

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Independent Auditor's Reports,  
Basic Financial Statements  
and Required Supplementary Information  
For the Fiscal Year Ended June 30, 2013**

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## **FINANCIAL SECTION**

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September 17, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St. Augustine, Florida 32084

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of First Coast Technical Institute, Inc. DBA First Coast Technical College (College), a component unit of the St. Johns County District School Board, as of and for the year ended June 30, 2013, 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 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, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the College as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1.N to the financial statements, in 2013, the College adopted new accounting guidance, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

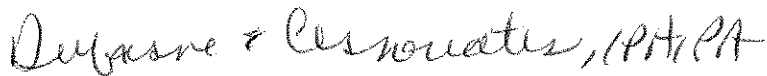
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Self-insurance Program Risk Management Statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Self-insurance Program Risk Management Statistics has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Dufresne & Associates, CPA, PA

## **Management's Discussion and Analysis (Unaudited)**

This discussion and analysis of the College's financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the College's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2013:

- The College's overall net position increased by \$129,854 which is about 4%.
- Total ending net position was \$3,766,282.
- The College had total expenses for the year of \$10,376,340 compared to revenues of \$10,506,194.

### **Overview of the Basic Financial Statements**

This annual report contains government-wide financial statements that report on the College's activities as a whole and fund financial statements that report on the College's individual funds.

#### **Government-wide Financial Statements**

The first financial statement is the Statement of Net Position. This statement includes all of the College's assets, liabilities and deferred inflows of resources using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position - the difference between assets, liabilities and deferred inflows of resources- can be used to measure the College's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the College's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the College.

In these statements, all of the College's activities are considered to be governmental activities. The College has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

#### **Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the College's funds.

- Governmental funds - These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. Reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The College maintains two individual governmental funds. The General Fund and Special Revenue Fund are considered to be major funds and, accordingly, are separately displayed.

## Net Position

A summary of the College's Statement of Net Position is presented in the table below.

### First Coast Technical Institute, Inc. DBA First Coast Technical College's Net Position

|                                     | 2013         | 2012         |
|-------------------------------------|--------------|--------------|
| Non - capital assets                | \$ 2,128,381 | \$ 2,264,864 |
| Capital assets, net                 | 2,489,476    | 2,414,227    |
| Total assets                        | 4,617,857    | 4,679,091    |
| Long-term liabilities outstanding   | 360,302      | 503,339      |
| Other liabilities                   | 418,410      | 275,088      |
| Total liabilities                   | 778,712      | 778,427      |
| Total deferred inflows of resources | 72,863       | 264,236      |
| Net position:                       |              |              |
| Invested in capital assets          | 2,489,476    | 2,414,227    |
| Unrestricted                        | 1,276,806    | 1,222,201    |
| Total net position                  | \$ 3,766,282 | \$ 3,636,428 |

The most significant change in the College's financial position in 2013 was due to decreases in long-term liabilities outstanding and deferred inflows of resources. Long-term liabilities outstanding consist of compensated absences payable. Deferred inflows of resources consist of deferred trust accounts and unearned student fees.



## Revenues, Expenses and Changes in Net Position

A summary of the College's revenues, expenses and changes in net position is presented in the table below.

### First Coast Technical Institute, Inc. DBA First Coast Technical College's Changes in Net Position

|  | 2013         | 2012         |
|--|--------------|--------------|
| Revenues   |              |              |
| Program Revenues:  |              |              |
| Charges for services                                     | \$ 3,038,687 | \$ 2,421,183 |
| Operating Grants and Contributions                       | 1,164,817    | 1,320,989    |
| Capital Grants and Contributions                         | 444,561      | 162,434      |
| General revenues:  |              |              |
| Florida Education Finance Program                        | 381,530      | 742,059      |
| Workforce Development                                    | 5,371,752    | 5,579,515    |
| Other revenue  | 99,028       | 138,530      |
| Unrestricted investment earnings                         | 5,819        | 2,992        |
| Total revenues   | 10,506,194   | 10,367,702   |
| Expenses:  |              |              |
| Instruction  | 3,407,441    | 3,870,049    |
| Pupil Services   | 3,282,953    | 2,832,433    |
| Adult general  | 680,512      | 470,366      |
| Fiscal and community services                            | 668,407      | 849,373      |
| Central services   | 104,830      | 110,374      |
| Maintenance of plant                                     | 562,100      | 705,606      |
| Operations of plant                                      | 1,054,273    | 998,494      |
| School administration                                    | 615,824      | 444,082      |
| Total expenses   | 10,376,340   | 10,280,777   |
| Changes in net position                                  | 129,854      | 86,925       |
| Net position - beginning of year, as previously reported | 3,636,428    | 3,767,178    |
| Prior period adjustment                                  | -            | (217,675)    |
| Net position - beginning of year, restated               | 3,636,428    | 3,549,503    |
| Net position - end of year                               | \$ 3,766,282 | \$ 3,636,428 |

Overall revenues and expenses did not change significantly. The largest change was a \$617,504 increase in charges for services due to an increase in enrollment.

