83,598	92,973
Total Assets	<u>\$ 364,695</u>	<u>\$ 321,622</u>
Current Liabilities	88,572	60,564
Non-current Liabilities	33,950	27,409
Total Liabilities	<u>122,522</u>	<u>87,973</u>
Net Position	<u>242,173</u>	<u>233,648</u>
Net Position consists of:		
Invested in Capital Assets	\$ 83,598	\$ 92,973
Restricted	62,360	150
Unrestricted	96,215	140,526
Net Position	<u>\$ 242,173</u>	<u>\$ 233,648</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 government's ongoing obligations to students, employees, and creditors.

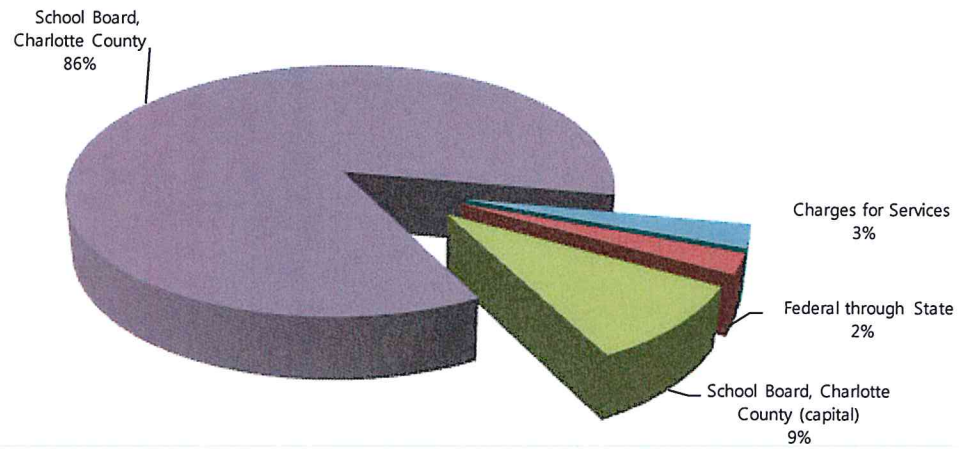
The key elements of the changes in the Charter School's net position for the fiscal years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Program Revenues:		
Charges for Services	\$ 64,134	\$ 67,021
Federal through State	53,576	62,114
Federal Direct	7,425	-
School Board, Charlotte County (capital)	208,824	134,566
General Revenues		
School Board, Charlotte County	1,916,331	1,954,718
Contributions Not Restricted to Specific Programs	3,500	5,000
Other Income	2,340	3,570
Total Revenues	2,256,130	2,226,989
Functions/Program Expenses		
Instruction	953,497	952,572
Instructional Support Services	95,973	110,544
Instructional Staff Training Services	9,260	9,232
Instruction Related Technology	-	814
Board	10,000	10,000
School Administration	776,999	597,673
Food Services	104,728	119,395
Pupil Transportation Services	75,418	72,047
Operation of Plant	199,922	247,482
Maintenance of Plant	21,808	-
Facilities Acquisition and Construction	-	4,707
Total Functions/Program Expenses	2,247,605	2,124,466
Increase (Decrease) in Net Position	\$ 8,525	\$ 102,523

The largest revenue source is the funds received by the School District (86 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.

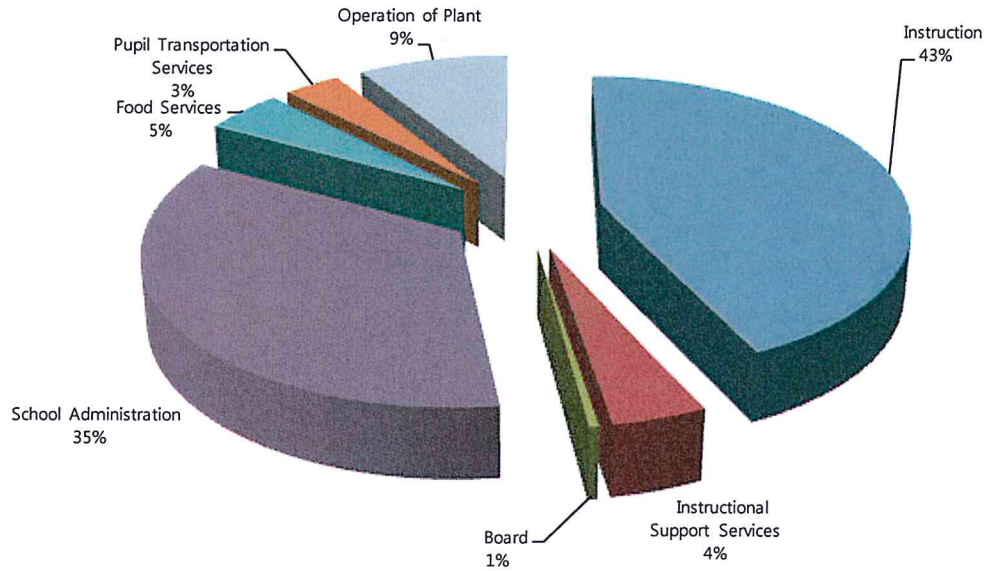
Other State revenues that flow through the school district are primarily for acquisition, construction, leasing and maintenance of educational facilities. These revenues accounted for \$208,824 or 9 percent.

