

MINUTES OF THE OCTOBER 16, 2012 MEETING OF THE ST. PETERSBURG COLLEGIATE HIGH SCHOOL GOVERNING BOARD

The St. Petersburg Collegiate High School Governing Board met on Tuesday, October 16, 2012 at the St. Petersburg College EpiCenter, 13805 – 58th Street N., Largo, Florida. The following Board members were present: Chairman Deveron M. Gibbons, Bob Fine, Vice Chair, and Terrence E. Brett. Also present were William D. Law, Jr., President of St. Petersburg College and Secretary to the Board of Trustees, and Joseph H. Lang, Board Attorney. Proof of public notice of this meeting is included as part of these minutes. Notices were duly posted.

NOTICE OF MEETING
BOARD OF TRUSTEES, ST. PETERSBURG COLLEGE
AND NOTICE OF MEETING - GOVERNING BOARD, ST. PETERSBURG
COLLEGIATE HIGH SCHOOL

The Board of Trustees of St. Petersburg College will hold a public meeting to which all persons are invited, commencing at 8:30 a.m. on Tuesday, October 16, 2012 at the EpiCenter (Rm. 1-453), 13805 58th Street North, Largo, Florida. The meeting will be held for the purpose of considering routine business of the College; however, there are no rules being presented for adoption or amendment at this meeting. The Board of Trustees of St. Petersburg College will also meet as the Governing Board of the St. Petersburg Collegiate High School immediately following.

A copy of the agenda may be obtained within seven (7) days of the meeting on the SPC Board of Trustees website at www.spcollege.edu, or by calling the Board Clerk at (727) 341-3241.

If any person wishes to appeal a decision made with respect to any matter considered by the Board, he or she will need a record of the proceedings. It is the obligation of such person to ensure that a verbatim record of the proceedings is made. Section 286.0105, Florida Statutes.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting is asked to advise the agency five business days before the meeting by contacting the Board Clerk at 727-341-3241. If you are planning to attend the meeting and are hearing impaired, please contact the agency five business days before the meeting by calling 727-791-2422 (V/TTY) or 727-474-1907 (VP).

October 12, 2012

12-09102

11-460. In accordance with the Administrative Procedure Act, the following Agenda was prepared:



St. Petersburg Collegiate High School

A Charter School at St. Petersburg College

Governing Board Meeting
EPI Center Meeting Room (I-453)
October 16, 2012

Agenda

1. SPCHS Audit (submitted for approval)

**MINUTES OF THE OCTOBER 16, 2012 MEETING OF THE ST.
PETERSBURG COLLEGIATE HIGH SCHOOL GOVERNING BOARD**

11-461. Under Item I, Call to Order

This meeting was called to order immediately following the St. Petersburg College Board of Trustees Meeting at 9:45 a.m.

11-462. Under Item I, SPCHS Audit

Ms. Starla Metz presented information to the Board asking for approval of the St. Petersburg Collegiate High School Audit. Mr. Brett moved for approval. Mr. Fine seconded the motion and the motion passed unanimously.

11-463. Under Item XI, Adjournment

Having no further business to come before the Board, Chairman Gibbons adjourned the meeting at 9:50 a.m.

William D. Law, Jr.

Secretary, Board of Trustees
St. Petersburg College
FLORIDA

Deveron M. Gibbons

Chairman, Board of Trustees
St. Petersburg College
FLORIDA

St. Petersburg College Collegiate High School

A Charter School And Restricted Fund
Of St. Petersburg College

Report To The Board Of Trustees
St. Petersburg College

September 24, 2012



Gregory, Sharer & Stuart, P.A.

Certified Public Accountants and Business Consultants

Board of Trustees of St. Petersburg College
On Behalf of St. Petersburg College Collegiate High School (Charter School)

We are pleased to present this report related to our audit of the special purpose financial statements of the Charter School for the fiscal year ended June 30, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Charter School's financial and compliance reporting process.

This report is intended solely for the information and use of the board of trustees of St. Petersburg College and management of the Charter School and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to St. Petersburg College and the Charter School.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive, flowing script.

St. Petersburg, Florida
September 24, 2012

Table Of Contents

	Page No.
Required Communications	4-5
Exhibit A – Certain Written Communications Between Management and Our Firm Copy Of Management's Representation Letter	

St. Petersburg College Collegiate High School
 A Charter School And Restricted Fund Of St. Petersburg College
 Required Communications
 Year Ended June 30, 2012

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States, has been described in our arrangement letter dated May 16, 2011.
Accounting Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Charter School.</p> <p>The Charter School did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Alternative Treatments Discussed with Management</p> <p>We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.</p>
Recently Issued Guidance	In June 2011, the Governmental Accounting Standards Board unanimously approved Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. We have discussed this new guidance with management and they are currently evaluating the impact to the Charter School.
Management's Judgments and Accounting Estimates	There are no significant estimates in the Charter School's financial statements. However, management's judgment is called upon related to the Charter School's accounting for purchases of equipment using the policy of the College. Items not requiring capitalization under the College's policy may be significant with respect to the assets of the Charter School.

