

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2017

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
JUNE 30, 2017**

GOVERNING BOARD

MEMBER	OFFICE
Alena Lawson	President
Gerald Zagaiski	Vice-President
Steven Schwab	Secretary/Treasurer
Christopher Stokes	Director
Tony Jones	Director
Jackson Cowart	Director
Vacancy	Director

ADMINISTRATION

William Scott	Principal
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**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
TABLE OF CONTENTS
JUNE 30, 2017**

	Page(s)
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds - Balance Sheet	11
Governmental Funds - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government- Wide Statement of Activities	14
Notes to Financial Statements	15 – 28
Required Supplementary Information	29
General Fund - Budgetary Comparison Schedule	30
Schedule of Proportionate Share of Net Pension Liability	31
Schedule of Contributions	32
 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>Government Auditing Standards</i>	 33 – 34
 Management Letter of Independent Auditors Required by Chapter 10.850, Rules of the Auditor General	 35 – 36

INDEPENDENT AUDITORS' REPORT

To the Governing Board,
Florida School for Integrated
Academics and Technologies Gainesville, Inc.:

We have audited the accompanying financial statements of the governmental activities and each major fund of Florida School for Integrated Academics and Technologies Gainesville, Inc. ("SIATech Gainesville"), a component unit of The School Board of Alachua County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 of material misstatement.

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

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

- 1 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gnv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SIATech Gainesville as of June 30, 2017 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of SIATech Gainesville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SIATech Gainesville's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
September 29, 2017

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This section of Florida School for Integrated Academics and Technologies Gainesville, Inc.'s annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the School's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Florida School for Integrated Academics and Technologies Gainesville, Inc. (the "School") using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the School from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the School as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for the governmental activities. The Governmental Funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

The Primary unit of the government is the School Board of Alachua County, Florida.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

An overview of significant financial information from the current year includes:

- The school's total net position increased by \$69 thousand dollars.
- Total governmental fund revenues exceeded expenditures by \$16 thousand.
- Capital assets, net of depreciation, decreased by \$27 thousand.
- The School's governmental funds reported combined ending fund balances of \$25 thousand.
- The school ended the fiscal year with a 4.73% general fund balance as a percentage of current year expenditures.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the School as a whole and about its activities. These statements include *all* assets and liabilities of the School using the accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School's *net position* and changes in them. Net position is the difference between assets and liabilities, one way to measure the School's financial health, or *financial position*. Over time, *increases or decreases* in the School's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the School's revenue base and the condition of the School's capital assets.

The relationship between revenues and expenses is the School's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the School. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we designate the School activities as follows:

Governmental activities—All of the School's services are reported in this category. This includes the education of high school students, and the on-going effort to improve and maintain capital assets. Revenues received from the Florida Education Finance Program through the Alachua County Public School system, Federal grants and miscellaneous local revenues finance these activities.

REPORTING THE SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

Governmental funds—The School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The differences between the governmental fund financial statements and the government-wide financial statements are explained in reconciliations following each governmental fund financial statement.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

THE SCHOOL AS A WHOLE

Net Position

The School's net position was \$ (141k) thousand for the fiscal year ended June 30, 2017. Unrestricted net position was \$(493k) thousand. Restricted net position are reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the School's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the School's governmental activities.

Table 1

	Net Position June 30, 2017	Net Position June 30, 2016
Current and other assets	\$ 71,942	\$ 134,730
Capital assets	351,819	378,597
Total Assets	423,761	513,327
Deferred Outflows	184,471	68,239
Current liabilities	47,074	125,522
Long-term liabilities	200,000	300,000
Net pension liability	451,081	270,809
Total Liabilities	698,155	696,331
Deferred inflows	51,294	95,535
Net position		
Net investment in capital assets	351,819	378,597
Restricted for Capital Projects		
Unrestricted	(493,036)	(588,897)
Total Net Position	\$ (141,217)	\$ (210,300)

Changes in Net Position

The results of this year's operations for the School as a whole are reported in the Statement of Activities on page 10. Table 2 takes the information from the Statement and rearranges it slightly to more readily identify the total revenues for the year.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

Changes in Net Position (Continued)