Revenue by Source - Fiscal Year 2013-14



Instructional expenses represent 43 percent of total expenses in the 2013-14 fiscal year. A table of expenses shown by function is provided below:

Expense by Function - Fiscal Year 2013-14



FINANCIAL ANALYSIS OF THE CHARTERS 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, unassigned fund balance is \$128,604.

The Lease Revenue Fund is a special revenue fund with a total fund balance of \$61,289. This fund represents revenues received from the FEFP program, all of which is restricted for the acquisition, construction, leasing and maintenance of capital assets, in accordance with Florida Department of Education regulations. Expenditures for these types of transactions are charged to the fund.

The Grant Revenue Fund accounts for the School's revenues and expenses related to grants received for specific purposes with a total fund balance of \$1,071.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2013-14 fiscal year, there were budget amendments to the Charter School General Fund budget between budget categories only. 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 \$1,924,576 or 8 percent less than budgeted amount. Actual expenditures are \$1,990,964 or 4 percent less than budgeted amount.

OTHER MATTERS OF SIGNIFICANCE

The economic position of the Charter School is closely tied to the State of Florida. The Charter School is expected to continue to maintain its present level of services. The initial term of the Charter School contract was five (5) years ending on June 30, 2014 and was renewed for fifteen (15) years ending on June 30, 2029. Should the Charter School end its fiscal year in a deficit for two consecutive years, this may constitute grounds for termination of the Charter.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Assistant Vice President, Financial Services, Florida SouthWestern State College, 8099 College Pkwy, Fort Myers, FL 33919.

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 258,073
Accounts Receivable	21,463
Prepaid Items	1,561
Capital Assets:	
Depreciable Capital Assets, Net	83,598
TOTAL ASSETS	<hr/> \$ 364,695 <hr/>
LIABILITIES	
Salaries and Benefits Payable	\$ 60,681
Accounts Payable	25,971
Due to Other Agencies	1,920
Long-Term Liabilities:	
Compensated Absences	33,950
TOTAL LIABILITIES	<hr/> \$ 122,522 <hr/>
INVESTED IN CAPITAL ASSETS	83,598
RESTRICTED NET POSITION	62,360
UNRESTRICTED NET POSITION	96,215
TOTAL NET POSITION	<hr/> 242,173 <hr/>
TOTAL LIABILITIES AND NET POSITION	<hr/> \$ 364,695 <hr/>

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

**EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	953,497		3,500		\$ (949,997)
Pupil Personnel Services	95,973				(95,973)
Instructional Staff Training Services	9,260				(9,260)
Board	10,000				(10,000)
School Administration	776,999				(776,999)
Food Services	104,728	64,134	47,671		7,077
Pupil Transportation Services	75,418				(75,418)
Operation of Plant	199,922		7,425	208,824	16,327
Maintenance of Plant	21,808				(21,808)
Total Governmental Activities	\$ 2,247,605	\$ 64,134	\$ 58,596	\$ 208,824	\$ (1,916,051)
General Revenues:					
School Board of Charlotte County - Operating					
Other Income					
Total General Revenues					
Change in Net Position					
Net Position - Beginning					
Net Position - Ending					
					8,525
					233,648
					\$ 242,173

