REPORT NO. 2015-106
FEBRUARY 2015

ST. PETERSBURG COLLEGE

Financial Audit

For the Fiscal Year Ended
June 30, 2014

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2013-14 fiscal year are listed below:

Deveron M. Gibbons, Chair (1)
Robert J. Fine, Jr., Vice Chair (1)
Bridgette Bello
Jeffrey Dale Oliver
Lauralee Westine from 9-10-13 (2)

Dr. William D. Law, Jr., President

Notes: (1) Board member served beyond the end of term, May 31, 2014.
(2) Position remained vacant from July 1, 2013, through September 9, 2013.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Dawn T. Meyers, CPA, and the audit was supervised by Karen J. Collington, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 412-2869.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

ST. PETERSBURG COLLEGE
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the College's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit Objectives and Scope

Our audit objectives were to determine whether St. Petersburg College and its officers with administrative and stewardship responsibilities for College operations had:

- **Presented the College's basic financial statements in accordance with generally accepted accounting principles;**
- **Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and**
- **Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.**

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2014. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent College records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of St. Petersburg College and of its aggregate discretely presented component units as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, **SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN**, and **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 a report on our consideration of St. Petersburg College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* in considering St. Petersburg College's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
February 25, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2014, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2014, and June 30, 2013, and its component units for the fiscal years ended March 31, 2014, and March 31, 2013.

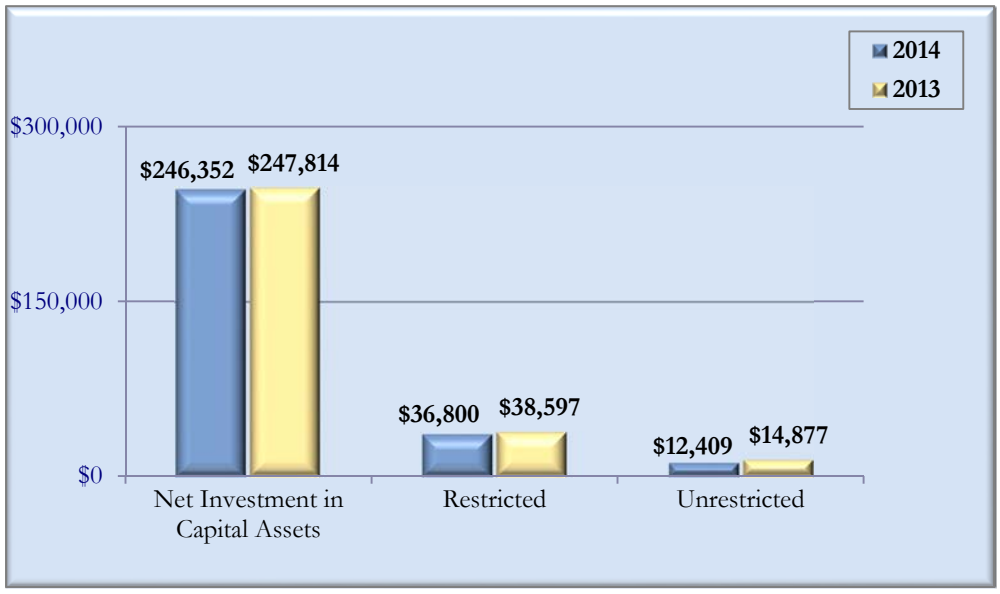
FINANCIAL HIGHLIGHTS

The College's assets totaled $354.1 million at June 30, 2014. This balance reflects a $5.1 million, or 1.4 percent, decrease as compared to the 2012-13 fiscal year, resulting primarily from decreases in restricted cash and cash equivalents of $2.3 million, net depreciable capital assets of $7 million, and prepaid expenses of $1.1 million. This was offset by an increase in nondepreciable capital assets of $3.9 million and due from other governmental agencies of $1.5 million. Liabilities increased by $602 thousand, or 1 percent, totaling $58.5 million at June 30, 2014, as compared to $57.9 million at June 30, 2013. As a result, the College's net position decreased by $5.7 million, reaching a year-end balance of $295.6 million.

The College's operating revenues totaled $51.1 million for the 2013-14 fiscal year, representing a 3.1 percent decrease as compared to the 2012-13 fiscal year. Operating expenses totaled $208 million for the 2013-14 fiscal year, representing an increase of 4.2 percent as compared to the 2012-13 fiscal year.

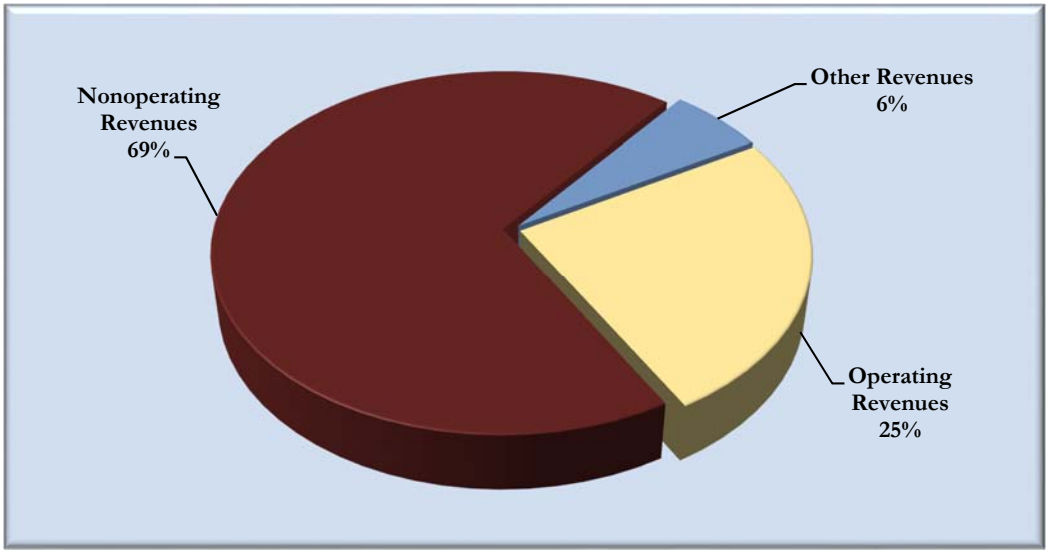
Net position represents the residual interest in the College's assets after deducting liabilities. The College's comparative total net position by category for the fiscal years ended June 30, 2014, and June 30, 2013, is shown in the following graph:

Net Position: College
(In Thousands)



The following chart provides a graphical presentation of College revenues by category for the 2013-14 fiscal year:

Total Revenues: College



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College's finances, and include activities for the following entities:

- St. Petersburg College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- St. Petersburg College Foundation, Inc. (Foundation); St. Petersburg College Alumni Association, Inc.; The Leepa-Rattner Museum of Art, Inc. (Museum); and the Institute for Strategic Policy Solutions, Inc. (Institute) (Component Units) – Although legally separate, these component units are important because the College is financially accountable for them, as the College reports its financial activities to the State of Florida.