Table 2

	Governmental Activities June 30, 2017	Governmental Activities June 30, 2016
Revenues		
General Revenues:		
State of Florida Education Finance Program	\$ 1,373,526	\$ 1,279,098
Public Education Capital Outlay Program	63,709	45,017
Other General Revenues	1,467	6,751
Total Revenues	1,438,702	1,330,866
Expenses		
Instruction-related Services	765,483	736,524
Support Services	416,804	393,341
Maintenance, Facilities, and Operation of Plant	147,054	141,200
Debt Service	13,500	13,500
Depreciation and Loss on Disposal of Assets	26,779	31,270
Total Expenses	1,369,620	1,315,835
Change in Net Position	\$ 69,082	\$ 15,031

Governmental Activities

In Table 3, we have presented the cost of the School's three largest operational functions - basic instruction, school administration, general administration, as well as each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the general public by each of these functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services	Net Cost of Services
Basic Instruction	\$ 589,609	\$ 582,960
School Administration	213,742	208,222
General Administration	90,949	82,647
Total	\$ 894,300	\$ 873,829

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

THE SCHOOL'S FUNDS

As the School completed this year, the governmental funds reported a combined fund balance of \$25k (Table 4).

Table 4

	Fund Balance June 30, 2017	Fund Balance June 30, 2016
General Fund	\$ 66,179	\$ 89,845
Public Education Capital Outlay	(41,311)	(80,637)
Totals	\$ 24,868	\$ 9,208

General Fund Budgetary Highlights

During the course of the fiscal year, the School revised its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. A schedule showing the School's original and final budget amounts compared with actual amounts paid and received is provided in our annual report on page 30.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the School had \$352k in a broad range of capital assets (net of depreciation), including furniture, equipment and building improvements (Table 5).

Table 5

	Governmental Activities June 30, 2017	Governmental Activities June 30, 2016
Furniture and Equipment	\$ 233,131	\$ 233,131
Building Improvements	419,012	419,012
Accumulated Depreciation	(300,324)	(273,546)
Totals	\$ 351,819	\$ 378,597

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Continued)**

SIGNIFICANT ACTIVITIES DURING FISCAL YEAR 2016-2017 ARE NOTED BELOW:

- The School's enrollment was 226 students.
- The School had a graduating class of 31 for the 2016-17 fiscal year.

ECONOMIC FACTORS

The economic position of the school for general operating is closely tied to that of the State. The formula for determining funding for education is set by Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Richard L. Trainor, CPA, the Chief Financial Officer, New Education for the Workplace, Inc. at 770-401-5691.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
STATEMENT OF NET POSITION
JUNE 30, 2017**

Assets	
Current Assets	
Cash and cash equivalents	\$ 43,723.97
Due from Other Agencies	917.27
Deposits	11,270.00
Prepaid Expenses	16,030.82
Total Current Assets	71,942.06
Capital Assets	
Less: Accumulated Depreciation	652,143.26 (300,324.46)
Total Capital Assets	351,818.80
Total Assets	423,760.86
Deferred Outflows	
Related to changes in the net pension liability	184,471.00
Liabilities	
Current Liabilities	
Payroll Deductions and Withholdings	7,695.68
Accounts Payable	39,378.59
Total Current Liabilities	47,074.27
Non Current Liabilities	
Line of Credit - Due in More Than One Year	200,000.00
Net pension liability	451,081.00
Total Non Current Liabilities	651,081.00
Total Liabilities	698,155.27
Deferred Inflows	
Related to changes in the net pension liability	51,294.00
Net Position	
Net Investment in Capital Assets	351,818.80
Unrestricted	(493,036.21)
Total Net Position	\$ (141,217.41)

