

**FLORIDA SOUTHWESTERN STATE COLLEGE  
COLLEGIATE HIGH SCHOOL – LEE CAMPUS  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

FLORIDA SOUTHWESTERN STATE COLLEGE  
COLLEIGATE HIGH SCHOOL – THOMAS EDISON CAMPUS  
DISTRICT BOARD OF TRUSTEES AND OFFICERS

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

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

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

Dr. Jeffery S. Allbritten, President  
Dr. Brian Botts, Principal

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FLORIDA SOUTHWESTERN STATE COLLEGE  
COLLEGIATE HIGH SCHOOL – THOMAS EDISON CAMPUS  
TABLE OF CONTENTS

Independent Auditors' Report	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Statement of Fiduciary Net Position	16
Notes to Financial Statements	17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedules	34
Notes to Budgetary Comparison Schedules	37
FRS Pension Related Schedules	38
HIS Pension Related Schedules	39
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards	41

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FLORIDA SOUTHWESTERN STATE COLLEGE  
COLLEGIATE HIGH SCHOOL – THOMAS EDISON CAMPUS  
TABLE OF CONTENTS CONTINUED

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 <i>Governmental Auditing Standards</i>	43
Management Letter	45

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Florida SouthWestern State College Collegiate High School  
Lee 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 Florida SouthWestern State College Collegiate High School – Lee campus (the “School”), a division of Florida SouthWestern State College, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 1, the financial statements of the 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 Florida Southwestern State College that is attributable to the School. They do not purport to, and do not, present fairly the financial position of Florida Southwestern State College as of June 30, 2016, 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, budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of employer pension contributions, 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.

Board of Trustees  
Florida SouthWestern State College Collegiate High School  
Lee campus

*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 30, 2016, 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 School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
September 30, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Florida SouthWestern State College Collegiate High School (Charter School) for the year ended June 30, 2016. 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 Florida SouthWestern State College Collegiate High School is a division of Florida SouthWestern 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, Lee County District School Board (Sponsor). The Charter School commenced operations on July 1, 2010 and was effective for a term of five (5) years ending on June 30, 2015. The Charter was renewed for fifteen (15) additional years ending on June 30, 2030.

The Charter School is operated by the College and is housed on the Thomas Edison 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 Florida SouthWestern 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 2015-16 fiscal year are as follows:

- The Net Position of the Charter School at year end was (\$60,073). This represents \$10,203 in Capital Assets, \$78,165 in Capital Funds, (\$148,691) in Unrestricted Funds and \$250 in Restricted Funds for instructional support.
- General revenues total \$2,201,909 or 94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$140,890 or 6 percent.
- Expenses total \$2,342,249 of which \$140,890 of these expenses was offset by program specific charges and revenue, with the remainder paid from general revenues. Total revenue exceeded total expenses by \$550.

- The unrestricted fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$232,858 at June 30, 2016, or 11 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, deferred inflows and outflows of resources, using an economic resources measurement focus. The difference between the assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources), the net position, is a measure of the financial health of the Charter School. The statement of activities presents information about the change in the Charter School's net position, the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the Charter School's financial health is improving or deteriorating.

All of the Charter School's activities and services are reported in the government-wide financial statements as governmental activities. The Charter School's governmental activities include instruction, 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, 2016 and 2015:

	2016	2015
<b>Assets</b>		
Current Assets	\$ 508,732	\$ 389,642
Capital Assets	10,203	12,808
Total Assets	<u>\$ 518,935</u>	<u>402,450</u>
Deferred Outflows of Resources	\$ 131,945	81,690
Total Assets and Deferred Outflows of Resources	<u>\$ 650,880</u>	<u>484,140</u>
<b>Liabilities</b>		
Current Liabilities	197,459	79,127
Non-current Liabilities	462,583	318,110
Total Liabilities	<u>660,042</u>	<u>397,237</u>
Deferred Inflows of Resources	50,911	147,526
Total Liabilities and Deferred Inflows of Resources	<u>710,953</u>	<u>544,763</u>
<b>Net Position</b>		
Invested in Capital Assets	10,203	12,808
Restricted Net Position	78,415	128,436
Unrestricted Net Position	(148,691)	(201,867)
Total Net Position	<u>\$ (60,073)</u>	<u>\$ (60,623)</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.