## **Overall Financial Position and Results of Operations**

### Governmental Activities

The governmental activities generated \$4,648,065 in program revenues and \$5,858,129 of general revenues, and incurred \$10,376,340 of program expenses. This resulted in a \$129,854 increase in net position.

### **The College's Individual Funds**

#### General Fund

Fund balance decreased by \$37,937, from \$1,915,726 to \$1,877,789. The decrease was due to leave payouts resulting from the reduction in force.

Approximately 93% of fund balance constitutes unassigned fund balance, which is available for spending at the College's discretion. At the end of the current fiscal year, unassigned of fund balance of the General Fund was \$1,737,537. The remainder of the fund balance is not available for new spending because it is in either non-spendable form or assigned to individual programs and student scholarships.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents about 19% of total General Fund expenditures, while total fund balance represents about 20% of that same amount.

#### Special Revenue Fund

The Special Revenue Fund accounted for \$1,164,817 of grant expenditures, compared to \$1,211,521 in the prior year.

### **Budgetary Highlights**

Revenues and expenditures in the General Fund were in compliance with budgeted amounts. The budget was adjusted periodically through the budget amendment process and approved by the Board as a final budget.

### **Capital Assets and Debt Administration**

#### Capital Assets

The College's investment in capital assets increased by \$411,951. The increase is mainly due to the addition of a new air handler and roof replacement on one of the buildings. Capital asset activity for the year ended June 30, 2013, is presented as Note 6 on page 20.

#### Debt Administration

For the year-ended June 30, 2013, the College had no long-term debt.

### **Economic Factors**

The College's management is not currently aware of any conditions that are expected to have a significant effect on the College's financial position or results of operations.

### **Contacting the College's Financial Management**

This financial report is designed to provide a general overview of the College's finances and to show the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeannie Dopson, Chief Financial Officer, (904) 547-3500, 2980 Collins Avenue, St. Augustine, Florida, 32084.

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Statement of Net Position  
June 30, 2013**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>   |                                    |
| Cash and cash equivalents                                   | \$ 1,560,594                       |
| Accounts receivable, net of allowance for doubtful accounts | 424,326                            |
| Due from St. Johns County District School Board             | 49,197                             |
| Inventories   | 75,487                             |
| Prepaid assets  | 18,777                             |
| Capital assets, net   | 2,489,476                          |
| Total assets  | 4,617,857                          |
| <b>LIABILITIES</b>  |                                    |
| Accounts payable  | 177,729                            |
| Compensated absences payable:                               |                                    |
| Due within one year   | 240,681                            |
| Due in more than one year                                   | 360,302                            |
| Total liabilities   | 778,712                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                        |                                    |
| Trust accounts and unearned student fees                    | 72,863                             |
| <b>NET POSITION</b>   |                                    |
| Net investment in capital assets                            | 2,489,476                          |
| Unrestricted  | 1,276,806                          |
| Total net position  | \$ 3,766,282                       |

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

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Statement of Activities  
For the Year Ended June 30, 2013**