St. Petersburg College Collegiate High School
A Charter School And Restricted Fund Of St. Petersburg College
Required Communications
Year Ended June 30, 2012

Area	Comments
Financial Statement Disclosures	We have no comments regarding the Charter School's presentation of financial information as it relates to the neutrality, consistency, and clarity of the disclosures in the financial statements.
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us at the beginning of our audit.
Uncorrected Misstatements	There were no uncorrected misstatements identified in the current year.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Significant Deficiencies and Material Weaknesses	None reported.
Certain Written Communications Between Management and Our Firm	A copy of certain written communications between our firm and the management of the Charter School is attached as Exhibit A.
Other Matters	On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act and one week later, the Health Care and Education Reconciliation Act of 2010. These two laws may have a substantial impact on your organization. We recommend that management of St. Petersburg College evaluate the impact of these new laws on the organization and its health insurance plans.

Exhibit A

Board of Trustees

Deveron M. Gibbons
Chairman

Terrence E. Brett
Trustee

Robert J. Fine, Jr.
Vice Chairman

Timothy O. North
Trustee

William D. Law, Jr.
President

September 24, 2012

Gregory, Sharer & Stuart, P.A.
100 Second Avenue South, Suite 600
St. Petersburg, FL 33701

In connection with your audits of the special purpose financial statements of St. Petersburg College Collegiate High School (Charter School) as of and for the years ended June 30, 2012 and 2011, we confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm, to the best of our knowledge and belief, as of September 24, 2012 the following representations made to you during your audits:

1. The special purpose financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB).
2. We have made available to you:
 - a) All financial records and related data.
 - b) All minutes of the meetings of the board of trustees of St. Petersburg College or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. We have no knowledge of fraud or suspected fraud affecting the Charter School involving:
 - a) Management.
 - b) Employees who have significant roles in the internal control.
 - c) Others where the fraud could have a material effect on the financial statements.
4. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the Charter School received in communications from employees, former employees, regulators, or others.
6. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Charter School's ability to record, process, summarize, and report financial data.
7. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Gregory, Sharer & Stuart, P.A.
September 24, 2012
Page 2

8. The following have been properly recorded and/or disclosed in the special purpose financial statements:
 - a) Related-party relationships, transactions, and related amounts receivable or payable including sales, purchases, loans, transfers, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
 - b) All leases and material amounts of rental obligations under long-term leases.
 - c) All significant estimates and material concentrations known to management which are to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
 - d) Concentrations of credit risk.
 - e) All recordable contributions, by appropriate net asset class.
 - f) Reclassifications between net asset classes.
 - g) Allocations of functional expenses based on a reasonable basis.
9. We are responsible for making the accounting estimates included in the special purpose financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a) To reduce receivables to their estimated net collectable amounts.
 - b) For pension obligations, postretirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through June 30, 2012.
10. There are no:
 - a) Material transactions that have not been properly recorded in the accounting records underlying the special purpose financial statements.
 - b) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
 - d) Guarantees, whether written or oral, under which the Charter School is contingently liable.
 - e) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - f) Lines of credit or similar arrangements.
 - g) Amounts of contractual obligations for plant construction and/or purchase of real property, equipment, other assets, and intangibles.
 - h) Liabilities that are subordinated to any other actual or possible liabilities of the Charter School.
11. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Contingencies Topic of the FASB Accounting Standards Codification and we have not consulted a lawyer concerning litigation, claims, or assessments regarding matters related to the Charter School.
12. The Charter School has satisfactory title to all owned assets.

13. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on the special purpose financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the periods of these audits.
14. The Charter School's allocation of St. Petersburg College's pooled cash was \$852,953 and \$945,821 at June 30, 2012 and 2011, respectively.
15. The College's Auxiliary Fund purchased the portable classrooms to be used exclusively by the Charter School. Prior to September 1, 2007, there was an informal internal arrangement whereby the Charter School repaid to the Auxiliary Fund the cost of the portable classrooms, the associated build-out, and connectivity to other College-owned assets, along with the estimated value of investment earnings forfeited by the Auxiliary Fund.