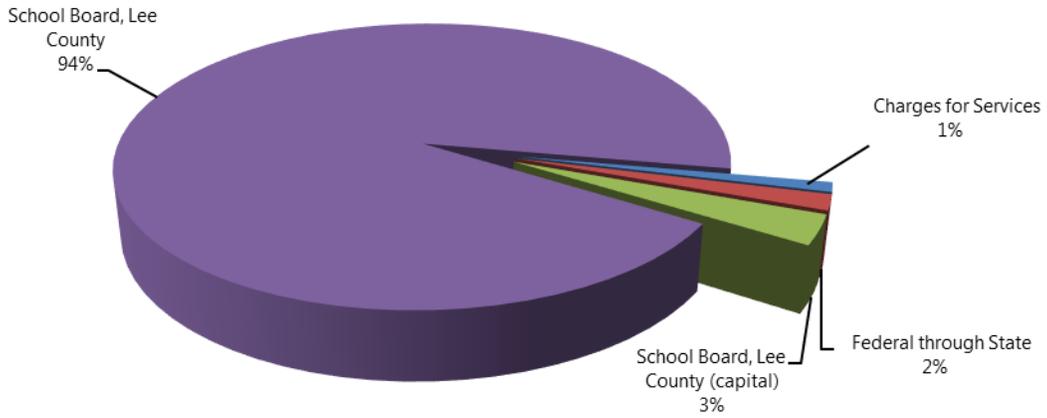
The key elements of the changes in the Charter School's net position for the fiscal years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for Services	\$ 24,719	\$ 72,242
Federal through State	40,192	42,122
Operating Grants	-	3,109
School Board, Lee County (capital)	75,979	161,528
General Revenues		
School Board, Lee County	2,201,547	2,167,024
Other Income	362	-
<b>Total Revenues</b>	<u>\$ 2,342,799</u>	<u>2,446,025</u>
Functions/Program Expenses		
Instruction	\$ 879,885	863,767
Instructional Support Services	70,683	56,247
Board	11,000	10,500
School Administration	930,982	958,186
Food Services	68,959	116,710
Pupil Transportation Services	199,202	204,851
Operating of Plant	175,945	173,661
Maintenance of Plant	5,593	6,836
<b>Total Functions/Program Expenses</b>	<u>\$ 2,342,249</u>	<u>2,390,758</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 550</u>	<u>\$ 55,267</u>

The largest revenue source is the operating funds received by the School District (94 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.

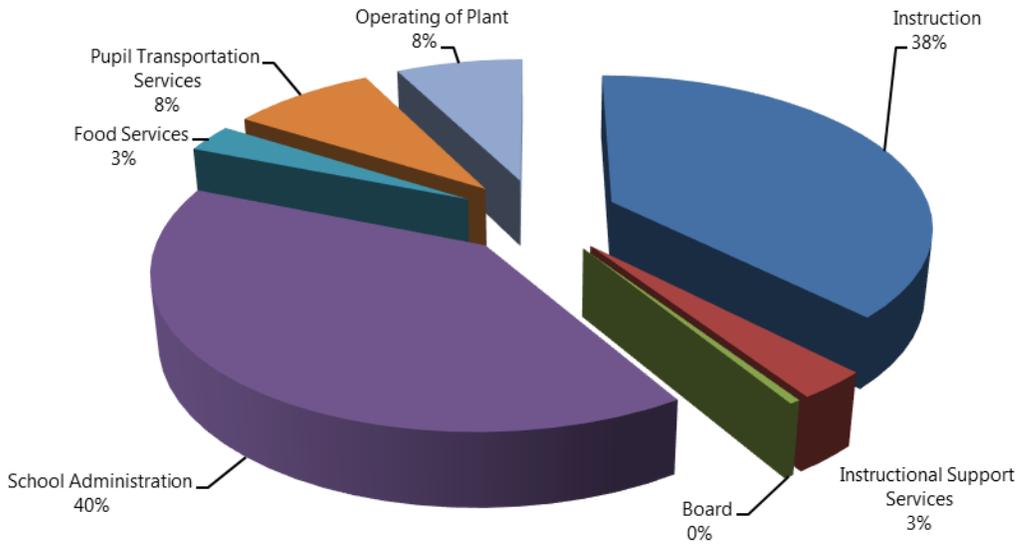
Other State revenues that flow through the school district are primarily for acquisition, construction, leasing and maintenance of educational facilities. These revenues accounted for \$75,979 or 3 percent.