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Instruction	\$ 589,609.24	\$ -	\$ -	\$ -	\$ (589,609.24)
Pupil Personnel Services	6,950.40	-	-	-	(6,950.40)
Instructional Media Services	3,475.20	-	-	-	(3,475.20)
Instruction and Curriculum Development Services	44,497.23	-	-	-	(44,497.23)
Instructional Staff Training	44,496.76	-	-	-	(44,496.76)
Instructional Technology	76,454.40	-	-	-	(76,454.40)
Board	20,947.48	-	-	-	(20,947.48)
General Administration	90,949.42	-	-	-	(90,949.42)
School Administration	213,742.23	-	-	-	(213,742.23)
Facilities Acquisition and Construction	83,003.23	-	-	63,709.00	(19,294.23)
Fiscal Services	34,456.65	-	-	-	(34,456.65)
Food Services	494.48	-	-	-	(494.48)
Central Services	49,322.25	-	-	-	(49,322.25)
Transportation	5,175.00	-	-	-	(5,175.00)
Operation of Plant	62,334.95	-	-	-	(62,334.95)
Maintenance of Plant	1,716.03	-	-	-	(1,716.03)
Administrative Technology	1,716.03	-	-	-	(1,716.03)
Debt Service	13,500.00	-	-	-	(13,500.00)
Depreciation (unallocated)	26,778.57	-	-	-	(26,778.57)
Total Governmental Activities	<u>\$ 1,369,619.55</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,709.00</u>	<u>(1,305,910.55)</u>
General revenues:					
State aid not restricted					
to specific purposes					1,373,526.00
Miscellaneous					1,467.03
Subtotal, General Revenues					<u>1,374,993.03</u>
Change in Net Position					69,082.48
Net Position - Beginning of year					(210,299.89)
Net Position - Ending of year					<u>\$ (141,217.41)</u>

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 43,723.97	\$ -	\$ 43,723.97
Due from Other Agencies	864.27	53.00	917.27
Due from Other Funds	50,652.39	-	50,652.39
Deposits	5,270.00	6,000.00	11,270.00
Prepaid Expenditures	7,567.66	8,463.16	16,030.82
Total Assets	<u>\$ 108,078.29</u>	<u>\$ 14,516.16</u>	<u>\$ 122,594.45</u>
Liabilities and Fund Balances			
Current Liabilities			
Payroll Deductions and Withholdings	\$ 7,695.68	\$ -	\$ 7,695.68
Accounts Payable	34,203.59	5,175.00	39,378.59
Due to Other Funds	-	50,652.39	50,652.39
Total Liabilities	<u>41,899.27</u>	<u>55,827.39</u>	<u>97,726.66</u>
Fund Balances			
Nonspendable	12,837.66	14,463.16	27,300.82
Restricted	-	-	-
Unassigned	53,341.36	(55,774.39)	(2,433.03)
Total Fund Balances	<u>66,179.02</u>	<u>(41,311.23)</u>	<u>24,867.79</u>
Total Liabilities and Fund Balances	<u>\$ 108,078.29</u>	<u>\$ 14,516.16</u>	<u>\$ 122,594.45</u>

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balance - Governmental Funds \$ 24,867.79

Amounts reported for Governmental Activities in the
Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds

Cost of capital assets	652,143.26	
Accumulated depreciation	<u>(300,324.46)</u>	351,818.80

Net pension liability and related deferred inflows/outflows are
not due and payable in the current period and, therefore,
are not reported in the funds.

Net pension liability	184,471.00	
Deferred outflows	(451,081.00)	
Deferred inflows	<u>(51,294.00)</u>	(317,904.00)

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 a line of credit.		<u>(200,000.00)</u>
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Total Net Position - Governmental Activities \$ (141,217.41)

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
State	\$ 1,373,526.00	\$ 63,709.00	\$ 1,437,235.00
Local	1,467.03	-	1,467.03
Total Revenues	<u>1,374,993.03</u>	<u>63,709.00</u>	<u>1,438,702.03</u>
Expenditures			
Instruction	579,596.24	-	579,596.24
Pupil Personnel Services	6,950.40	-	6,950.40
Instructional Media Services	3,475.20	-	3,475.20
Instruction and Curriculum Development	43,440.23	-	43,440.23
Instructional Staff Training	43,439.76	-	43,439.76
Instructional Technology	76,454.40	-	76,454.40
Board	20,947.48	-	20,947.48
General Administration	90,949.42	-	90,949.42
School Administration	206,206.23	-	206,206.23
Facilities Acquisition and Construction	63,795.44	19,207.79	83,003.23
Fiscal Services	34,320.65	-	34,320.65
Food Services	494.48	-	494.48
Central Services	49,322.25	-	49,322.25
Transportation	5,175.00	-	5,175.00
Operation of Plant	62,334.95	-	62,334.95
Maintenance of Plant	1,716.03	-	1,716.03
Administrative Technology	1,716.03	-	1,716.03
Debt Service	108,325.00	5,175.00	113,500.00
Total expenditures	<u>1,398,659.19</u>	<u>24,382.79</u>	<u>1,423,041.98</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(23,666.16)</u>	<u>39,326.21</u>	<u>15,660.05</u>
Fund Balances, Beginning of year	89,845.18	(80,637.44)	9,207.74
Fund Balances, End of year	<u>\$ 66,179.02</u>	<u>\$ (41,311.23)</u>	<u>\$ 24,867.79</u>

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds \$ 15,660.05

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statements of activities. This is the amount by which depreciation of capital assets exceeds capital outlays.