This arrangement was replaced with a formal lease agreement between St. Petersburg College Collegiate High School and St. Petersburg College. The term of the lease agreement is 30 years commencing on September 1, 2007. The lease was amended in March 2009. The amendment was necessary since the Collegiate High School moved into its new facilities on the second floor of the new Student Services Building in January 2009. Either party may terminate this agreement upon giving the other party no less than 360 days notice. The Charter School will pay to the College base rent for the leased premises for each year during the lease term in the amount of \$15 per square foot or \$168,630. The base rent shall escalate on the anniversary date of each year during the lease term at a rate of 2% from the immediately preceding year's base rent. Lease payments made for the years ended June 30, 2012 and 2011 were \$177,197 and \$173,723, respectively.

The Charter School receives annual Capital Outlay funding. This recurring capital outlay allocation and net assets restricted for capital outlay projects are expected to be sufficient to cover the lease payments, as well as meet other capital outlay requirements of the Charter School. The Charter School has no net assets restricted for capital outlay projects at June 30, 2012 and approximately \$56,000 June 30, 2011.

16. The Charter School has no liability for claims or losses under the self-insurance program as of June 30, 2012 and 2011.
17. We are responsible for determining that significant events or transactions that have occurred since the statements of net assets date and through September 24, 2012, have been recognized or disclosed in the special purpose financial statements. No events or transactions have occurred subsequent to the statements of net assets date and through September 24, 2012, that would require recognition or disclosure in the financial statements. We further represent that as of September 24, 2012 the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.
18. During the course of your audits, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

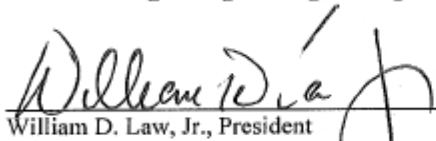
In connection with your audits, conducted in accordance with Government Auditing Standards, we confirm:

19. We are responsible for:
 - a) Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Charter School.
 - b) Establishing and maintaining effective internal control over financial reporting.

Gregory, Sharer & Stuart, P.A.
September 24, 2012
Page 4

20. We have identified and disclosed to you, as applicable:
 - a) All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
 - b) Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
21. We have a process to track the status of audit findings and recommendations, if applicable.
22. We have reviewed, approved, and take full responsibility for the special purpose financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

St. Petersburg College Collegiate High School



William D. Law, Jr., President



Theresa K. Furnas, Associate Vice President
Financial and Business Services

St. Petersburg College Collegiate High School

A Charter School And Restricted Fund
Of St. Petersburg College

Comprehensive Annual Financial Report
June 30, 2012 And 2011

Table Of Contents

	Page No.
Independent Auditor's Report	3
Management's Discussion And Analysis	4-9
Financial Statements	
Statements Of Net Assets	10
Statements Of Revenues, Expenses, And Change In Net Assets	11
Statements Of Cash Flows	12
Notes To Financial Statements	13-17
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	18
Management Letter	19-20



Independent Auditor's Report

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

We have audited the accompanying special purpose financial statements of St. Petersburg College Collegiate High School, a Charter School and a Restricted Fund of St. Petersburg College, St. Petersburg, Florida (the Charter School), as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of St. Petersburg College Collegiate High School's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Petersburg College Collegiate High School as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012, on our consideration of the St. Petersburg College Collegiate High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our 2012 audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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 which 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.

Gregory, Sharer & Stuart, P.A.

St. Petersburg, Florida
September 24, 2012

St. Petersburg College Collegiate High School

A Charter School And Restricted Fund Of St. Petersburg College
Management's Discussion And Analysis

June 30, 2012 And 2011

Management's discussion and analysis of St. Petersburg College Collegiate High School's (Collegiate High School) financial statements provides an overview of the Collegiate High School's financial activities for the years ended June 30, 2012, 2011 and 2010. Management has prepared the accompanying financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with school management. The discussion and analysis contain financial activities of the Collegiate High School as a restricted fund of St. Petersburg College.

Financial Highlights

For the year ended June 30, 2012, Collegiate High School expenses exceeded revenues, resulting in a net asset balance of \$857,642. This represents a decrease in net assets of \$97,635 over the year ended June 30, 2011. During the 2011-2012 school year, the Collegiate High School conducted operations with revenues of \$1,139,872. This figure represents a decrease in revenues of \$168,041 over the year ended June 30, 2011. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal Year 2011-2012, and a 2011-2012 State of Florida school recognition award.

For the year ended June 30, 2011, Collegiate High School revenues exceeded expenses, resulting in a net asset balance of \$955,277. This represents an increase in net assets of \$56,980 over the year ended June 30, 2010. During the 2010-2011 school year, the Collegiate High School conducted operations with revenues of \$1,307,913. This figure represents an increase in revenues of \$25,448 over the year ended June 30, 2010. All revenues are nonoperating revenues and include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds for fiscal Year 2010-2011, and a 2010-2011 State of Florida school recognition award.