### Revenue by Source - Fiscal Year 2015-16



Instructional expenses represent 38 percent of total expenses in the 2015-16 fiscal year.

### Expense by Function - Fiscal Year 2015-16



## **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 \$232,858.

The Lease Revenue Fund has a total fund balance of \$78,165. Fund balance in this fund is restricted for the acquisition, construction, leasing, and maintenance of capital assets.

The Grant Revenue Fund has a total fund balance of \$250. The fund balance in this fund is restricted for instructional support.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the course of the 2015-16 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 \$53,906 or 2 percent less than the budgeted amount. Actual expenditures are \$28,362 or 1 percent more than the 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, 2015. The Charter was renewed for fifteen (15) years ending on June 30, 2030. 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.

**FLORIDA SOUTHWESTERN STATE COLLEGE**  
**COLLEGIATE HIGH SCHOOL - THOMAS EDISON CAMPUS**  
STATEMENT OF NET POSITION  
June 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 493,857
Accounts Receivable	9,389
Due From Other Agency	5,486
Capital Assets:	
Depreciable Capital Assets, Net	10,203
<b>TOTAL ASSETS</b>	<u>\$ 518,935</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	131,945
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 131,945</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 650,880</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Salaries and Benefits Payable	\$ 55,075
Accounts Payable	141,245
Due to Other Agencies	1,139
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 197,459</u>
<b>Noncurrent Liabilities</b>	
Compensated Absences	50,354
Net Pension Liability	412,229
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>462,583</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 660,042</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	\$ 50,911
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 50,911</u>
<b>NET POSITION</b>	
<b>INVESTED IN CAPITAL ASSETS</b>	10,203
<b>RESTRICTED NET POSITION</b>	78,415
<b>UNRESTRICTED NET POSITION</b>	(148,691)
<b>TOTAL NET POSITION</b>	<u>(60,073)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 650,880</u>

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

FLORIDA SOUTHWESTERN STATE COLLEGE  
 COLLEGIATE HIGH SCHOOL - LEE CAMPUS  
 STATEMENT OF ACTIVITIES  
 FOR FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 879,885				\$ (879,885)
Pupil Personnel Services	70,683				(70,683)
Board	11,000				(11,000)
School Administration	930,982				(930,982)
Food Services	68,959	24,719	40,192		(4,048)
Pupil Transportation Services	199,202				(199,202)
Operation of Plant	175,945			75,979	(99,966)
Maintenance of Plant	5,593				(5,593)
<b>Total Governmental Activities</b>	<u>\$ 2,342,249</u>	<u>\$ 24,719</u>	<u>\$ 40,192</u>	<u>\$ 75,979</u>	<u>\$ (2,201,359)</u>
General Revenues:					
School Board of Lee County - Operating					2,201,547
Miscellaneous					362
<b>Total General Revenues</b>					<u>2,201,909</u>
<b>Change in Net Position</b>					550
Net Position - Beginning					(60,623)
<b>Net Position - Ending</b>					<u>\$ (60,073)</u>

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

**FLORIDA SOUTHWESTERN STATE COLLEGE**  
**COLLEGIATE HIGH SCHOOL - LEE CAMPUS**  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016

	General Fund	Lease Revenue Fund	Grant Revenue Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 393,353	\$ 100,026	\$ 479	\$ 493,858
Accounts Receivable	-	9,389	-	9,389
Due from Other Funds	2,000	-	-	2,000
Due from Other Agencies			5,486	5,486
<b>TOTAL ASSETS</b>	<u>\$ 395,353</u>	<u>\$ 109,415</u>	<u>\$ 5,965</u>	<u>\$ 510,733</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Salaries and Benefits Payable	\$ 55,076	\$ -	\$ -	\$ 55,076
Accounts Payable	107,419	31,250	2,576	141,245
Due to Other Funds			2,000	2,000
Due to Other Agencies	-	-	1,139	1,139
<b>Total Liabilities</b>	<u>\$ 162,495</u>	<u>\$ 31,250</u>	<u>\$ 5,715</u>	<u>\$ 199,460</u>
<b>Net Fund Balance</b>				
Restricted	-	78,165	250	78,415
Unassigned	232,858	-	-	232,858
<b>Total Fund Balances</b>	<u>232,858</u>	<u>78,165</u>	<u>250</u>	<u>311,273</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 395,353</u>	<u>\$ 109,415</u>	<u>\$ 5,965</u>	<u>\$ 510,733</u>