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

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Lease Revenue Fund	Grant Revenue Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 195,434	\$ 43,943	\$ 18,696	\$ 258,073
Accounts Receivable	1,257	17,346	2,860	21,463
Prepaid Items	1,561	-	-	1,561
TOTAL ASSETS	<u>\$ 198,252</u>	<u>\$ 61,289</u>	<u>\$ 21,556</u>	<u>\$ 281,097</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and Benefits Payable	\$ 60,681			\$ 60,681
Accounts Payable	7,406		18,565	25,971
Due to Other Agencies			1,920	1,920
Total Liabilities	<u>\$ 68,087</u>	<u>\$ -</u>	<u>\$ 20,485</u>	<u>\$ 88,572</u>
Net Fund Balance				
Nonspendable	1,561			1,561
Restricted		61,289	1,071	62,360
Unassigned	128,604			128,604
Total Fund Balances	<u>130,165</u>	<u>61,289</u>	<u>1,071</u>	<u>192,525</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 198,252</u>	<u>\$ 61,289</u>	<u>\$ 21,556</u>	<u>\$ 281,097</u>

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

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balances - Governmental Funds	\$ 192,525
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	83,598
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Compensated Absences Payable	<u>(33,950)</u>
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Total Net Position - Governmental Activities	<u>\$ 242,173</u>
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The accompanying notes to financial statements are an integral part of this statement.

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended June 30, 2014

	General Fund	Lease Revenue Fund	Grant Revenue Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Direct	\$ -	\$ -	\$ 7,425	\$ 7,425
Federal Through State	5,905	-	47,671	53,576
State	1,916,331	208,824	-	2,125,155
Local:				
Food Service Sales	-	-	64,134	64,134
Local Grants	-	-	3,500	3,500
Miscellaneous	2,340	-	-	2,340
Total Revenues	<u>1,924,576</u>	<u>208,824</u>	<u>122,730</u>	<u>2,256,130</u>
Expenditures				
Governmental Activities:				
Instruction	953,497	-	-	953,497
Pupil Personnel Services	77,672	-	18,301	95,973
Instructional Staff Training Services	9,260	-	-	9,260
Board	10,000	-	-	10,000
School Administration	770,459	-	-	770,459
Food Services	-	-	104,728	104,728
Pupil Transportation Services	75,418	-	-	75,418
Operation of Plant	72,850	100,000	17,697	190,547
Maintenance of Plant	21,808	-	-	21,808
Total Expenditures	<u>1,990,964</u>	<u>100,000</u>	<u>140,726</u>	<u>2,231,690</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(66,388)</u>	<u>108,824</u>	<u>(17,996)</u>	<u>24,440</u>
Other Financing Sources (Uses)				
Transfers In	-	-	18,917	18,917
Transfers Out	(18,917)	-	-	(18,917)
Total Other Financing Sources (Uses)	<u>(18,917)</u>	<u>-</u>	<u>18,917</u>	<u>-</u>
Net Change in Fund Balances	<u>(85,305)</u>	<u>108,824</u>	<u>921</u>	<u>24,440</u>
Fund Balance, July 1, 2013	<u>215,470</u>	<u>(47,535)</u>	<u>150</u>	<u>168,085</u>
Fund Balance, June 30, 2014	<u>\$ 130,165</u>	<u>\$ 61,289</u>	<u>\$ 1,071</u>	<u>\$ 192,525</u>

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

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Governmental Funds	\$ 24,440
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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 compensated absences. This is the net amount of compensated absences used (earned) in excess of the amount earned (paid) in the current period.	(6,540)
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Capital outlays 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.

Depreciation Expense	(9,375)	(9,375)
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Change in Net Position - Governmental Activities	\$ 8,525
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The accompanying notes to financial statements are an integral part of this statement.

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2014

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 7,608
	<hr/>
TOTAL ASSETS	7,608
	<hr/> <hr/>
LIABILITIES	
Deposits Held in Custody	7,413
Accounts Payable	\$ 195
	<hr/>
Total Liabilities	\$ 7,608
	<hr/> <hr/>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Edison State College Collegiate High School (Charter School) is a division of Edison State College (College). The Charter School is organized pursuant to Section 1002.33, Florida Statutes and is governed by the Board of Trustees of the College who are appointed by the Governor of the State of Florida.

The Charter School operates under a charter with the sponsoring school district, Charlotte County District School Board (Sponsor). The Charter School commenced operations on July 1, 2009 and is effective for a term of five (5) years ending on June 30, 2014 and was renewed for fifteen (15) years ending on June 30, 2029. In the event the Sponsor chooses to not renew the charter under grounds specified in the charter, the Sponsor is required to notify the Charter School in writing ninety (90) calendar days prior to such action. In addition, the charter is subject to annual review by the Sponsor and may not be renewed or may be terminated as specified in the charter. If the Charter School desires not to renew the charter, the Charter School shall notify the Sponsor in writing ninety (90) calendar days of its intent to not renew.