THE STATEMENT OF NET POSITION

One of the most important questions asked about the College's finances is, "Is St. Petersburg College, as a whole, better off or worse off as a result of the year's activities?" The statement of net position reflects the assets and liabilities of the College, using the accrual basis of accounting, and presents the financial position of the College at a specified time. Assets, less liabilities, equals net position, which is one indicator of the College's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the College's financial condition.

A condensed statement of assets, liabilities, and net position of the College and its component units for the respective fiscal years ended is shown in the following table:

Condensed Statement of Net Position at
(In Thousands)

	College		Component Units	
	6-30-14	6-30-13	3-31-14	3-31-13
Assets				
Current Assets	$ 45,140	$ 45,460	$ 32,373	$ 25,848
Capital Assets, Net	276,271	279,311		
Other Noncurrent Assets	32,693	34,458	27,922	27,903
Total Assets	354,104	359,229	60,295	53,751
Liabilities				
Current Liabilities	17,566	16,768	333	695
Noncurrent Liabilities	40,977	41,173		
Total Liabilities	58,543	57,941	333	695
Net Position				
Net Investment in Capital Assets	246,352	247,814		
Restricted	36,800	38,597	58,097	51,403
Unrestricted	12,409	14,877	1,865	1,653
Total Net Position	$ 295,561	$ 301,288	$ 59,962	$ 53,056
Increase (Decrease) in Net Position	$ (5,727) -1.9%		$ 6,906 13.0%	

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the College's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the activities of the College and its component units for the respective fiscal years ended:

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended
(In Thousands)

	College		Component Units	
	6-30-14	6-30-13	3-31-14	3-31-13
Operating Revenues	$ 51,122	$ 52,736	$ 3,138	$ 2,725
Less, Operating Expenses	207,973	199,520	4,514	4,335
Operating Loss	(156,851)	(146,784)	(1,376)	(1,610)
Net Nonoperating Revenues	139,564	131,347	7,643	5,583
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(17,287)	(15,437)	6,267	3,973
Other Revenues	11,560	9,318	639	416
Net Increase (Decrease) In Net Position	(5,727)	(6,119)	6,906	4,389
Net Position, Beginning of Year	301,288	307,407	53,056	49,834
Adjustments to Beginning Net Position (1)				(1,167)
Net Position, Beginning of Year, as Restated	301,288	307,407	53,056	48,667
Net Position, End of Year	$ 295,561	$ 301,288	$ 59,962	$ 53,056

Note: (1) Adjustments to Beginning Net Position due to a change in the Museum's accounting policy with respect to the Museum's art collections from a capitalization to a no capitalization policy and the recognition of the Institute as a new direct-support organization.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

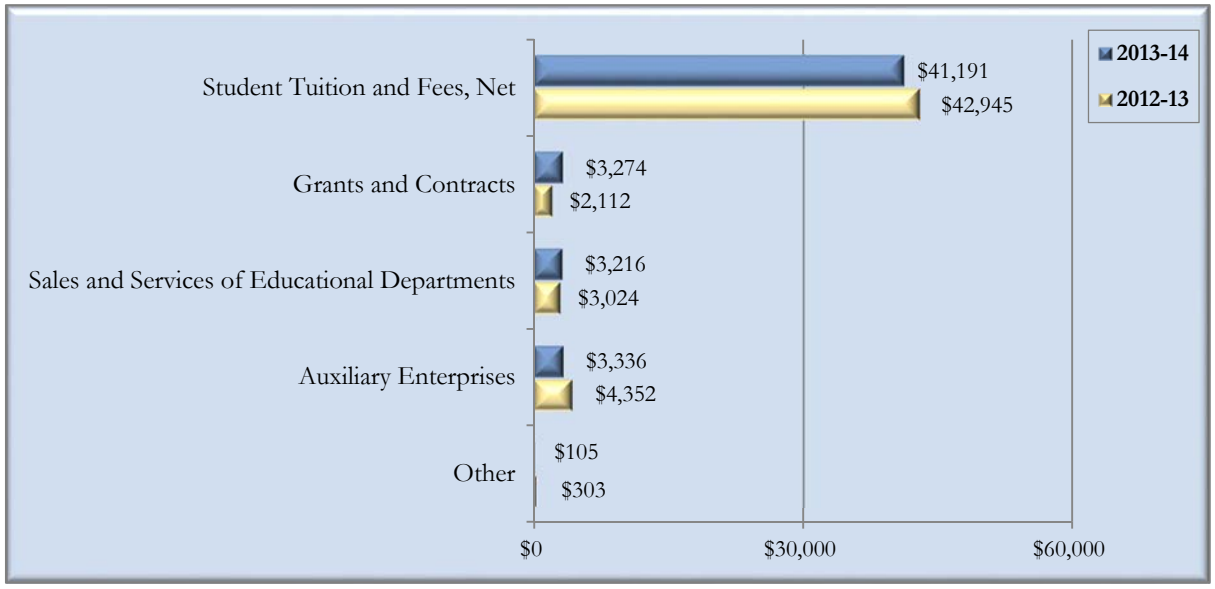
The following summarizes the operating revenues for the College and its component units by source that were used to fund operating activities for the respective fiscal years ended:

Operating Revenues
For the Fiscal Years Ended
(In Thousands)

	College		Component Units	
	6-30-14	6-30-13	3-31-14	3-31-13
Student Tuition and Fees, Net	$ 41,191	$ 42,945	$	$
Grants and Contracts	3,274	2,112		
Sales and Services of Educational Departments	3,216	3,024		
Auxiliary Enterprises	3,336	4,352		
Other	105	303	3,138	2,725
Total Operating Revenues	$ 51,122	$ 52,736	$ 3,138	$ 2,725

The following chart presents the College's operating revenues for the 2013-14 and 2012-13 fiscal years:

Operating Revenues: College
(In Thousands)



College operating revenue decreased by $1.6 million, or 3.1 percent. This can be primarily attributed to a decrease of $1.8 million in net tuition and fees due to a decrease in student enrollment and $1 million in auxiliary enterprises due to a one-time signing bonus received from the bookstore vendor in the 2012-13 fiscal year, offset by an increase of $1.2 million in grants and contracts.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the College's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