**FLORIDA SOUTHWESTERN STATE COLLEGE**  
**COLLEGIATE HIGH SCHOOL - THOMAS EDISON CAMPUS**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2016

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**Total Fund Balances - Governmental Funds** \$ 311,273

Amounts reported for governmental activities in the statement of net assets are different because:

Deferred outflows resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting. 131,945

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 10,203

Net pension liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. (412,229)

Deferred inflows resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting. \$ (50,911)

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 (50,354)

**Total Net Position - Governmental Activities** \$ (60,073)

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

**FLORIDA SOUTHWESTERN STATE COLLEGE**  
**COLLEGIATE HIGH SCHOOL - LEE CAMPUS**  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Lease Revenue Fund	Grant Revenue Fund	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental:				
Federal Through State	\$ -	\$ -	\$ 40,192	\$ 40,192
State	2,201,547	75,979	-	2,277,526
Local:				
Food Service Sales	-	-	24,719	24,719
Miscellaneous	362	-	-	362
<b>Total Revenues</b>	<b>2,201,909</b>	<b>75,979</b>	<b>64,911</b>	<b>2,342,799</b>
<b>Expenditures</b>				
Governmental Activities:				
Instruction	884,385	-	1,000	885,385
Pupil Personnel Services	71,166	-	-	71,166
Board	11,000	-	-	11,000
School Administration	927,396	-	-	927,396
Food Services	-	-	68,959	68,959
Pupil Transportation Services	199,202	-	-	199,202
Operation of Plant	48,340	125,000	-	173,340
Maintenance of Plant	5,593	-	-	5,593
<b>Total Expenditures</b>	<b>2,147,082</b>	<b>125,000</b>	<b>69,959</b>	<b>2,342,041</b>
Excess (Deficiency) of Revenues over Expenditures	54,827	(49,021)	(5,048)	758
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	4,048	4,048
Transfers Out	(4,048)	-	-	(4,048)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,048)</b>	<b>-</b>	<b>4,048</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>50,779</b>	<b>(49,021)</b>	<b>(1,000)</b>	<b>758</b>
Fund Balance, July 1, 2015	182,079	127,186	1,250	310,515
<b>Fund Balance, June 30, 2016</b>	<b>\$ 232,858</b>	<b>\$ 78,165</b>	<b>\$ 250</b>	<b>\$ 311,273</b>

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

**FLORIDA SOUTHWESTERN STATE COLLEGE**  
**COLLEGIATE HIGH SCHOOL - LEE 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, 2016

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**Net Change in Fund Balances - Governmental Funds** \$ 758

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. (7,186)

Net effect of adjustments to pension-related expenses which increase net position:

Contribution subsequent to measurement date	46,501	
Share of collective pinions amount for the measurement period	(36,918)	9,583

Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the current period.

Capital assets	-	
Depreciation Expense	(2,605)	(2,605)

**Change in Net Position - Governmental Activities** \$ 550

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

**FLORIDA SOUTHWESTERN STATE COLLEGE**  
**COLLEGIATE HIGH SCHOOL - THOMAS EDISON CAMPUS**  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
June 30, 2016

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	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,730
<b>TOTAL ASSETS</b>	<u>5,730</u>
<b>LIABILITIES</b>	
Deposits Held in Custody	<u>5,730</u>
<b>Total Liabilities</b>	<u>\$ 5,730</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

The Florida SouthWestern State College Collegiate High School (Charter School) is a division of Florida SouthWestern 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, Lee County District School Board (Sponsor). The Charter School commenced operations on July 1, 2010 and was effective for a term of five (5) years ending on June 30, 2015. The Charter was renewed for fifteen (15) years ending on June 30, 2030. 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, including the statement of net position and the statement of activities, present information about the Charter School as a whole. These statements include the nonfiduciary financial activity of the Charter School. 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, a reconciliation is presented with each of the governmental fund financial statements.

The Charter School reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- 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 re-locatable 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. There were \$13,025 in capital assets accounted for as of June 30, 2016.

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.

Non Spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale, The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance consists of \$78,165 in the lease revenue fund and \$250 in the grant revenue fund as of June 30, 2016.