Capital outlays	\$	-	
Loss on disposal of capital assets		-	
Removal of accumulated depreciation on disposed capital assets		-	
Depreciation expense		<u>(26,778.57)</u>	(26,778.57)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:

Net pension liability		(180,272.00)	
Deferred outflows related to net pension liability		96,354.00	
Deferred inflows related to net pension liability		<u>64,119.00</u>	(19,799.00)

Paying long-term debt is an other financing source in the governmental funds, but issuing new debt increases long-term liabilities in the statement of net assets. The long-term debt that was payed in the form of a line of credit.

100,000.00

Change in Net Position of Governmental Activities

\$ 69,082.48

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:**

(a) **Financial reporting entity**—The Florida School for Integrated Academics and Technologies Gainesville, Inc. (the “School”) was organized in 2003 under the laws of the State of Florida. The School operates under a seven-member Board form of government and provides educational services to students in grades nine through twelve. The School is located at 7022 NW 20th Place, Gainesville Florida, 32605.

The School is a non-profit public benefit corporation that was incorporated December 31, 2003. On March 18, 2003, the School Board of Alachua County, Florida approved the application for the School to operate a charter. The purpose of the School is to provide educational services.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For Florida School for Integrated Academics and Technologies Gainesville, Inc., this includes general operations and student related activities of the School.

(b) **Component units**—Component units are legally separate organizations for which the School is financially accountable. Component units may include organizations that are fiscally dependent on the School in that the School approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the School is not financially accountable but the nature and significance of the organization’s relationship with the School is such that exclusion would cause the School’s financial statements to be misleading or incomplete. The School has no component units. However, the School is considered a component unit of the Alachua County Public School system.

(c) **Basis of presentation – fund accounting**—The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The School has two governmental funds.

Governmental funds—Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School’s major governmental funds:

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Basis of presentation – fund accounting:** (Continued)

(i) **General fund**—The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School for any purpose provided it is expended or transferred according to the general laws of Florida.

(ii) **Capital Project Fund (Public Education Capital Outlay PECO) fund**—The PECO fund accounts for the revenue sources that are legally restricted to capital asset expenditures in accordance with the State’s rules and regulations.

Basis of accounting – measurement focus – *Government-wide financial statements*—The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The School does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs 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 program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the School.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund financial statements—Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds—All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds prepared on a modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Basis of presentation – fund accounting:** (Continued)

Revenues – exchange and non-exchange transactions—Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities within sixty days of fiscal year-end.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include Florida Education Finance Program funds (FEFP), certain grants, entitlements, and donations. Revenue from the FEFP is recognized in the fiscal year in which the revenues are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: State FEFP distributions, interest, certain grants, and other local sources.

Expenses/expenditures—On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

(d) **Cash and cash equivalents**—The School’s cash and cash equivalents are considered to be cash on hand and demand deposits.

(e) **Restricted assets**—Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

(f) **Capital assets and depreciation**—The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the School as a whole. The School maintains a capitalization threshold of \$1,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are 5 years for furniture and equipment; and 20 years for building improvements.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Accrued liabilities**—All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

(h) **Fund balances**—In accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School classifies governmental funds balances as follows:

Non-spendable—amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted—amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed—amounts that are constrained for specific purposes, are internally imposed by the School's governing Board, and do not lapse at year-end. The School had no committed funds at June 30, 2017.

Assigned—amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance minimums may be assigned by management. The School had no assigned funds at June 30, 2017.

Unassigned—all other spendable amounts.

The School spends *restricted* amounts first when both restricted and unrestricted fund balances are available, unless there are legal documents or contracts that prohibit this action, such as a grant agreement. The School spends *committed* amounts next, then *assigned*, and lastly *unassigned* amounts of unrestricted funds balances when expenditures are made.

The School has not adopted a formal minimum fund balance policy but budgets to strive for a minimum general fund balance of five percent of current year expenditures.