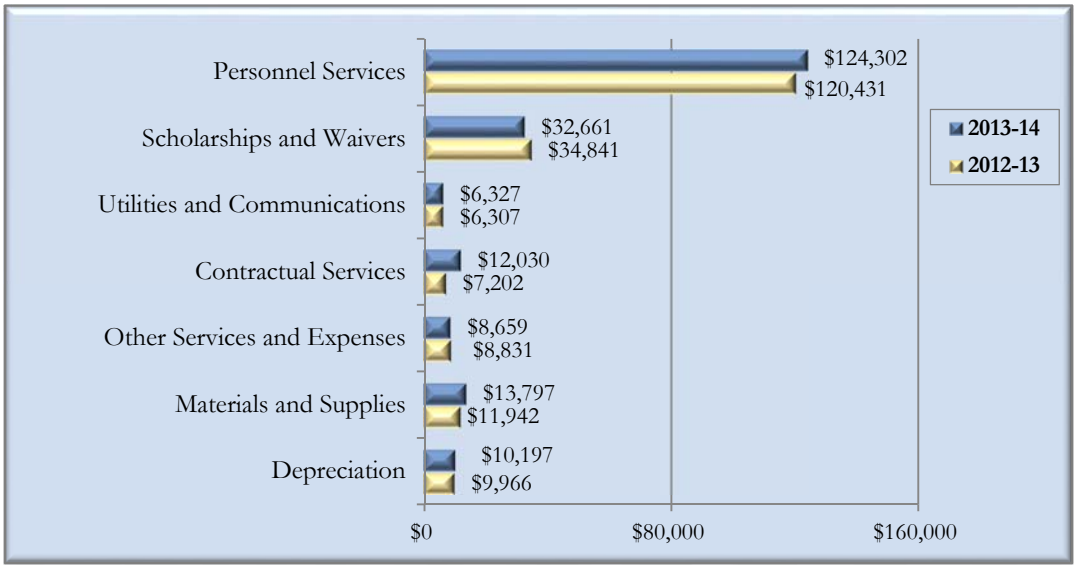
The following summarizes operating expenses by natural classification for the College and its component units for the respective fiscal years ended:

Operating Expenses
For the Fiscal Years Ended
(In Thousands)

	College		Component Units	
	6-30-14	6-30-13	3-31-14	3-31-13
Personnel Services	$ 124,302	$ 120,431	$	$
Scholarships and Waivers	32,661	34,841	2,598	2,648
Utilities and Communications	6,327	6,307		
Contractual Services	12,030	7,202	51	19
Other Services and Expenses	8,659	8,831	1,832	1,636
Materials and Supplies	13,797	11,942	33	32
Depreciation	10,197	9,966		
Total Operating Expenses	$ 207,973	$ 199,520	$ 4,514	$ 4,335

The following chart presents the College's operating expenses for the 2013-14 and 2012-13 fiscal years:

Operating Expenses: College
(In Thousands)



College operating expenses increased by $8.5 million from the 2012-13 fiscal year, primarily from increases in personnel services of $3.9 million and contractual services of $4.8 million. The increase in personnel services was primarily due to an across-the-board pay raise, an increase in some salaries based on a compensation study, and

increases in the Florida Retirement System (FRS) employer contribution rates. Increases in contractual services were primarily due to Federal grants expenses to bolster the workforce in Florida.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2013-14 and 2012-13 fiscal years:

Nonoperating Revenues (Expenses): College
(In Thousands)

	2013-14	2012-13
State Noncapital Appropriations	$ 67,507	$ 63,441
Federal and State Student Financial Aid	58,909	59,773
Gifts and Grants	13,692	10,503
Investment Income	746	222
Other Nonoperating Revenue (Expenses)	19	(8)
Loss on Disposal of Capital Assets		(1,241)
Interest on Capital Asset-Related Debt	(1,309)	(1,343)
Net Nonoperating Revenues	$ 139,564	$ 131,347

When compared to the prior fiscal year, College net nonoperating revenues increased by $8.2 million, or 6.3 percent. The change in revenue was primarily due to increases in Florida College Program Fund and Lottery appropriations of $2.3 million and $1.6 million, respectively. In addition, gifts and grants increased $3.2 million largely attributable to additions of Federal grants to bolster the workforce in Florida.

Other Revenues, Expenses, Gains, or Losses

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues, expenses, gains, or losses for the 2013-14 and 2012-13 fiscal years:

Other Revenues, Expenses, Gains, or Losses: College
(In Thousands)

	2013-14	2012-13
State Capital Appropriations	$ 4,638	$ 3,593
Capital Grants, Contracts, Gifts, and Fees	6,922	5,725
Total	$ 11,560	$ 9,318

Changes in other revenues, expenses, gains, or losses were the result of State capital appropriations increasing by $1 million, due to an increase in Public Education Capital Outlay allocations and an increase in capital grants, contracts, gifts, and fees of $1.2 million primarily due to an increase in student capital improvement fees in the 2013-14 fiscal year.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and related long-term debt

activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections. The statement of cash flows also helps users assess:

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

The following summarizes the College's cash flows for the 2013-14 and 2012-13 fiscal years:

Condensed Statement of Cash Flows: College
(In Thousands)

	2013-14	2012-13
Cash Provided (Used) by:		
Operating Activities	$(144,165)	$(134,188)
Noncapital Financing Activities	139,685	133,126
Capital and Related Financing Activities	1,019	(10,737)
Investing Activities	747	265
Net Decrease in Cash and Cash Equivalents	(2,714)	(11,534)
Cash and Cash Equivalents, Beginning of Year	48,881	60,415
Cash and Cash Equivalents, End of Year	$ 46,167	$ 48,881

Major sources of cash inflows came from Federal Direct Student Loan program receipts ($97.9 million), State noncapital appropriations ($67.5 million), Federal and State student financial aid ($58.9 million), net student tuition and fees ($41.4 million), noncapital gifts and grants ($13.3 million), and capital grants and gifts ($6.9 million). Major uses of cash were disbursements to students for Federal Direct Student Loans ($97.9 million), payments to employees ($97.3 million), payments to suppliers ($33.1 million), payments for scholarships ($32.7 million), and payments for employee benefits ($26.2 million).