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, 2016.

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.

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.

➤ **Pensions**

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the School's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings on Health Insurance Subsidy Program investments, changes in the proportion and differences between the School's contributions and proportionate share of contributions, and the School's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the School's statement of net position represent the difference between expected and actual economic experience and the net difference between projected and actual earnings on Florida Retirement System Pension investments, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in pension expense in future years.

**2. RECEIVABLES**

The Charter School's receivables consist of amounts due from other agencies and program receivables at June 30, 2016. The receivable balance totaled \$14,875 as of June 30, 2016. The Charter School considered this amount to be fully collectible.

**3. INTERFUND TRANSFERS**

The Charter School's interfund transfers totaled \$4,048 and interfund due to/from totaled \$2,000 for the fiscal year 2015-2016. These balances consisted of a transfer from the General Fund to the Grant Revenue Fund for \$4,048 and a payable from the Grant Revenue Fund to the General Fund for \$2,000 to cover cost of food services.



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 2016-17 fiscal year budget as a result of purchase orders outstanding at June 30, 2016.

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, no reserve for encumbrances are reported for grant funds. There were no purchase orders outstanding for grants accounted for in the Special Revenue Funds at June 30, 2016.

**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 2015-16 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 1,803,164
Categorical Education Programs:	
Class Size Reduction	335,035
School Recognition Funds	38,579
Best and the Brightest Scholarship	24,769
Gross Receipts Tax (Public Education Capital Outlay)	75,979
<b>Total</b>	<b>\$ 2,277,526</b>

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

**8. RETIREMENT PROGRAMS**

➤ **Background**

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Most employees working in regularly established positions of the College, including the Charter Schools are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The School's pension expense totaled \$36,914 for both the FRS Pension Plan and HIS Plan for the fiscal year ended June 30, 2016.

➤ **Florida Retirement System Pension Plan**

**Plan Description**

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service.

All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS 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, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS

Plan may include up to 4 years of credit for military service toward creditable service. The FRS 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 FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, 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. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

### **Benefits Provided**

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b>Special Risk Regular</b>	
Service on and after October 1, 1974	3.00
<b>Senior Management Service Class</b>	2.00

### Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.26
FRS, Senior Management Service	3.00	21.43
FRS, Special Risk	3.00	22.04
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.88
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

### Pension Costs

At June 30, 2016, the School reported a liability of \$193,944 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School's proportion of the net pension liability was based on the School's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2015, the School's proportion was 0.001501537 percent, which was an increase of 0.000103959 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School recognized pension expense of \$18,819 for its proportionate share of FRS's pension expense. In addition, the School reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

**FRS Deferred Inflows/Outflows**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 20,475	\$ 4,600
Changes in Actuarial Assumptions	12,873	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	46,311
Changes in Proportion and Differences Between School Contributions and Proportionate Share of Contributions	23,874	-
School Contributions Subsequent to the Measurement Date	35,335	-
Total	<u>\$ 92,557</u>	<u>\$ 50,911</u>

The deferred outflows of resources related to pensions totaling \$35,535 reported as deferred outflows of resources related to pensions resulting from School contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2016	(10,389)
2017	(10,389)
2018	(10,389)
2019	27,818
2020	8,501
2021 - Thereafter	1,159

**Actuarial Assumptions**

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.65%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
<b>Total</b>	<b>100%</b>			
Assumed inflation - Mean		2.6%		1.9%

### Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	6.65%	7.65%	8.65%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 502,552	\$ 193,944	\$ (62,869)

### **Pension Plan Fiduciary Net Position**

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

### ➤ **Retiree Health Insurance Subsidy Program**

#### **Plan Description**

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

#### **Benefits Provided**

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

#### **Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The School's contributions to the HIS Plan were \$11,166 for the year ended June 30, 2016.