(i) **Estimates**—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Budgetary data**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major function at year end.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

(k) **Income taxes**—The School is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The School files income tax returns in the U.S. Federal jurisdiction. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

(l) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(m) **Subsequent events**—Subsequent events have been evaluated through September 29, 2017, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(2) **Cash and Cash Equivalents:**

(a) **Policies and practices**—The School maintains demand deposits with qualified depository financial institutions.

(b) **Deposits**—At year-end, the carrying amounts of the School's demand deposits were \$43,724 for governmental activities. The bank balances totaled \$273,827. Of the bank balances, \$250,000 was covered by Federal deposit insurance and the remaining \$23,827 was covered by pooled and/or pledged collateral, but not necessarily held in the School's name.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(3) **Capital Assets:**

All capital asset additions were acquired with public funds. Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Governmental Activities				
Capital assets being depreciated				
Buildings and improvements	\$ 419,012	\$ -	\$ -	\$ 419,012
Furniture and equipment	<u>233,131</u>	<u>-</u>	<u>-</u>	<u>233,131</u>
Total capital assets being depreciated	<u>652,143</u>	<u>-</u>	<u>-</u>	<u>652,143</u>
Less: Accumulated depreciation				
Buildings and improvements	58,202	21,518	-	79,720
Furniture and equipment	<u>215,344</u>	<u>5,260</u>	<u>-</u>	<u>220,604</u>
Total accumulated depreciation	<u>273,546</u>	<u>26,778</u>	<u>-</u>	<u>300,324</u>
Governmental activities				
Total Capital assets, net	<u>\$ 378,597</u>	<u>\$ (26,778)</u>	<u>\$ -</u>	<u>\$ 351,819</u>

During the year ended June 30, 2017, \$26,778 was charged to depreciation expense.

Governmental Activities

Unallocated	<u>\$ 26,778</u>
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(4) **Employee Retirement Systems:**

(a) **Social security**—As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system must be covered by Social Security or an alternative plan. The School has elected to use Social Security as its alternative plan.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (continued)

(b) **Florida Retirement Systems:** (continued)

- i) **General Information about the Pension Plan** — The School of SIATech (The “School”) participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School’s full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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 plan and/or class to which the member belonged when the service credit was earned.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (continued)

(b) **Florida Retirement Systems:** (continued)

i) **General Information about the Pension Plan:** (continued)

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

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
FRS – Regular	3.00	7.52
DROP – Applicable to members from all of the above	0.00	12.99
FRS – Reemployed Retiree	(B)	(B)

Notes:

A) Employer rates for the 2016-17 fiscal year includes 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.

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

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (continued)

(b) **Florida Retirement Systems:** (continued)

i) **General Information about the Pension Plan:** (continued)

Actual contributions made for School employees participating in FRS and HIS for the each of last three fiscal years ended June 30 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contributions – FRS	\$ 23,604	\$ 30,300	\$ 28,936
Contributions – HIS	6,046	7,722	5,115
Employee Contributions – FRS	9,882	13,955	12,179

Financial statements and other supplementary information of the FRS are included in the State’s Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department’s Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division’s Web site (www.frs.myflorida.com).

ii) ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017, the School reported a liability of \$451,081 for its proportionate share of the net pension liability, \$275,465 related to FRS and \$175,616 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School’s proportion of the net pension liability was based on a projection of the School’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the School’s FRS proportion was 0.00109094794983737% and 0.0010400993854397%, respectively. At June 30, 2017 and June 30, 2016, the School’s HIS proportion was 0.00150684006283016% and 0.00133811018740638%, respectively. For the year ended June 30, 2016, the School’s recognized pension expense of \$38,155 from FRS and \$9,817 from HIS, for a grand total of \$47,972.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (continued)

(b) **Florida Retirement Systems:** (continued)

ii. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** (continued)

Deferred outflows/inflows related to pensions:

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,092	\$ (2,565)	\$ -	\$ (400)
Changes of assumptions	16,665	-	27,559	-
Net different between projected and actual investment earnings	71,204	-	89	-
Change in proportionate share	6,043	(17,605)	13,644	(30,724)
Contributions subsequent to measurement date	22,128	-	6,047	-
	\$ 137,132	\$ (20,170)	\$ 47,339	\$ (31,124)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from School contributions subsequent to the measurement date and 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 deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2017	\$ 10,913
2018	10,913
2019	38,655
2020	27,887
2021	8,887
Thereafter	7,747
Total	\$ 105,002