The College's overall cash and cash equivalents decreased in the 2013-14 fiscal year by $2.7 million, or 5.6 percent from the 2012-13 fiscal year. Changes in cash and cash equivalents were the result of the following factors:

- The increase of $10 million in net cash used by operating activities is partly a result of an increase in cash outflows of $4.9 million in payments to suppliers for contractual services from Federal grants to bolster the workforce in Florida. In addition, there was a $4.8 million increase in payments to employees and employee benefits primarily due to an across-the-board pay raise, salary increases based on a compensation study, and increases in the FRS employer contribution rates.
- Increases in noncapital financing net cash inflows of $6.6 million were primarily due to the $4.1 million increase in State noncapital appropriations, and a $3.3 million increase in gifts and grants received for other than capital or endowment purposes, offset by a decrease of $0.9 million in Federal and State Student Financial Aid.
- Cash provided by capital and related financing activities increased by $11.8 million primarily due to a $2.7 million increase in State capital appropriations, a $1.2 million increase in capital grants and gifts received, and a $7.9 million decrease in purchases of capital assets.
- Cash provided by investing activities increased by $0.5 million in the 2013-14 fiscal year primarily due to an increase in investment earnings.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2014, the College had $393.7 million in capital assets, less accumulated depreciation of $117.4 million, for net capital assets of $276.3 million. Depreciation charges for the current fiscal year totaled $10.2 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30: College
(In Thousands)

Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 25,603	$	$	$ 25,603
Construction in Progress	954	3,918		4,872
Buildings	325,206	181		325,387
Other Structures and Improvements	11,681	733		12,414
Furniture, Machinery, and Equipment	22,402	942	3,372	19,972
Assets Under Capital Leases	4,027	1,383		5,410
Total	389,873	7,157	3,372	393,658
Less, Accumulated Depreciation:				
Buildings	78,268	7,969		86,237
Other Structures and Improvements	11,004	171		11,175
Furniture, Machinery, and Equipment	19,893	867	3,372	17,388
Assets Under Capital Leases	1,397	1,190		2,587
Total Accumulated Depreciation	110,562	10,197	3,372	117,387
Capital Assets, Net	$ 279,311	$ (3,040)	$	$ 276,271

CAPITAL EXPENSES AND COMMITMENTS

During the 2013-14 fiscal year, the College had $7.2 million in expenses for construction of the Midtown Center and other small projects, capital leases, and various other equipment. The College has $11 million in construction commitments at June 30, 2014, primarily related to construction of the Midtown Center.

	Amount (In Thousands)
Total Committed	$15,875
Completed to Date	(4,872)
Balance Committed	$11,003

Additional information about the College's construction commitments is presented in the notes to financial statements.

DEBT ADMINISTRATION

As of June 30, 2014, the College had $29.9 million in long-term debt outstanding. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30, 2014, and June 30, 2013:

Long-Term Debt, at June 30: College
(In Thousands)

	2014	2013
SBE Capital Outlay Bonds	$ 2,950	$ 3,325
Florida Department of Education Capital Improvement Revenue Bonds	23,255	24,465
Note Payable	889	1,077
Capital Leases Payable	2,824	2,630
Total	$ 29,918	$ 31,497

During the 2013-14 fiscal year, the College entered into capital leases for dental hygiene equipment and network server equipment totaling $1.4 million. Long-term debt repayments during the 2013-14 fiscal year totaled $3 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in general State appropriations is anticipated in the 2014-15 fiscal year. The St. Petersburg College Board of Trustees (Board) voted not to raise the tuition rate for the 2014-15 fiscal year for Associate and Baccalaureate degree programs. The Board implemented the second year of the Learning Support Access fee increase of $1 per credit hour. The College also implemented the third year of the Capital Improvement fee increase of $2 per credit hour. The Learning Support Access fee will be used primarily to expand tutoring and learning center support, strengthen and expand student support priority initiatives, including improved orientation, early alert system, individual learning plans, enhanced career planning and job placement. The Capital Improvement fee will be used primarily for repair and renovation projects for College facilities.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A and financial statements and notes thereto, or requests for additional financial information should be addressed to Theresa K. Furnas, CPA, Associate Vice President for Financial and Business Services, St. Petersburg College, P.O. Box 13489, St. Petersburg, FL 33733.

BASIC FINANCIAL STATEMENTS

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION
June 30, 2014

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 16,955,869	$ 1,885,608
Restricted Cash and Cash Equivalents	16,376,799	
Investments		30,432,429
Accounts Receivable, Net	2,382,182	42,694
Due from Other Governmental Agencies	9,021,023	
Due from Component Units	128,563	
Inventories	166,229	12,011
Prepaid Expenses	108,750	
Other Assets	636	
Total Current Assets	45,140,051	32,372,742
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	12,834,533	
Investments	8,102,112	
Restricted Investments	11,756,591	26,642,634
Loans and Notes Receivable, Net		1,206,961
Depreciable Capital Assets, Net	245,796,218	
Nondepreciable Capital Assets	30,474,513	
Other Assets		72,750
Total Noncurrent Assets	308,963,967	27,922,345
TOTAL ASSETS	354,104,018	60,295,087
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,309,076	675
Salary and Payroll Taxes Payable	955,544	
Retainage Payable	260,061	
Due to College		260,061
Unearned Revenue	1,328,105	71,912
Estimated Insurance Claims Payable	1,205,318	
Deposits Held for Others	7,652,408	
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,515,000	
Note Payable	187,770	
Capital Leases Payable	1,039,208	
Compensated Absences Payable	1,113,495	
Total Current Liabilities	17,565,985	332,648
Noncurrent Liabilities:		
Bonds Payable	24,690,000	
Note Payable	701,848	
Capital Leases Payable	1,784,517	
Compensated Absences Payable	10,021,455	
Other Postemployment Benefits Payable	3,779,000	
Total Noncurrent Liabilities	40,976,820	
TOTAL LIABILITIES	58,542,805	332,648

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2014

	College	Component Units
NET POSITION		
Net Investment in Capital Assets	$ 246,352,388	$
Restricted:		
Nonexpendable:		
Endowment		27,100,453
Expendable:		
Grants and Loans	7,362,138	21,666,578
Scholarships	185,801	9,330,072
Capital Projects	28,906,641	
Debt Service	345,425	
Unrestricted	12,408,820	1,865,336
TOTAL NET POSITION	$ 295,561,213	$ 59,962,439