#### **Pension Costs**

At June 30, 2016, the School reported a liability of \$218,285 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School's proportion of the net pension liability was based on the School's contributions received during the measurement

period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all participating employers. At June 30, 2015, the School's proportion was 0.0021%, which was an increase of 0.0001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School recognized pension expense of \$18,095 for its proportionate share of HIS's pension expense. In addition, the School reported its proportionate share of HIS's deferred outflows of resources from the following sources:

**HIS Deferred Inflows/Outflows**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	17,172	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	118	-
Changes in Proportion and Differences Between School Contributions and Proportionate Share of Contributions	10,932	-
School Contributions Subsequent to the Measurement Date	11,166	-
Total	<u>\$ 39,388</u>	<u>\$ -</u>

The deferred outflows of resources related to pensions totaling \$11,166 reported as deferred outflows of resources related to pensions resulting from School contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2016	4,824
2017	4,824
2018	4,824
2019	4,800
2020	6,785
2021 - Thereafter	2,166

**Actuarial Assumptions**

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Rate	3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

**Discount Rate**

The discount rate used to measure the total pension liability was 3.8 percent for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used to determine the total pension liability decreased from 4.29 percent from the prior measurement date.

**Pension Liability Sensitivity**

The following presents the School’s proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
FRS Plan Discount Rate	2.8%	3.80%	4.80%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 248,726	\$ 218,285	\$ 192,902

**Pension Plan Fiduciary Net Position**

Detailed information about the HIS Plan’s fiduciary’s net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

➤ **Defined Contribution Plan**

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

These allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options.

Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The School's Investment Plan pension expense totaled \$14,883 for the fiscal year ended June 30, 2016.

**9. 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 2015-16 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 2015-16 fiscal year, the College contributed \$13,504, as matching funds under the Plan.

**10. COMMITMENTS TO THE COLLEGE**

The Charter School entered into a lease agreement with Florida SouthWestern State College Financing Corporation whereby the College Financing Corporation leases to the Charter School a portion of the Thomas Edison Campus facilities consisting of approximately 8,532 sq. ft. for purposes of operating the high school. The lease agreement was for a period of one year ending on June 30, 2016 and is renewable annually. The amount paid for the leased premises for the year ended June 30, 2016 was \$125,000.

The services that the College provides to the Charter School are utilities, ground maintenance, indirect costs, and printing. The expenses incurred by the Charter School for those services that is owed by the Charter School to the College as of June 30, 2016 was \$102,901.

**11. 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 property insurance coverage of up to \$200 million through

March 1, 2016. Insurance coverage obtained through the Consortium also includes health and hospitalization, dental, life, fire and general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from all such 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.

**Florida SouthWestern State College**  
**Collegiate High School - Lee Campus**  
 Budgetary Comparison Schedule  
 For the fiscal year ended June 30, 2016

	<u>General Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Intergovernmental:				
State	\$ 2,192,104	\$ 2,255,453	\$ 2,201,547	\$ (53,906)
Local:				
Miscellaneous	-	362	362	-
<b>Total Revenues</b>	<b>2,192,104</b>	<b>2,255,815</b>	<b>2,201,909</b>	<b>-53,906</b>
<b>Expenditures</b>				
Governmental Activities:				
Instruction	970,349	886,694	884,385	2,309
Instructional Support Services:				
Pupil Personnel Services	103,025	72,025	71,166	859
Instruction Related Technology	9,000	9,000	-	9,000
General Support:				
Board	11,000	11,000	11,000	-
General Administration	-	-	-	-
School Administration	650,309	878,202	927,396	(49,194)
Pupil Transportation Services	230,000	203,000	199,202	3,798
Operation of Plant	65,000	51,800	48,340	3,460
Maintenance of Plant		7,000	5,593	1,407
<b>Total Expenditures</b>	<b>2,038,683</b>	<b>2,118,721</b>	<b>2,147,082</b>	<b>-28,361</b>
<b>Other Financing Sources (Uses)</b>				
Other Financial Sources -				
Transfer from General Fund	(153,421)	(137,094)	(4,048)	133,046
<b>Total Other Financing Sources (Uses)</b>	<b>(153,421)</b>	<b>(137,094)</b>	<b>(4,048)</b>	<b>133,046</b>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources	-	-	50,779	50,779
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,779</b>	<b>\$ 50,779</b>

**Florida SouthWestern State College**  
**Collegiate High School - Thomas Edison Campus**  
 Budgetary Comparison Schedule  
 For the fiscal year ended June 30, 2016

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	Lease Revenue Fund			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Intergovernmental:				
State	\$ 125,000	\$ 75,979	\$ 75,979	\$ -
<b>Total Revenues</b>	<u>125,000</u>	<u>75,979</u>	<u>75,979</u>	<u>-</u>
<b>Expenditures</b>				
Operation of Plant	125,000	125,000	125,000	-
<b>Total Expenditures</b>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(49,021)</u>	<u>(49,021)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ (49,021)</u>	<u>\$ (49,021)</u>	<u>\$ -</u>