Using This Annual Report

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

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

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

The Collegiate High School contract between the board of trustees of St. Petersburg College on behalf of the Collegiate High School and the School Board of Pinellas County was renewed. The charter became effective July 1, 2009 and shall end on June 30, 2024. The charter stipulates that the Collegiate High School shall serve students in grades 10 through 12, with a maximum funded school enrollment of 200 students.

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

Statements Of Net Assets And Statements Of Revenues, Expenses, And Change In Net Assets

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

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

The statements of net assets and the statements of revenues, expenses, and change in net assets include all assets, liabilities, revenues, and expenses using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. Condensed statements of assets, liabilities, and net assets for the Collegiate High School at June 30, 2012, 2011 and 2010 are shown in the following table:

	2012	June 30, 2011	2010
Assets			
Current assets	\$ 860,089	\$ 959,288	\$ 929,801
Noncurrent assets	-	-	-
Total Assets	\$ 860,089	\$ 959,288	\$ 929,801
Liabilities			
Current liabilities	\$ 2,447	\$ 4,011	\$ 31,504
Noncurrent liabilities	-	-	-
Total Liabilities	2,447	4,011	31,504
Net Assets			
Unrestricted	857,642	899,710	793,173
Restricted for capital outlay projects - expendable	-	55,567	105,124
Total Net Assets	857,642	955,277	898,297
Total Liabilities And Net Assets	\$ 860,089	\$ 959,288	\$ 929,801

St. Petersburg College Collegiate High School
 A Charter School And Restricted Fund Of St. Petersburg College
 Management's Discussion And Analysis

June 30, 2012 And 2011

The condensed statements of net assets show the assets, liabilities, and net assets for the years ended June 30, 2012, 2011, and 2010. Assets consist primarily of cash and cash equivalents. Current assets decreased by \$99,199 or 10.3% during 2012, and increased by \$29,487 or 3.2% during 2011. Liabilities decreased by \$1,564 or 38.9% during 2012. This is primarily due to a decrease in accounts payable offset by an increase in salary payable. Current liabilities decreased by \$27,493 or 87.3% during 2011.

The statements of revenues, expenses, and change in net assets present the Collegiate High School's results of operations. In accordance with GASB reporting principles, revenues, and expenses are classified as either operating or nonoperating. All Collegiate High School revenues are considered nonoperating revenues under GASB. Condensed statements of revenues, expenses, and change in net assets of the Collegiate High School for the years ended June 30, 2012, 2011, and 2010 are presented in the following table:

	Year Ended June 30,		
	2012	2011	2010
Operating Revenues	\$ -	\$ -	\$ -
Less, operating expenses	(1,237,507)	(1,250,933)	(1,101,025)
Net Operating Loss	(1,237,507)	(1,250,933)	(1,101,025)
Nonoperating Revenues			
State appropriations from county school district	1,011,788	1,159,891	1,113,185
Capital outlay funds	107,995	124,166	149,968
Award funds	14,662	15,338	13,725
Contributions	4,652	5,806	4,466
Other nonoperating revenues, net	775	2,712	1,121
Total nonoperating revenues	1,139,872	1,307,913	1,282,465
Change In Net Assets	(97,635)	56,980	181,440
Net Assets At Beginning Of Year	955,277	898,297	716,857
Net Assets At End Of Year	\$ 857,642	\$ 955,277	\$ 898,297