➤ **Basis of Presentation**

Government-wide Financial Statements

Government-wide financial statements include 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. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Charter School does not engage in any business type activities.

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 charges paid by the recipient of the goods or services offered by the program, and 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**

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. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, 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.
- Grant Revenue Fund – special revenue fund used to account for certain Federal grant program resources.
- Lease Revenue Fund – special revenue fund used to account for the 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 types:

- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected in connection with school, student athletic, class, and club activities.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting 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.

Governmental fund financial statements are prepared using the current financial resources management 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.

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

The Charter School is accounted for as a governmental organization and follows the same accounting model as the Sponsor's governmental activities.

➤ **Cash and Cash Equivalents**

The Charter School's cash and cash equivalents 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 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.

➤ **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.

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

Other Structures and Improvements	10 years
Computer Equipment	3 years
Vehicles, Office Machines, Educational Equipment	5 years
Furniture	7 years

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

Changes in long-term liabilities for the current year are reported in a subsequent note.

➤ **State Revenue Sources**

Revenues for current operations are received primarily from the Sponsor 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 receives 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.

➤ **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: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable 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.

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. The Restricted Fund Balance for the fiscal year ended June 30, 2014, totaled \$62,360. Of that amount, \$1,071 is to be used for Instructional Support and \$61,289 is restricted for the acquisition, construction, leasing, and maintenance of capital assets.

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, 2014.

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. There was no assigned fund balance as of June 30, 2014.

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.

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.

2. RECEIVABLES

The Charter School's receivables consist of amounts due from other agencies and program receivables at June 30, 2014. After reviewing the individual account balances management has determined that the receivables are fully collectible. Therefore no allowance for doubtful accounts has been provided.

3. INTERFUND TRANSFERS

The Charter School's interfund transfers totaled \$18,917 for the fiscal year 2013-2014. This consisted of a transfer from the General Fund to the Grant Revenue Fund to cover cost of food services (\$8,645) and to cover cost of grant matching expenses (\$10,272).

4. CHANGES IN CAPITAL ASSETS

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Capital Assets				
Capital Assets Being Depreciated:				
Other Structure and Land Improvements	93,754	-	-	93,754
Total Capital Assets Being Depreciated:	93,754	-	-	93,754
Less Accumulated Depreciation:				
Other Structure and Land Improvements	781	9,375	-	10,156
Total Accumulated Depreciation	781	9,375	-	10,156
Total Being Depreciated, Net	92,973	(9,375)	-	83,598
Total Governmental Activities Capital Assets, Net	\$ 92,973	\$ (9,375)	\$ -	\$ 83,598

5. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

Description	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
GOVERNMENTAL ACTIVITIES:				
Compensated Absences Payable	\$ 27,409	\$ 11,353	\$ (4,812)	\$ 33,950

For governmental activities, compensated absences are generally liquidated with resources of the General Fund.

6. 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 2014-15 fiscal year budget as a result of purchase orders outstanding at June 30, 2014.

Because revenues of grants accounted for in the Special Revenue Funds are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances. Accordingly, encumbrances are reported for grant funds. There were no purchase orders outstanding for grants accounted for in the Special Revenue Funds at June 30, 2014.

7. 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 2013-14 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 1,576,877
Categorical Education Programs:	
Class Size Reduction	299,649
School Recognition Funds	36,131
Teacher's Lead Program	3,674
Gross Receipts Tax (Public Education Capital Outlay)	208,824
Total	\$ 2,125,155

8. RETIREMENT PROGRAMS

➤ Florida Retirement System

Most employees working in regularly established positions of the College, including the Charter Schools are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military 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, and death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in PEORP in lieu of the Plan. College (including Charter School) employees participating in DROP are not eligible to participate in PEORP. Employer contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular, Elected County

Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest after one year of service. There were eight participants enrolled in PEORP during the 2013-14 fiscal year. Required contributions made to PEORP totaled \$36,487 of which \$24,842 was from employer contributions and \$11,645 was from employee contributions.

FRS Retirement Contribution Rates

The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2013-14 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00%	6.95%
Florida Retirement System, Senior Management Service	3.00%	18.31%
Florida Retirement System, Special Risk	3.00%	19.06%
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00%	12.84%
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes:

(A) Employer rates include 1.20% for the postemployment health insurance subsidy.
Also, employer rates, other than for DROP participants, include .03% for administrative costs of PEORP.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The Charter Schools 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 Charter School. The Charter School's contributions for the fiscal years ended June 30, 2014, 2013, and 2012, totaled \$52,605, \$40,915, and \$24,412, respectively, which was equal to the required contribution for each fiscal year. The 2014 contributions were comprised of \$37,566 in employer contributions and \$15,039 in employee contributions.