**Florida SouthWestern State College**  
**Collegiate High School - Lee Campus**  
 Budgetary Comparison Schedule  
 For the fiscal year ended June 30, 2016

	Grant Revenue Fund			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Intergovernmental:				
Federal Through State	\$ 45,000	\$ 40,192	\$ 40,192	\$ -
Local:				
Food Service Sales	70,000	70,056	24,719	45,337
<b>Total Revenues</b>	<b>115,000</b>	<b>110,248</b>	<b>64,911</b>	<b>45,337</b>
<b>Expenditures</b>				
Governmental Activities:				
Instruction	-		1,000	(1,000)
General Support:				
Food Services	115,000	114,296	68,959	45,337
<b>Total Expenditures</b>	<b>115,000</b>	<b>114,296</b>	<b>69,959</b>	<b>44,337</b>
<b>Other Financing Sources (Uses)</b>				
Transfer from General Fund	-	4,048	4,048	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>4,048</b>	<b>4,048</b>	<b>-</b>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources	-	-	(1,000)	(1,000)
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,000)</b>	<b>\$ (1,000)</b>

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### 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.

**Schedule of the School's Proportionate Share of the Net Pension Liability**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years\***

	<u>2015</u>	<u>2014</u>
School's Proportion of the Net Pension Liability	.001501537%	.001397577%
School's Proportionate Share of the Net Pension Liability	\$ 193,944	\$ 85,273
School's Covered-Employee Payroll	\$ 770,586	\$ 772,472
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	25.17%	11.04%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	92.00%	96.00%

\*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

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

**Schedule of School Contributions**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 35,335	\$ 36,609	\$ 30,613
Contributions in Relation to the Contractually Required Contribution	<u>(35,335)</u>	<u>(36,609)</u>	<u>(30,613)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 787,531	\$ 770,586	\$ 772,472
Contributions as a Percentage of Covered Employee Payroll	4.49%	4.75%	3.96%

\*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

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

**Schedule of the School's Proportionate Share of the Net Pension Liability  
Retiree Health Insurance Subsidy Program  
Last Ten Fiscal Years\***

	<u>2015</u>	<u>2014</u>
School's Proportion of the Net Pension Liability	0.002140381%	0.002028509%
School's Proportionate Share of the Net Pension Liability	\$ 218,285	\$ 189,671
School's Covered-Employee Payroll	\$ 862,879	\$ 843,630
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	25.30%	22.48%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	0.99%	0.99%

\*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

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

**Schedule of School Contributions  
Retiree Health Insurance Subsidy Program  
Last Ten Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 11,166	\$ 8,182	\$ 6,949
Contributions in Relation to the Contractually Required Contribution	(11,166)	(8,182)	(6,949)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 882,128	\$ 862,879	\$ 843,630
Contributions as a Percentage of Covered Employee Payroll	1.27%	0.95%	0.82%

\*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

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

FLORIDA SOUTHWESTERN STATE COLLEGE

COLLEGIATE HIGH SCHOOL - THOMAS EDISON CAMPUS

OTHER SUPPLEMENTARY INFORMATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2016

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	081947434	10.555	No	USDA	National School Lunch Program	No	T	Florida Department of Agriculture and Consumer Services	01-0561	40,191.58

**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  
Florida SouthWestern State College Collegiate High School  
Lee 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 Lee Campus of the Florida SouthWestern State College Collegiate High School (the "School"), a division of Florida SouthWestern State College, as of and for the year ended June 30, 2016, 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 30, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



**CliftonLarsonAllen LLP**

Forth Myers, Florida  
September 30, 2016

Board of Trustees  
Florida SouthWestern State College Collegiate High School  
Lee Campus  
Fort Myers, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Thomas Edison campus of the Florida SouthWestern State College Collegiate High School – Lee Campus (the “School”) as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 30, 2016.

### **Auditors’ Responsibility**

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

### **Other Report**

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 30, 2016, 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 the preceding annual 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 Florida SouthWestern State College Collegiate High School – Lee Campus.

Board of Trustees  
Florida SouthWestern State College Collegiate High School  
Lee Campus

### **Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the 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.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied 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**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether 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)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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.

### **Purpose of this Letter**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
September 30, 2016