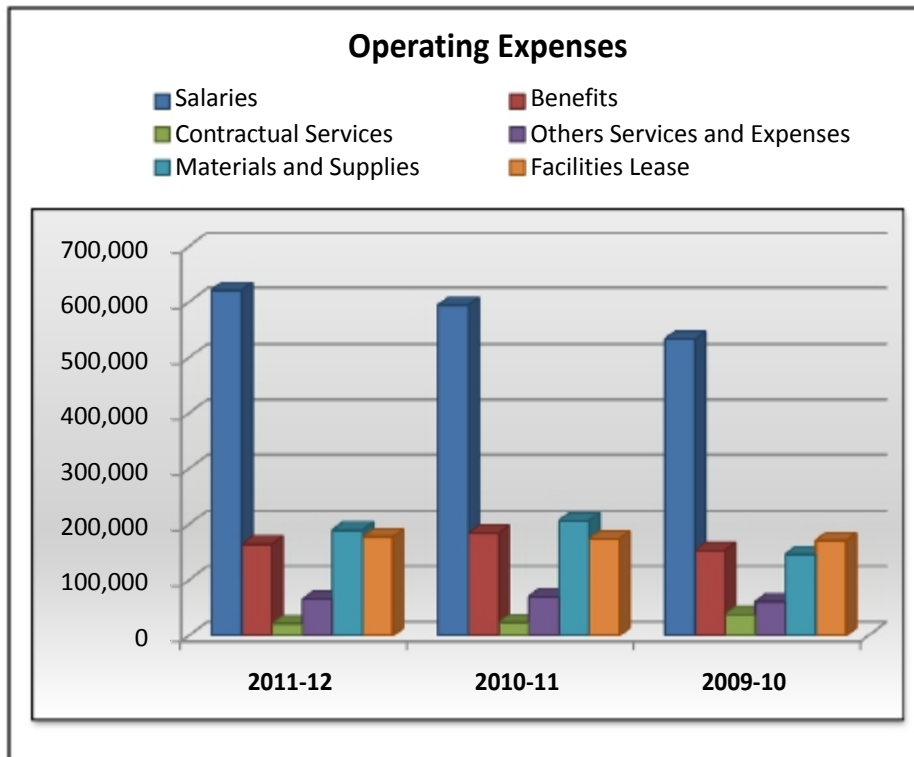
For the year ended June 30, 2012, Collegiate High School expenses exceeded revenues, resulting in a net asset balance of \$857,642. This represents a decrease in net assets of \$97,635 over the year ended June 2011, compared to an increase in net assets of \$56,980 in 2011. During the 2011-2012 school year, the Collegiate High School conducted operations with nonoperating revenues of \$1,139,872. This figure represents a decrease in nonoperating revenues of \$168,041 over the year ended June 30, 2011, as compared to the increase of \$25,448 during 2011. The nonoperating revenues include Florida Education Finance Program (FEFP), Charter School Capital Outlay Funds, and state of Florida school recognition awards.

Operating Expenses

Operating expenses for the Collegiate High School for the years ended June 30, 2012, 2011, and 2010 are presented in the following table:

	Year Ended June 30,		
	2012	2011	2010
Salaries	\$ 620,890	\$ 594,067	\$ 532,516
Benefits	164,340	184,117	153,371
Contractual services	20,762	23,244	21,597
Others services and expenses	64,553	69,628	60,447
Materials and supplies	189,765	206,154	162,778
Facilities lease	177,197	173,723	170,316
Total Operating Expenses	\$ 1,237,507	\$ 1,250,933	\$ 1,101,025

Operating expenses of the Collegiate High School for the years ended June 30, 2012, 2011, and 2010 are presented in the following chart:



St. Petersburg College Collegiate High School
 A Charter School And Restricted Fund Of St. Petersburg College
 Management's Discussion And Analysis
 June 30, 2012 And 2011

Statements Of Cash Flows

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

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

A summary of the Collegiate High School's statements of cash flows for the years ended June 30, 2012, 2011, and 2010 is shown in the following table:

	Year Ended June 30,		
	2012	2011	2010
Cash (Used) Provided By			
Operating activities	\$ (1,232,740)	\$ (1,275,458)	\$ (1,070,850)
Noncapital financing activities	1,031,877	1,183,747	1,132,497
Capital and related financing activities	107,995	124,166	149,968
Net (Decrease) Increase In Cash And Cash Equivalents	(92,868)	32,455	211,615
Cash And Cash Equivalents At Beginning Of Year	945,821	913,366	701,751
Cash And Cash Equivalents At End Of Year	\$ 852,953	\$ 945,821	\$ 913,366

Cash used for operating activities was \$1,232,740 for the year ended June 30, 2012 compared to \$1,275,458 and \$1,070,850 for the years ended June 30, 2011 and June 30, 2010, respectively. Uses of cash during 2012, 2011, and 2010 included payments to suppliers of \$185,312, \$219,520, and \$136,885; payments to employees of \$620,576, \$603,780, and \$528,870; benefit payments of \$164,340, \$185,563, and \$152,736; payments for other services of \$85,315, \$92,872, and \$82,043; and payments for facilities lease of \$177,197, \$173,723, and \$170,316, respectively. Payroll, benefits, payments to suppliers and facilities lease are the major outflows of operating activities.

Cash provided by noncapital financing activities was \$1,031,877 for the year ended June 30, 2012 compared to \$1,183,747 and \$1,132,497 for the years ended June 30, 2011 and June 30, 2010, respectively. These amounts represent state appropriations passed through the Pinellas County School District and awards.

Cash provided by capital and related financing activities including capital outlay funding was \$107,995 for the year ended June 30, 2012, which was a decrease of \$16,171 from 2011 compared to a \$25,802 decrease from 2010.