The financial statements and other supplementary information of FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on 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.

9. OTHER TERMINATION BENEFITS

The College provides an IRS approved Code Section 401(a) pre-tax program for termination pay that permits the College to disburse termination pay in a tax-advantaged manner for both the College and the employee. Contributions are limited by IRS regulation. All employees in designated employee classes with at least 10 years of service at the time of separation are mandated to participate in this program.

10. SAVINGS INCENTIVE PLAN

Effective January 1, 1994, the Board approved the adoption of a Savings Incentive Plan as provided by Section 403(b) of the Internal Revenue Code of 1986. Under the Plan, all full-time employees can elect to defer a portion of their salary within Internal Revenue Service guidelines. The College may make a matching employer contribution in an amount to be determined annually by the Board at its discretion. During the 2013-14 fiscal year, the College matched one dollar for every dollar up to the first 3 percent of employee compensation. Each employee is fully vested upon enrollment in the Plan, and is allowed to direct the investment of his or her account to any one of the various fund groups and insurance companies approved for investment by the College. During the 2013-14 fiscal year, the College contributed \$16,812 as matching funds under the Plan. In 2013 and 2012, the College contributed \$9,979 and \$7,751 respectively.

11. OPERATING LEASE COMMITMENTS

The Charter School entered into a lease agreement with Edison State College whereby the College leases to the Charter School a portion of the Charlotte Campus facilities consisting of approximately of 19,102 sq. ft. for purposes of operating the high school. The lease agreement was for a period of one year ending on June 30, 2014 and is renewable annually. The Charter School will pay to the College Financing Corporation \$100,000. The amount paid for the leased premises for the year ended June 30, 2014 was \$100,000.

12. RISK MANAGEMENT PROGRAMS

The College is exposed to various risks of loss related to tort loss; federal liability, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provides for insurance coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium). The Consortium is authorized under Section 1004.725, Florida Statutes, to contract with the College System Institution's boards of trustees to provide self-insurance services, including, but not limited to, the evaluation, settlement, and payment of self-insurance claims on behalf of the board of trustees. The Consortium is self-sustaining through member assessments (premiums) and reinsures a portion of its program through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$125 million through March 1, 2014. Insurance coverage obtained through the Consortium included health and hospitalization, dental, life, 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 fiscal years. The Charter School is part of the College's participation in the program.

13. OTHER SIGNIFICANT ITEM

On July 1, 2014, the Charter School officially changed its name to Florida SouthWestern Collegiate High School – Charlotte Campus.

Edison State College
Collegiate High School - Charlotte Campus
 Budgetary Comparison Schedule
 For the fiscal year ended June 30, 2014

	<u>General Fund</u>			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental:				
Federal Through State	\$ -	\$ -	\$ 9,579	\$ 9,579
State	2,048,092	2,085,033	1,912,657	(172,376)
Local:				
Miscellaneous	-	2,121	2,340	219
Total Revenues	<u>2,048,092</u>	<u>2,087,154</u>	<u>1,924,576</u>	<u>(162,578)</u>
Expenditures				
Governmental Activities:				
Instruction:	966,723	998,879	953,497	45,382
Instructional Support Services:				
Pupil Personnel Services	75,955	79,302	77,672	1,630
Instructional Staff Training Services	13,000	10,208	9,260	948
General Support:				
Board	15,000	10,000	10,000	-
School Administration	816,414	782,936	770,459	12,477
Pupil Transportation Services	75,000	75,807	75,418	389
Operation of Plant	86,000	87,695	72,850	14,845
Maintenance of Plant		23,407	21,808	1,599
Total Expenditures	<u>2,048,092</u>	<u>2,068,234</u>	<u>1,990,964</u>	<u>77,270</u>
Other Financing Sources (Uses)				
Transfers Out	-	(18,920)	(18,917)	3
Total Other Financing Sources (Uses)	<u>-</u>	<u>(18,920)</u>	<u>(18,917)</u>	<u>3</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources	<u>-</u>	<u>-</u>	<u>(85,305)</u>	<u>(85,305)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,305)</u>	<u>\$ (85,305)</u>

Edison State College
Collegiate High School - Charlotte Campus
 Budgetary Comparison Schedule
 For the fiscal year ended June 30, 2014