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (continued)

(b) **Florida Retirement Systems:** (continued)

ii. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** (continued)

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 2.85%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.60%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.80%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(4) **Employee Retirement Systems:** (continued)

(b) **Florida Retirement Systems:** (continued)

ii. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** (continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School’s net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 507,150	\$ 275,465	\$ 82,618
HIS	2.85%	201,471	175,616	154,157

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(5) **403(b) Retirement Plan:**

NewCorp sponsors a Retirement Plan allowed by Section 403(b) of the Internal Revenue Code. This plan covers NewCorp, the Management Company, and affiliated schools. The plan covers all full-time employees, immediately eligible upon hire. This is a deduction only plan for School employees, there is no employer contribution matching.

(6) **Commitments and Contingencies:**

Litigation—The School is not currently a party to any legal proceedings.

(7) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters and is provided through purchased commercial insurance. Health and hospitalization insurance coverage is provided to school employees through purchased commercial insurance. Insurance coverage for fiduciary and student accident are provided by commercial insurance. Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

(8) **Related Party Transactions:**

The School has a vendor relationship with New Education for the Workplace, Inc., 2611 Temple Heights Drive, Oceanside, CA 92056. New Education for the Workplace, Inc. is an organization formed for charitable purposes, including advancing the vocational and technical education and training of young men and women, and managing, operating, guiding, directing, and promoting charter schools. The School entered into an agreement with New Education for the Workplace, Inc. effective July 1, 2013. Under the agreement, New Education for the Workplace, Inc. will provide the following services: human resources administration, business administration, curriculum licensing, technology services, and general administrative support. For the year ended June 30, 2017, the School incurred costs to New Education for the Workplace, Inc. of \$402,846 for services provided under the terms of the agreement. At June 30, 2017, \$33,061 was payable to New Education for the Workplace, Inc.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(9) **Operating Leases:**

The School leases facilities under an operating lease expiring on June 30, 2023. Provided the lease is in full force and effect and not in default, the School shall have the right to renew the lease for two five-year terms upon providing the landlord with written notice.

Minimum future rental payments under operating leases (including estimated Common Area Maintenance fees) having remaining terms in excess of one year, for each of the next five years and in the aggregate are:

Year	Amount
2018	\$ 102,008
2019	105,897
2020	108,246
2021	99,655
2022	98,926
Thereafter	109,716
Totals	\$ 624,448

(10) **Line of Credit:**

At June 30, 2017 the Company had a \$300,000 line-of-credit with the management company to be drawn upon as needed. The balance at June 30, 2017 was \$200,000 and is due July 1, 2018. The interest rate is 4.5%, collateralized by future revenue.

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due within one year
Governmental activities:					
Line of credit	\$ 300,000	\$ -	\$ 100,000	\$ 200,000	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>		<u>Actual</u>	<u>Variances - Positive (Negative) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State	\$ 1,413,222.00	\$ 1,372,826.00	\$ 1,373,526.00	\$ 700.00
Local	2,000.00	2,000.00	1,467.03	(532.97)
Total Revenues	<u>1,415,222.00</u>	<u>1,374,826.00</u>	<u>1,374,993.03</u>	<u>167.03</u>
Expenditures				
Instruction	654,414.00	594,414.00	579,596.24	14,817.76
Pupil Personnel	7,220.00	7,220.00	6,950.40	269.60
Instructional Media	3,610.00	3,610.00	3,475.20	134.80
Instruction and Curriculum Development	45,120.00	52,120.00	43,440.23	8,679.77
Instructional Staff Training	45,120.00	52,120.00	43,439.76	8,680.24
Instructional Technology	79,411.00	80,000.00	76,454.40	3,545.60
Board	25,375.00	21,375.00	20,947.48	427.52
General Administration	96,876.00	92,000.00	90,949.42	1,050.58
School Administration	225,728.00	207,728.00	206,206.23	1,521.77
Facilities Acquisition and Construction	1,000.00	64,000.00	63,795.44	204.56
Fiscal Services	32,081.00	35,000.00	34,320.65	679.35
Food Services	-	500.00	494.48	5.52
Central Services	49,655.00	49,655.00	49,322.25	332.75
Transportation	8,000.00	6,000.00	5,175.00	825.00
Operation of Plant	64,927.00	64,927.00	62,334.95	2,592.05
Maintenance of Plant	6,967.00	1,967.00	1,716.03	250.97
Administrative Technology	1,767.00	1,767.00	1,716.03	50.97
Debt Service	63,500.00	108,325.00	108,325.00	-
Total Expenditures	<u>1,410,771.00</u>	<u>1,442,728.00</u>	<u>1,398,659.19</u>	<u>44,068.81</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>4,451.00</u>	<u>(67,902.00)</u>	<u>(23,666.16)</u>	<u>44,235.84</u>
Other Financing Sources (Uses)				
Transfers Out	(6,000.00)	-	-	-
Total Other Financing Sources (Uses)	<u>(6,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,549.00)</u>	<u>(67,902.00)</u>	<u>(23,666.16)</u>	<u>44,235.84</u>
Fund balances, Beginning of year	80,000.00	89,845.18	89,845.18	-
Fund balances, End of year	<u>\$ 78,451.00</u>	<u>\$ 21,943.18</u>	<u>\$ 66,179.02</u>	<u>\$ 44,235.84</u>