Economic Factors That Will Affect The Future

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

For the 2011-12 school year, a decrease in the per-student allocation funding and a reduction in Capital Outlay funding, due to more schools qualifying for the funds, resulted in an unexpected decrease in funding. In an effort to minimize the impact of this reduction in funding the following action was taken:

- An application was submitted for High Performing Charter School status to the State of Florida. The High Performing Charter School status was granted and the Pinellas County Schools administrative fee was reduced from 5% to 2%.
- The Governing Board and Pinellas County Schools agreed that enrollment would be increased by 15 students for the 2012-13 school year and an additional 15 students for the 2013-14 school year.

For the school year 2012-2013, the initial FTE calculation indicates a slight increase in annual charter revenue. The anticipated expenditures for the 2012-2013 school year may increase by an amount greater than the projected revenue; however, any shortfall will be covered by the Collegiate High School's unrestricted net assets. The renewed Charter School contract became effective on July 1, 2009 for a period of fifteen (15) years, which is the longest term pursuant to Florida law. The present contract, which provides funding for 200 students, became effective upon the signing of both parties and will continue through June 30, 2024. Pinellas County Schools agreed to the increase in student enrollment mentioned above. Therefore, St. Petersburg Collegiate High School will receive funding for 215 students for the 2012-13 school year and 230 students for the 2013-14 school year.

St. Petersburg College Collegiate High School
 A Charter School And Restricted Fund Of St. Petersburg College
 Statements Of Net Assets

	June 30,	
	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 852,953	\$ 945,821
Accounts receivable	-	6,178
Prepaid expenses	<u>7,136</u>	<u>7,289</u>
Total Assets	<u>\$ 860,089</u>	<u>\$ 959,288</u>
 Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 1,041	\$ 2,919
Salary and payroll taxes payable	<u>1,406</u>	<u>1,092</u>
Total Liabilities	2,447	4,011
Net Assets		
Unrestricted	857,642	899,710
Restricted for capital outlay projects - expendable	<u>-</u>	<u>55,567</u>
Total Net Assets	<u>857,642</u>	<u>955,277</u>
Total Liabilities And Net Assets	<u>\$ 860,089</u>	<u>\$ 959,288</u>

St. Petersburg College Collegiate High School
A Charter School And Restricted Fund Of St. Petersburg College
Statements Of Revenues, Expenses, And Change In Net Assets

	Year Ended June 30,	
	2012	2011
Operating Revenues	\$ -	\$ -
Operating Expenses		
Salaries	620,890	594,067
Benefits	164,340	184,117
Contractual services	20,762	23,244
Other services and expenses	64,553	69,628
Materials and supplies	189,765	206,154
Facilities lease	177,197	173,723
Total Operating Expenses	<u>1,237,507</u>	<u>1,250,933</u>
Operating Loss	(1,237,507)	(1,250,933)
Nonoperating Revenues		
State appropriations from county school district	1,011,788	1,159,891
Capital outlay funds	107,995	124,166
Award funds	14,662	15,338
St. Petersburg College Foundation contribution	4,652	5,806
Other non-operating revenues, net of related expense of \$10,852 and \$6,943 in 2012 and 2011, respectively	775	2,712
Total Nonoperating Revenues	<u>1,139,872</u>	<u>1,307,913</u>
Change In Net Assets	(97,635)	56,980
Net Assets At Beginning Of Year	<u>955,277</u>	<u>898,297</u>
Net Assets At End Of Year	<u>\$ 857,642</u>	<u>\$ 955,277</u>

St. Petersburg College Collegiate High School
A Charter School And Restricted Fund Of St. Petersburg College
Statements Of Cash Flows

	Year Ended June 30,	
	2012	2011
Cash Flows From Operating Activities		
Payments to suppliers	\$ (185,312)	\$ (219,520)
Payments to employees	(620,576)	(603,780)
Payments for benefits	(164,340)	(185,563)
Payments for other services	(85,315)	(92,872)
Payments for facilities lease	(177,197)	(173,723)
Net Cash Used By Operating Activities	<u>(1,232,740)</u>	<u>(1,275,458)</u>
Cash Flows From Noncapital Financing Activities		
State appropriations	1,011,788	1,159,891
Award funds	14,662	15,338
Receipts for other nonoperating activities	11,627	9,655
Payments for other nonoperating activities	(10,852)	(6,943)
St. Petersburg College Foundation contribution	4,652	5,806
Net Cash Provided By Noncapital Financing Activities	<u>1,031,877</u>	<u>1,183,747</u>
Cash Flows From Capital And Related Financing Activities		
Capital outlay funds	<u>107,995</u>	<u>124,166</u>
Net (Decrease) Increase In Cash And Cash Equivalents	(92,868)	32,455
Cash And Cash Equivalents At Beginning Of Year	<u>945,821</u>	<u>913,366</u>
Cash And Cash Equivalents At End Of Year	<u>\$ 852,953</u>	<u>\$ 945,821</u>
Reconciliation Of Net Operating Loss		
To Net Cash Used By Operating Activities		
Operating loss	\$ (1,237,507)	\$ (1,250,933)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Decrease in receivable	6,178	10,257
Decrease (increase) in prepaid expenses	153	(7,289)
Decrease in accounts payable	(1,878)	(16,334)
Increase (decrease) in other payables	314	(11,159)
Net Cash Used By Operating Activities	<u>\$ (1,232,740)</u>	<u>\$ (1,275,458)</u>