		Grant Revenue Fund			
		Original Budget	Final Budget	Actual	Variance
Revenues					
Intergovernmental:					
Federal Direct	\$	-	\$ 7,425	\$ 7,425	\$ -
Federal Through State		40,000	47,706	47,671	35
Local:					
Food Service Sales		70,000	68,750	64,134	4,616
Other Financial Sources -					
Local Grants		-	3,500	3,500	-
Total Revenues		110,000	127,381	122,730	4,651
Expenditures					
Governmental Activities:					
Instructional Support Services:					
Pupil Personnel Services		-	18,602	18,301	301
General Support:					
Food Services		110,000	110,000	104,728	5,272
Operation of Plant		-	17,699	17,697	2
Total Expenditures		110,000	146,301	140,726	5,575
Other Financing Sources (Uses)					
Transfers In		-	18,920	18,917	(3)
Total Other Financing Sources (Uses)		-	18,920	18,917	(3)
Excess (Deficiency) of Revenues over					
Expenditures and Other Financing Sources		-	-	921	(921)
Net Change in Fund Balances	\$	-	\$ -	\$ 921	\$ (921)

Edison State College
Collegiate High School - Charlotte Campus
 Budgetary Comparison Schedule
 For the fiscal year ended June 30, 2014

		Lease Revenue Fund			
		Original Budget	Final Budget	Actual	Variance
Revenues					
	Intergovernmental:				
	State	\$ 100,000	\$ 100,000	\$ 208,824	\$ 108,824
	Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>208,824</u>	<u>108,824</u>
Expenditures					
	Operation of Plant	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>108,824</u>	<u>108,824</u>
	Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,824</u>	<u>\$ 108,824</u>

NOTES TO BUDGETARY COMPARISON SCHEDULES

1. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

➤ Budgetary Information

The Charter School uses the policies of the College for budgetary compliance. The College follows procedures established by State statutes and State Board of Education rules in establishing budgets as described below:

Budgets are prepared and original budgets are approved annually by the Board of Trustees for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.

Budgets are controlled at the account level (e.g., salaries, purchased services, and capital outlay) within each program (e.g., instruction, instructional support, and school administration) and may be amended throughout the fiscal year.

Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

EDISON STATE COLLEGE
COLLEGIATE HIGH SCHOOL - CHARLOTTE CAMPUS
 SUPPLEMENTARY INFORMATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2014

OLO	FEIN	DUNS Number	CFDA #	ARRA	Federal Awarding Agency	CFDA Program Title	Research & Development	Source of Funding (D, I, or T)	Pass-Through Grantor or State of Florida Entity Name (Required for Sources of Funding I and T)	Award Number (Required for Indirect Grants, CFDA No. XX.UNK, Research & Development and ARRA awards)	Total Expenditures
051800	591211051	081947343	10.555	No	USDA	National School Lunch Program	No	T	Florida Department of Education	01-0557	32,566
051800	591211051	081947343	84.416	Yes	ED	Race to the Top Public Safety Partnership and Community Policing Grant	No	I	Charlotte County District School Board	080-RL111-1C301	15,105
051800	591211051	081947434	16.710	No	DOJ		No	D		2010CKWX0739	7,425
051800	591211051	081947343	84.367A	No	ED	Improving Teacher Quality State Grants	No	I	Charlotte County District School Board	080-2244B-4CT01	5,905
											61,001

**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
Edison State College Collegiate High School
Charlotte County Campus
Fort Myers, 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 the Charlotte County Campus of the Edison State College Collegiate High School (the "School"), a component unit of Edison State College, as of and for the year ended June 30, 2014, 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 29, 2014.

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.

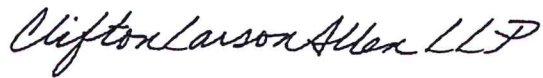
Board of Trustees
Edison State College Collegiate High School
Charlotte County Campus

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 result 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
September 29, 2014

Board of Trustees
Edison State College Collegiate High School
Charlotte County Campus
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Charlotte County Campus of the Edison State College Collegiate High School (the "School"), Florida as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 29, 2014.

Auditors' Responsibility

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

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 2014, 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 corrective actions noted in preceding annual financial audit report.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports.

Financial Condition

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

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

Transparency

Section 10.854(1)(e)7 and 10.855(13()), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its 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.

Other Matters

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

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

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 Edison State College Collegiate High School Charlotte County Campus.

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, and applicable management, and is not intended and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
September 29, 2014