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

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $31,937,569	$ 41,190,682	$
Federal Grants and Contracts	756,608	
State and Local Grants and Contracts	1,836,111	
Nongovernmental Grants and Contracts	681,140	
Sales and Services of Educational Departments	3,216,469	
Auxiliary Enterprises	3,336,071	
Other Operating Revenues	104,566	3,137,507
Total Operating Revenues	51,121,647	3,137,507
EXPENSES		
Operating Expenses:		
Personnel Services	124,302,356	
Scholarships and Waivers	32,660,896	2,597,872
Utilities and Communications	6,327,450	
Contractual Services	12,029,801	50,817
Other Services and Expenses	8,658,650	1,831,989
Materials and Supplies	13,797,055	33,173
Depreciation	10,196,810	
Total Operating Expenses	207,973,018	4,513,851
Operating Loss	(156,851,371)	(1,376,344)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	67,506,879	
Federal and State Student Financial Aid	58,909,426	
Gifts and Grants	13,691,864	34,406
Investment Income	745,917	7,602,525
Other Nonoperating Revenues	18,563	6,425
Interest on Capital Asset-Related Debt	(1,308,596)	
Net Nonoperating Revenues	139,564,053	7,643,356
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(17,287,318)	6,267,012
State Capital Appropriations	4,637,615	
Capital Grants, Contracts, Gifts, and Fees	6,922,587	
Additions to Endowments		639,738
Total Other Revenues	11,560,202	639,738
Increase (Decrease) in Net Position	(5,727,116)	6,906,750
Net Position, Beginning of Year	301,288,329	53,055,689
Net Position, End of Year	$ 295,561,213	$ 59,962,439

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

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 41,443,524
Grants and Contracts	3,261,289
Payments to Suppliers	(33,118,529)
Payments for Utilities and Communications	(6,327,450)
Payments to Employees	(97,301,267)
Payments for Employee Benefits	(26,164,518)
Payments for Scholarships	(32,660,896)
Auxiliary Enterprises	3,381,921
Sales and Service of Educational Departments	3,216,469
Other Receipts	104,566
Net Cash Used by Operating Activities	(144,164,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	67,506,879
Federal and State Student Financial Aid	58,909,426
Federal Direct Loan Program Receipts	97,882,936
Federal Direct Loan Program Disbursements	(97,882,936)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	13,250,019
Other Nonoperating Receipts	18,563
Net Cash Provided by Noncapital Financing Activities	139,684,887
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	4,089,108
Capital Grants and Gifts	6,922,587
Purchases of Capital Assets	(5,721,459)
Principal Paid on Capital Debt and Leases	(2,962,293)
Interest Paid on Capital Debt and Leases	(1,308,596)
Net Cash Provided by Capital and Related Financing Activities	1,019,347
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	4,822,341
Purchase of Investments	(4,803,403)
Investment Income	727,601
Net Cash Provided by Investing Activities	746,539
Net Decrease in Cash and Cash Equivalents	(2,714,118)
Cash and Cash Equivalents, Beginning of Year	48,881,319
Cash and Cash Equivalents, End of Year	$ 46,167,201

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2014

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (156,851,371)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	10,196,810
Changes in Assets and Liabilities:	
Accounts Receivables, Net	(605,102)
Due from Other Governmental Agencies	(12,570)
Inventories	(89,041)
Prepaid Expenses	1,075,779
Accounts Payable	(42,543)
Salary and Payroll Taxes Payable	(34,238)
Unearned Revenue	903,793
Deposits Held for Others	(228,315)
Compensated Absences Payable	768,212
Other Postemployment Benefits Payable	753,695
NET CASH USED BY OPERATING ACTIVITIES	$ (144,164,891)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
The College entered into several new capital leases, which were recognized on the statement of net position, but are not cash transactions for the statement of cash flows.	$ 1,383,278

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

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The governing body of St. Petersburg College, a component unit of the State of Florida, is the District Board of Trustees. The Board constitutes a corporation and is composed of five members appointed by the Governor and confirmed by the Senate. The District Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by law and State Board of Education rules. However, the District Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and State Board of Education rules. Geographic boundaries of the District correspond with those of Pinellas County.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the District Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the District Board of Trustees are such that exclusion would cause the College's financial statements to be misleading. Based upon the application of these criteria, the College is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following component units are included within the College's reporting entity:

- The St. Petersburg College Foundation, Inc. (Foundation) is a community advocate for St. Petersburg College and encourages charitable donations to provide financial support for the College. As a public charity, the Foundation accepts donations to enhance the College's many and varied teaching and public service programs, as well as to support capital projects and other related College improvements.
- The St. Petersburg College Alumni Association, Inc., assists the College in worthwhile endeavors such as fund raising and establishing scholarships.
- The Leepa-Rattner Museum of Art, Inc., benefits the College through the promotion of educational excellence by collecting, preserving, and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Esther Gentle, Allen Leepa, and other artists.
- The Institute for Strategic Policy Solutions, Inc., benefits the College through the promotion of educational and civic engagement through its operations and activities by providing students, faculty, and the community at large, a forum and center for learning and scholarly public discourse.

The College's component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of these organizations are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the audited financial statements of the organizations for the fiscal year ended March 31, 2014. Additional condensed financial statements for the College's component units are included in a subsequent note.

The College's component units, as described above, are also direct-support organizations, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, are financially accountable to the College. The component units are managed independently, outside the College's budgeting process, and their

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

powers generally are vested in a governing board pursuant to various State statutes. The component units receive, hold, invest, and administer property and make expenditures to or for the benefit of the College.

Basis of Presentation. The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by 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 (FASB). GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- Other Required Supplementary Information

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 College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 College follows GASB standards of accounting and financial reporting.

The College's component units use the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, investment income (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its scholarship allowances by identifying financial aid applied versus cash payments applied to the student accounts receivable.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash with the State Treasury Special Purpose Investment Account (SPIA) and the State Board of Administration (SBA) Florida PRIME investment pools. For reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA and SBA Florida PRIME investment pools to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2014, the College reported as cash equivalents at fair value $28,736,270 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.57 years, and had a fair value factor of 1.0074 at June 30, 2014. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2014, the College reported as cash equivalents $5,479,288 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2014, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 40 days as of June 30, 2014. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

Capital Assets. College capital assets consist of land; construction in progress; buildings; other structures and improvements; furniture, machinery, and equipment; and assets under capital leases. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 10 to 40 years, depending on construction
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years
- Assets Under Capital Leases – 4 to 5 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, note payable, capital leases payable, compensated absences payable, and other postemployment benefits payable that are not scheduled to be paid within the next fiscal year.

2. INVESTMENTS

The College's Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the College's Board of Trustees as authorized by law. State Board of Education (SBE) Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments.