Note A - Nature Of Activities And Summary Of Significant Accounting Policies

Nature Of Activities

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

Basis Of Presentation

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

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

Basis Of Accounting

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

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

Accounts Receivable

Management considers all receivables at June 30, 2011 to be collectible. Accordingly, no allowance for uncollectible accounts has been provided at June 30, 2011.

Cash And Cash Equivalents

Amounts reported as cash and cash equivalents consist of cash on hand and cash in demand deposit accounts. Cash deposits of the 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.

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

St. Petersburg College Collegiate High School
 A Charter School And Restricted Fund Of St. Petersburg College
 Notes To Financial Statements
 June 30, 2012 And 2011

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 no capital assets as of June 30, 2012 and 2011.

Net Assets

The Charter School's net assets are classified into the following net asset categories:

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

Unrestricted: All other categories of net assets.

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

Revenue Sources

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

Subsequent Events

Management has evaluated all events subsequent to the statement of net assets date of June 30, 2012 through September 24, 2012, which was the date the financial statements were available to be issued. There were no subsequent events which would require adjustment to or disclosure in the accompanying financial statements.

Note B - Accounts Receivable

Accounts receivable as of June 30, 2011 consist of the current month's allocation for capital outlay funding due from the Pinellas County School Board which was collected in July 2011. There were no accounts receivable as of June 30, 2012.

Note C - Functional Distribution Of Expenses

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

	2012	2011
Instruction	\$ 598,785	\$ 613,095
Academic support	638,722	637,838
Total Operating Expenses	\$ 1,237,507	\$ 1,250,933

Note D - State Retirement Programs

Florida Retirement System.

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

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 four 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.

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

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Fund and accrue interest.

The state of Florida establishes contribution rates for participating employers and employees. Contribution rates during for the year ended June 30, 2012 were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer(a)
Florida Retirement System - regular	3%	4.91%
Florida Retirement System - senior management service	3%	6.27%
Deferred Option Program - applicable to members from all of the above classes or plan	0%	4.42%

Note:

(a) Employer rates include 1.11% for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03% for administrative costs of the Investment Plan.

The Charter School's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The Charter School's contributions to the state administered Florida Retirement System for the years ended June 30, 2012 and 2011 were \$27,213 and \$57,148, respectively, which were equal to the required contributions for each year.

Effective July 1, 2011, employees are required to contribute 3% to their respective state administered retirement plan. During the year ended June 30, 2012, there were six Charter School participants enrolled in the Plan and there were five Charter School participants enrolled in the Investment Plan. Employee contributions totaled \$16,425 for the year ended June 30, 2012.

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. 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.

St. Petersburg College Collegiate High School
 A Charter School And Restricted Fund Of St. Petersburg College
 Notes To Financial Statements
 June 30, 2012 And 2011

State College System Optional Retirement Program

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

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes, on behalf of the participant, 7.43 percent of the participant's salary, less a small amount used to cover administrative costs and employees contribute three percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the charter school to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There was one Charter School employee participating during the year ended June 30, 2012. The Charter School's contributions to the Program for the years ended June 30, 2012 and 2011 were \$4,983 and \$6,497, respectively. Effective July 1, 2011, employee contributions totaled \$1,896 for the year ended June 30, 2012.

Note E - Risk Management Programs

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

Self-Insured Program

The board of trustees of the College has established an individual self-insured program to provide group health and dental insurance for College employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$350,000 per insured person for the years ended June 30, 2012 and June 30, 2011. The plan is provided by an insurance company licensed by the state of Florida, Department of Financial Services, Office of Insurance Regulation. The College contributes a portion of employee premiums as a fringe benefit. The remaining portion of the employee premium and dependent coverage is by payroll deduction. Coverage for retirees, former employees, and their dependents is by prepaid premium. The Charter School is part of the College's self-insured program for group health insurance benefits.