The accompanying notes are an integral
part of this schedule.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	2016	2015	2014
Florida Retirement System (FRS)			
Proportion of the net pension liability (asset)	0.001090948%	0.001040099%	0.001089198%
Proportionate share of the net pension liability (asset)	\$ 275,465	\$ 134,343	\$ 66,456
Covered-employee payroll	465,172	405,966	431,496
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.22%	33.09%	15.40%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)			
Proportion of the net pension liability (asset)	0.001506840%	0.001338110%	0.001452277%
Proportionate share of the net pension liability (asset)	\$ 175,616	\$ 136,466	\$ 135,792
Covered-employee payroll	465,172	405,966	431,496
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information 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.

The accompanying notes are an integral
part of this schedule.

**FLORIDA SCHOOL FOR INTEGRATED ACADEMICS
AND TECHNOLOGIES GAINESVILLE, INC.
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30**

	2017	2016	2015	2014
<u>Florida Retirement System (FRS)</u>				
Contractually required contribution	\$ 23,604	\$ 30,300	\$ 28,936	\$ 28,219
Contributions in relation to the contractually required contribution	(23,604)	(30,300)	(28,936)	(28,219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 364,222	\$ 465,172	\$ 405,966	\$ 431,496
Contributions as a percentage of covered-employee payroll	6.48%	6.51%	7.13%	6.54%
<u>Health Insurance Subsidy Program (HIS)</u>				
Contractually required contribution	\$ 6,046	\$ 7,722	\$ 5,115	\$ 5,178
Contributions in relation to the contractually required contribution	(6,046)	(7,722)	(5,115)	(5,178)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 364,222	\$ 465,172	\$ 405,966	\$ 431,496
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information 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.

The accompanying notes are an integral
part of this schedule.

**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***

To the Governing Board,
Florida School for Integrated
Academics and Technologies Gainesville, Inc.:

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, and each major fund of Florida School for Integrated Academics and Technologies Gainesville, Inc. ("SIATech Gainesville") as of and for the year ended June 30, 2017, and related notes to the financial statements which collectively comprise SIATech Gainesville's basic financial statements and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SIATech Gainesville'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 SIATech Gainesville's internal control. Accordingly, we do not express an opinion on the effectiveness of SIATech Gainesville'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

- 33 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SIATech Gainesville's financial statements are free of 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

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
September 29, 2017

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.850, RULES OF THE AUDITOR GENERAL**

To the Governing Board,
Florida School for Integrated
Academics and Technologies Gainesville, Inc.:

Report on the Financial Statements

We have audited the financial statements of the Florida School for Integrated Academics and Technologies Gainesville, Inc. (“SIATech Gainesville”), a component unit of School Board of Alachua County, Florida, as of and for the year ended June 30, 2017, and have issued our report thereon dated September 29, 2017.

Auditors’ Responsibility

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

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 2017, 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 and recommendations made 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 School for Integrated Academics and Technologies Gainesville, Inc.

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the SIATech Gainesville 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 SIATech Gainesville 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, require that we apply financial condition assessment procedures for the SIATech Gainesville. It is management's responsibility to monitor the SIATech Gainesville'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 apply appropriate procedures to determine whether the SIATech Gainesville maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the SIATech Gainesville maintained all of the required information on its website as 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, Alachua County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
September 29, 2017