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

The College's investments at June 30, 2014, are reported at fair value, as follows:

Investment Type	Amount
State Board of Administration Fund B Surplus Funds Trust Fund	$ 79,923
State Board of Administration Debt Service Accounts	767,992
Certificates of Deposit	19,010,788
Total College Investments	$ 19,858,703

State Board of Administration Fund B Surplus Funds Trust Fund. The Fund B Surplus Funds Trust Fund (Fund B) is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, and is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME investment pool, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B on December 4, 2007. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME investment pool.

At June 30, 2014, the College reported investments at fair value of $79,923 in Fund B. The College's investments in Fund B are accounted for as a fluctuating net position value pool, with a fair value factor of 1.84438408 at June 30, 2014. The weighted-average life (WAL) of Fund B at June 30, 2014, was 2.86 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2014. WAL measures the sensitivity of Fund B to interest rate changes. The College's investment in Fund B is unrated.

State Board of Administration Debt Service Accounts. The College reported investments totaling $767,992 at June 30, 2014, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk or credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Certificates of Deposit. During the 2013-14 fiscal year, the College had a financial institution purchase investments in individual certificates of deposits (CDs) with 84 banks in the College's name totaling $19,010,788. Each of the CDs was insured by the Federal Deposit Insurance Corporation. The CDs carry original maturity dates of 24 months to 43 months with annual percentage interest rates between 0.35 and 1.55 percent.

Component Unit Investments

Investments held by the College's component unit, St. Petersburg College Foundation, Inc. (Foundation), at March 31, 2014, are reported at fair value as follows:

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Investment Type	St. Petersburg College Foundation, Inc.
United States Government Obligations	$ 1,275,295
Federal Agency Obligations	2,175,404
Bonds and Notes	6,569,165
Stocks and Other Equity Securities	38,422,129
Mutual Funds	7,250,266
Alternative Investments	1,382,804
Total Component Unit Investments	$ 57,075,063

The Foundation has a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Interest Rate and Credit Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The Foundation's investment policy limits investments in fixed income securities to maturities of no longer than 30 years. The Foundation has $10,019,864 in United States Government obligations, Federal agency obligations, and bonds and notes that include embedded options consisting of the option at the discretion of the issuer to call their obligation. These securities have various call dates and mature between May 2015 and February 2044.

The Foundation's investment policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent no more than 25 percent of that particular fixed income portfolio's assets.

The following are maturities and credit quality ratings for the Foundation investments in debt securities, and mutual funds at March 31, 2014:

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	Credit Quality Range (1)
United States Government Obligations	$ 1,275,295	$	$ 414,269	$ 794,215	$ 66,811	(2)
Federal Agency Obligations	2,175,404		347,457	221,988	1,605,959	AA+
Bonds and Notes	6,569,165	27,949	2,306,726	2,671,584	1,562,906	AAA-D
Fixed Income Mutual Funds (3)	316,509		316,509			AAA-NR (4)
Fixed Income Mutual Funds (3)	2,276,668		2,276,668			AAA-B
Fixed Income Mutual Funds	493,877		493,877			Not Rated
Fixed Income Mutual Funds	278,701		278,701			AAA-NR
Fixed Income Mutual Funds	84,679			84,679		AA-NR (4)
Fixed Income Mutual Funds	2,486,688			2,486,688		AAA-B
Fixed Income Mutual Funds	278,289				278,289	BB+
Equity Mutual Funds	1,034,855	1,034,855				Not Rated
Equity Securities	38,422,129	38,422,129				Not Rated
Alternative Investments (5)	1,382,804	1,382,804				Not Rated
Total Component Units Investments	$ 57,075,063	$ 40,867,737	$ 6,434,207	$ 6,259,154	$ 3,513,965	

Notes: (1) Rated by Standard & Poor's.
(2) Disclosure of credit risk is not required for this investment type.
(3) These fixed income mutual funds have a weighted average maturity of less than 5 years.
(4) Components of these funds have credit ratings that range from AAA to NR (Not Rated).
(5) These are real estate investment trusts and mixed asset investments.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions and, as such, are exposed to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. The Foundation's policy provides that investments in fixed income securities of a single issue must not exceed 5 percent of total investment assets with each money manager at market value. United States Government and Federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 15 percent of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case shall an individual security be purchased that exceeds 5 percent of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio is 60 percent in equities and 40 percent in fixed income funds.

3. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions or rent for vendors under food, vending, and bookstore operations, accrued interest, and contract and grant reimbursements due from third parties. These receivables are reported net of a $1,685,816 allowance for doubtful accounts.

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

This amount primarily consists of $5,191,874 of Public Education Capital Outlay allocations due from the State for construction of College facilities and $1,178,743 of grant and contract reimbursements due from third parties.

5. DUE FROM AND TO COMPONENT UNITS/COLLEGE

The $128,563 reported as due from component units consists of amounts owed to the College by the Foundation, Institute, and Museum for programs, scholarships, and construction of College facilities. The College's financial statements are reported for the fiscal year ended June 30, 2014. The College's component units' financial statements are reported for the fiscal year ended March 31, 2014. Accordingly, amounts reported as due from component units on the statement of net position do not agree with amounts reported by the component units as due to the College.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 25,602,742	$	$	$ 25,602,742
Construction in Progress	953,822	3,917,949		4,871,771
Total Nondepreciable Capital Assets	$ 26,556,564	$ 3,917,949		$ 30,474,513
Depreciable Capital Assets:				
Buildings	$ 325,206,384	$ 180,306	$	$ 325,386,690
Other Structures and Improvements	11,680,809	732,742		12,413,551
Furniture, Machinery, and Equipment	22,401,798	942,054	3,371,460	19,972,392
Assets Under Capital Leases	4,027,293	1,383,278		5,410,571
Total Depreciable Capital Assets	363,316,284	3,238,380	3,371,460	363,183,204
Less, Accumulated Depreciation:				
Buildings	78,267,963	7,968,660		86,236,623
Other Structures and Improvements	11,003,628	171,108		11,174,736
Furniture, Machinery, and Equipment	19,892,722	867,519	3,371,460	17,388,781
Assets Under Capital Leases	1,397,323	1,189,523		2,586,846
Total Accumulated Depreciation	110,561,636	10,196,810	3,371,460	117,386,986
Total Depreciable Capital Assets, Net	$ 252,754,648	$ (6,958,430)	$	$ 245,796,218

7. UNEARNED REVENUE

Unearned revenue includes grants and contracts revenue, auxiliary enterprises revenue, and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2014, the College reported the following amounts as unearned revenue:

ST. PETERSBURG COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Description	Amount
Grants and Contracts	$ 308,301
Auxiliary Expenses	31,269
Student Tuition and Fees	988,535
Total Unearned Revenue	$ 1,328,105

8. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2014, include bonds payable, note payable, capital leases payable, compensated absences payable, and other postemployment benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 27,790,000	$	$ 1,585,000	$ 26,205,000	$ 1,515,000
Note Payable	1,077,388		187,770	889,618	187,770
Capital Leases Payable	2,629,970	1,383,278	1,189,523	2,823,725	1,039,208
Compensated Absences Payable	10,366,738	2,970,464	2,202,252	11,134,950	1,113,495
Other Postemployment Benefits Payable	3,025,305	1,197,000	443,305	3,779,000	
Total Long-Term Liabilities	$ 44,889,401	$ 5,550,742	$ 5,607,850	$ 44,832,293	$ 3,855,473

Bonds Payable. Various bonds were issued to finance capital outlay projects of the College. The following is a description of the bonded debt issues:

- SBE Capital Outlay Bonds. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- Capital Improvement Revenue Bonds, Series 2006A and 2010A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and Section 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2006A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2006A bonds. The Series 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. The Governing Board authorized the sale of 2010A Bonds by the Third Supplemental Resolution adopted on May 11, 2010, which also amended the Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2006A and 2010A bonds will share the lien of such additional bonds on the Series 2006A and 2010A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The Series 2006A and 2010A bonds were issued for new construction and renovation and remodeling of educational facilities.

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The College had the following bonds payable outstanding at June 30, 2014:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2009A	$ 1,350,000	5.00	2019
Series 2010A	1,600,000	3.50 - 5.00	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2006A	15,235,000	3.50 - 5.00	2027
Series 2010A	8,020,000	3.00 - 4.375	2030
Total	$ 26,205,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2015	$ 1,515,000	$ 1,153,513	$ 2,668,513
2016	1,585,000	1,094,013	2,679,013
2017	1,660,000	1,031,563	2,691,563
2018	1,750,000	952,513	2,702,513
2019	1,840,000	869,162	2,709,162
2020-2024	8,960,000	3,105,562	12,065,562
2025-2029	8,055,000	979,825	9,034,825
2030	840,000	36,093	876,093
Total	$ 26,205,000	$ 9,222,244	$ 35,427,244

Note Payable. On March 16, 2011, the College borrowed $2,166,667, at a stated interest rate of zero percent, to finance the remaining costs of a building acquisition with property. The note matures on April 1, 2019, and principal payments are made quarterly. Annual requirements to amortize the outstanding note as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	Principal
2015	$ 187,770
2016	187,770
2017	187,770
2018	187,770
2019	138,538
Total	$ 889,618

Capital Leases Payable. Network server equipment in the amount of $4,843,592, Dental Hygiene program equipment in the amount of $403,259, and MIRA computer lab equipment in the amount of $163,719 are being

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JUNE 30, 2014

acquired under capital lease agreements. The stated interest rates ranged from 3.031 percent to 6.545 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	Amount
2015	$ 1,117,497
2016	1,039,565
2017	595,699
2018	274,395
Total Minimum Payments	3,027,156
Less, Amount Representing Interest	203,431
Present Value of Minimum Payments	$ 2,823,725

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2014, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $11,134,950. The current portion of the compensated absences liability, $1,113,495, is the amount expected to be paid in the coming fiscal year. The current portion of the compensated absences was determined by calculating 10 percent of the compensated absences liability as of June 30, 2014.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the College.

Plan Description. The Other Postemployment Benefits Plan (Plan) is a single-employer, defined-benefit plan administered by the College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's self-insured dental, health, and hospitalization plan for medical and prescription drug coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The College does not issue a stand-alone report and the Plan is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and the Board of Trustees has established and can amend plan benefits and contribution rates. The College has not

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advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2013-14 fiscal year, 95 retirees received other postemployment benefits. The College provided required contributions of $443,305 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled $675,402, which represents 0.9 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The College's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the College's annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and changes in the College's net OPEB obligation:

Description	Amount
Normal Cost (Service Cost for One Year)	$ 697,000
Amortization of Unfunded Actuarial Accrued Liability	429,000
Interest on Normal Cost and Amortization	50,000
Annual Required Contribution	1,176,000
Interest on Net OPEB Obligation	136,000
Adjustment to Annual Required Contribution	(115,000)
Annual OPEB Cost (Expense)	1,197,000
Contribution Toward the OPEB Cost	(443,305)
Increase in Net OPEB Obligation	753,695
Net OPEB Obligation, Beginning of Year	3,025,305
Net OPEB Obligation, End of Year	$ 3,779,000

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2014, and for the two preceding fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011-12	$ 1,232,139	40.34%	$ 2,400,000
2012-13	1,249,305	49.95%	3,025,305
2013-14	1,197,000	37.03%	3,779,000

Funded Status and Funding Progress. As of July 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was $11,245,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $11,245,000, and a funded ratio of 0 percent. The covered payroll (annual payroll of active

participating employees) was $76,426,236 for the 2013-14 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College's OPEB actuarial valuation as of July 1, 2013, used the projected unit credit actuarial method to estimate the actuarial accrued liability as of June 30, 2014, and the College's 2013-14 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, an inflation rate of 3.5 percent, and an annual healthcare cost trend rate of 9 percent for the 2013-14 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5 percent after 8 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll amortized over 30 years on an open basis. The remaining amortization period at June 30, 2014 was 23 years.

9. RETIREMENT PROGRAMS

Florida Retirement System. Essentially all regular employees of the College are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a 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).

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

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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.

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. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment 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 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.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2013-14 fiscal year were as follows:

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

Notes: (A) Employer rates include 1.20 percent for the postemployment 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.

The College'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 College's contributions including employee

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contributions for the fiscal years ended June 30, 2012, June 30, 2013, and June 30, 2014, totaled $3,843,888, $3,940,983, and $5,154,507, respectively, which were equal to the required contributions for each fiscal year.

There were 374 College participants in the Investment Plan during the 2013-14 fiscal year. The College's contributions including employee contributions to the Investment Plan totaled $1,716,068, which was equal to the required contribution for the 2013-14 fiscal year.

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' 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 Division of Retirement's Web site (www.frs.myflorida.com).

State College System Optional Retirement Program. Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible college 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 eight 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, 7.34 percent of the participant's salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college 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 were 167 College participants during the 2013-14 fiscal year. The College's contributions to the Program totaled $642,205 and employee contributions totaled $381,508 for the 2013-14 fiscal year.