Consortium

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

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

Note F – Litigation

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

Note G - Related Parties

The College's Auxiliary Fund purchased the portable classrooms to be used exclusively by the Charter School. Prior to September 1, 2007, there was an informal internal arrangement whereby the Charter School repaid to the Auxiliary Fund the cost of the portable classrooms, the associated build-out, and connectivity to other College owned assets, along with the estimated value of investment earnings forfeited by the Auxiliary Fund.

This arrangement was replaced with a formal lease agreement between St. Petersburg College Collegiate High School and St. Petersburg College. The term of the lease agreement is 30 years commencing on September 1, 2007. The lease was amended in March 2009. The amendment was necessary since the Collegiate High School moved into its new facilities on the second floor of the new Student Services Building in January 2009. Either party may terminate this agreement upon giving the other party no less than 360 days notice. The Charter School will pay to the College base rent for the leased premises for each year during the lease term in the amount of \$15 per square foot or \$168,630. The base rent shall escalate on the anniversary date of each year during the lease term at a rate of 2% from the immediately preceding year's base rent. Lease payments made for the years ended June 30, 2012 and 2011 were \$177,197 and \$173,723, respectively.

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

Year Ending June 30,	
2013	\$ 180,741
2014	184,356
2015	188,043
2016	191,804
2017	195,640
2018-2022	1,038,480
2023-2027	1,146,566
2028-2032	1,265,902
2033-2037	1,250,863
	<u>\$ 5,642,395</u>

The Charter School receives annual Capital Outlay funding. This recurring capital outlay allocation and net assets restricted for capital outlay projects are expected to be insufficient to cover the lease payments, as well as meet other capital outlay requirements of the Charter School. The Charter School does not have any net assets restricted for capital outlay projects at June 30, 2012, and approximately \$56,000 at June 30, 2011.

Note H - Operating Lease Commitments

The Charter School leases computer equipment and a copier under operating leases. The computer lease expires in 2014; the copier lease in 2013. These leased assets and the related commitments are not reported on the Charter School's statement of net assets. Operating lease payments are recorded as expenses when paid or incurred. Future minimum lease commitments for noncancelable operating leases are as follows:

Year Ending June 30,	
2013	18,939
2014	2,848
	<u>\$ 21,787</u>



Gregory, Sharer & Stuart, P.A.
Certified Public Accountants and Business Consultants

Independent Auditor's Report On Internal Control Over Financial Reporting
 And On Compliance And Other Matters Based On An Audit Of Financial Statements
 Performed In Accordance With Government Auditing Standards

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

We have audited the special purpose financial statements of St. Petersburg College Collegiate High School as of and for the year ended June 30, 2012 and have issued our report thereon dated September 24, 2012. 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.

Internal Control Over Financial Reporting

Management of St. Petersburg College Collegiate High School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered St. Petersburg College Collegiate High School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Petersburg College Collegiate High School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Petersburg College Collegiate High School's internal control over financial reporting.

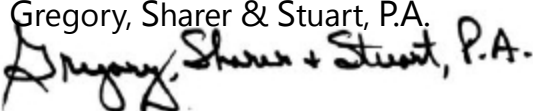
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Petersburg College Collegiate High School's special purpose financial statements are free 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.

This report is intended solely for the information and use of the board of trustees of St. Petersburg College, the management of St. Petersburg College Collegiate High School, and sponsoring agencies and is not intended to be and should not be used by anyone other than these specified parties.

Gregory, Sharer & Stuart, P.A.


St. Petersburg, Florida
 September 24, 2012



Management Letter

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

We have audited the special purpose financial statements of St. Petersburg College Collegiate High School as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated September 24, 2012.

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. We have also issued our Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. Disclosures in that report, if any, which is dated September 24, 2012, should be considered in conjunction with this management letter.

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

Section 10.854(1)(e)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the June 30, 2011 financial audit report.

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

Section 10.854(1)(e)4, Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5, Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

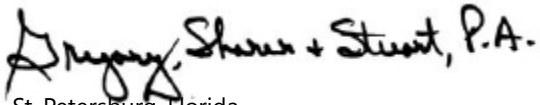
Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is St. Petersburg College Collegiate High School.

Section 10.854(1)(e)2, Rules of the Auditor General, requires a statement be included 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 St. Petersburg College Collegiate High School did not meet any of the conditions described in Section 218.503(1), Florida Statutes, which may result in a state of financial emergency.

Pursuant to Sections 10.854(1)(e)7.a and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2012. It is management's responsibility to monitor the St. Petersburg College Collegiate High School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the board of trustees of St. Petersburg College, the management of St. Petersburg College Collegiate High School, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer + Stuart, P.A." The signature is written in a cursive, slightly slanted style.

St. Petersburg, Florida

September 24, 2012