Senior Management Service Optional Annuity Program. Section 121.055, Florida Statutes, created the Senior Management Service Optional Annuity Program (Annuity Program) as an optional retirement program for College employees that are members of the FRS Senior Management Service Class.

The Annuity 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. College employees in eligible positions make an irrevocable election to participate in the Annuity Program in lieu of the Senior Management Service Class of FRS, and purchase retirement and death benefits through contracts with participating provider companies. The College contributes 6.27 percent and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by salary reduction, an additional amount not to exceed the percentage contributed by the College. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

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JUNE 30, 2014

There were 3 College participants during the 2013-14 fiscal year. The College's contributions to the Annuity Program totaled $24,289 and employee contributions totaled $11,621 for the 2013-14 fiscal year.

10. CONSTRUCTION COMMITMENTS

The College had one major construction project commitment at June 30, 2014, as well as several smaller projects, as noted below:

Project Description	Total Commitment	Completed to Date	Balance Committed
Midtown Center	$ 13,968,337	$ 4,304,749	$ 9,663,588
Smaller Projects (1)	1,906,123	567,022	1,339,101
Total	$ 15,874,460	$ 4,871,771	$ 11,002,689

Note: (1) Individual projects with current balance committed of less than $1 million at June 30, 2014.

11. OPERATING LEASE COMMITMENTS

The College leased computer equipment and copiers under operating leases, with various expiration dates through 2019. These leased assets and the related commitments are not reported on the College's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2015	$ 1,458,217
2016	1,020,636
2017	801,967
2018	310,355
2019	185,709
Total Minimum Payments Required	$ 3,776,884

12. 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 primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage for property insurance of up to $125 million to February 28, 2014, and up to $150 million from March 1, 2014. Insurance coverage obtained through the

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JUNE 30, 2014

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 commercial coverage in any of the past three fiscal years.

Self-Insured Program. The Board has established an individual self-insured program to provide group health and dental insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to $350,000 per insured person for the 2013-14 fiscal year. The plan is provided by an insurance company licensed by the 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 and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled $1,205,318 as of June 30, 2014.

The following schedule represents the changes in claims liability for the past two fiscal years for the College's self-insured program:

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
2012-13	$ 1,016,965	$15,270,467	$(14,659,331)	$ 1,628,101
2013-14	1,628,101	14,872,259	(15,295,042)	1,205,318

13. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

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JUNE 30, 2014

Functional Classification	Amount
Instruction	$ 76,933,283
Public Services	633
Academic Support	28,302,683
Student Services	22,256,749
Institutional Support	18,743,714
Operation and Maintenance of Plant	18,651,610
Scholarships and Waivers	32,660,896
Depreciation	10,196,810
Auxiliary Enterprises	226,640
Total Operating Expenses	$ 207,973,018

14. DISCRETELY PRESENTED COMPONENT UNITS

The College has four discretely presented component units as discussed in note 1. These component units represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position

	Direct-Support Organizations				Total
	St. Petersburg College Foundation, Inc.	St. Petersburg College Alumni Association, Inc.	The Leepa-Rattner Museum of Art, Inc.	Institute for Strategic Policy Solutions, Inc.	
Assets:					
Current Assets	$ 31,443,087	$ 124,640	$ 526,384	$ 278,631	$ 32,372,742
Other Noncurrent Assets	27,900,062		22,283		27,922,345
Total Assets	59,343,149	124,640	548,667	278,631	60,295,087
Liabilities:					
Current Liabilities			70,542	262,106	332,648
Net Position:					
Restricted Nonexpendable	27,100,453				27,100,453
Restricted Expendable	30,929,013		67,637		30,996,650
Unrestricted	1,313,683	124,640	410,488	16,525	1,865,336
Total Net Position	$ 59,343,149	$ 124,640	$ 478,125	$ 16,525	$ 59,962,439

ST. PETERSBURG COLLEGE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Direct-Support Organizations				Total
	St. Petersburg College Foundation, Inc.	St. Petersburg College Alumni Association, Inc.	The Leepa-Rattner Museum of Art, Inc.	Institute for Strategic Policy Solutions, Inc.	
Operating Revenues	$ 2,009,901	$ 22,669	$ 728,406	$ 376,531	$ 3,137,507
Operating Expenses	(3,297,120)	(50,601)	(793,628)	(372,502)	(4,513,851)
Operating Income (Loss)	(1,287,219)	(27,932)	(65,222)	4,029	(1,376,344)
Net Nonoperating Revenues	7,597,914	8,592	36,850		7,643,356
Other Revenues, Expenses, Gains, and Losses	639,738				639,738
Increase (Decrease) in Net Position	6,950,433	(19,340)	(28,372)	4,029	6,906,750
Net Position, Beginning of Year	52,392,716	143,980	506,497	12,496	53,055,689
Net Position, End of Year	$ 59,343,149	$ 124,640	$ 478,125	$ 16,525	$ 59,962,439

15. SUBSEQUENT EVENTS

On August 7, 2014, the St Petersburg College Alumni Association, Inc. (Association), voted to dissolve its incorporation and the St. Petersburg College Board approved the resolution on August 19, 2014. A Memorandum of Understanding between the Association and St. Petersburg College Foundation, Inc. (Foundation), was approved and all Association activities and account balances were transferred to the Foundation. The Association will become an advisory body to the Foundation Board of Directors and will operate under the Foundation by-laws and policies. The Association will be named the St. Petersburg College Alumni Association and will hold regular, separate meetings and the Foundation will create a separate fund for the Association named the Alumni Program Fund.

ST. PETERSBURG COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	$ -	$ 9,624,000	$ 9,624,000	0%	$ 65,729,628	14.6%
7/1/2011	-	10,586,000	10,586,000	0%	73,173,278	14.5%
7/1/2013	-	11,245,000	11,245,000	0%	76,426,236	14.7%

Note: (1) The College's OPEB actuarial valuation used the projected unit credit actuarial method to estimate the unfunded actuarial accrued liability.

ST. PETERSBURG COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2013, unfunded actuarial accrued liability of $11,245,000, was 6.2 percent higher than the July 1, 2011, liability of $10,586,000. This increase was due to the expected growth of liabilities over time, demographic changes, updated participation and medical trend assumptions, updated claims costs as compared to contribution rates, and revised mortality assumptions.

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Report on the Financial Statements

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 St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 25, 2015, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
February 25, 2015