| <u>Functions/Programs</u>         | <u>Expenses</u>      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Net (Expense)<br/>Revenue and<br/>Changes in Net<br/>Position</u> |
|-----------------------------------|----------------------|---------------------------------|---|---|--|
| Governmental activities:          |                      |                                 |   |   |  |
| Instruction                       | \$ 3,407,441         | \$ 2,275,627                    | \$ 163,577  | \$ 34,140                                       | \$ (934,097)   |
| Pupil services                    | 3,282,953            | 274,677                         | 629,414   | 45,439  | (2,333,423)  |
| Adult general                     | 680,512              | 35,460                          | 371,826   | -   | (273,226)  |
| Fiscal and community services     | 668,407              | 290,463                         | -   | 5,189   | (372,755)  |
| Central services                  | 104,830              | -                               | -   | 24,948  | (79,882)   |
| Maintenance of plant              | 562,100              | 59,369                          | -   | 239,658   | (263,073)  |
| Operation of plant                | 1,054,273            | -                               | -   | 79,356  | (974,917)  |
| School administration             | 615,824              | 103,091                         | -   | 15,831  | (496,902)  |
| Total                             | <u>\$ 10,376,340</u> | <u>\$ 3,038,687</u>             | <u>\$ 1,164,817</u>                               | <u>\$ 444,561</u>                               | <u>\$ (5,728,275)</u>  |
| General Revenues:                 |                      |                                 |   |   |  |
| State revenue:                    |                      |                                 |   |   |  |
| Florida Education Finance Program |                      |                                 |   |   | 381,530  |
| Workforce Development             |                      |                                 |   |   | 5,371,752  |
| Other revenue                     |                      |                                 |   |   | 99,028   |
| Unrestricted investment earnings  |                      |                                 |   |   | 5,819  |
| Total general revenue             |                      |                                 |   |   | <u>5,858,129</u>   |
| Changes in net position           |                      |                                 |   |   | <u>129,854</u>   |
| Net position - beginning of year  |                      |                                 |   |   | <u>3,636,428</u>   |
| Net position - end of year        |                      |                                 |   |   | <u>\$ 3,766,282</u>  |

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

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Balance Sheet  
Governmental Funds  
June 30, 2013**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|---|
| <b>ASSETS</b>  |                         |                                     |   |
| Cash and cash equivalents  | \$ 1,125,596            | \$ 434,998                          | \$ 1,560,594                            |
| Accounts receivable, net of allowance for doubtful accounts        | 233,262                 | 191,064                             | 424,326                                 |
| Due from St. Johns County District School Board                    | -                       | 103,284                             | 103,284                                 |
| Due from other funds   | 666,259                 |                                     | 666,259                                 |
| Inventories  | 75,487                  | -                                   | 75,487                                  |
| Prepays  | 18,777                  | -                                   | 18,777                                  |
| Total assets   | <u>\$ 2,119,381</u>     | <u>\$ 729,346</u>                   | <u>\$ 2,848,727</u>                     |
| <b>LIABILITIES</b>   |                         |                                     |   |
| Accounts payable and accrued liabilities                           | \$ 126,934              | \$ 50,795                           | \$ 177,729                              |
| Due to St. Johns County District School Board                      | 52,253                  | 1,834                               | 54,087                                  |
| Due to other funds   | -                       | 666,259                             | 666,259                                 |
| Total liabilities  | <u>179,187</u>          | <u>718,888</u>                      | <u>898,075</u>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                         |                                     |   |
| Trust accounts and unearned student fees                           | <u>62,405</u>           | <u>10,458</u>                       | <u>72,863</u>                           |
| <b>FUND BALANCES</b>   |                         |                                     |   |
| Nonspendable:  |                         |                                     |   |
| Inventories  | 75,487                  | -                                   | 75,487                                  |
| Prepays  | 18,777                  | -                                   | 18,777                                  |
| Assigned to:   |                         |                                     |   |
| Individual programs  | 35,530                  | -                                   | 35,530                                  |
| Student scholarships   | 10,458                  | -                                   | 10,458                                  |
| Unassigned   | <u>1,737,537</u>        | <u>-</u>                            | <u>1,737,537</u>                        |
| Total fund balances  | <u>1,877,789</u>        | <u>-</u>                            | <u>1,877,789</u>                        |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,056,976</u>     | <u>\$ 718,888</u>                   | <u>\$ 2,775,864</u>                     |

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

**First Coast Technical Institute, Inc.  
 DBA First Coast Technical College  
 Reconciliation of the Balance Sheet of Governmental Funds to  
 the Statement of Net Position  
 June 30, 2013**

|   |    |                         |
|---|----|-------------------------|
| Fund balances - total governmental funds  | \$ | 1,877,789               |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> |    |                         |
| <p>Capital assets used in governmental activities are not reported in the governmental funds.</p>           |    |                         |
| Capital assets - net  |    | 2,489,476               |
| <p>Long-term liabilities are not reported in the governmental funds.</p>                                    |    |                         |
| Compensated absences  |    | <u>(600,983)</u>        |
| Net position of governmental activities   | \$ | <u><u>3,766,282</u></u> |

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

**First Coast Technical Institute, Inc.**  
**DBA First Coast Technical College**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

|                                   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------|-------------------------|-------------------------------------|---|
| <b>REVENUES</b>                   |                         |                                     |   |
| Intergovernmental:                |                         |                                     |   |
| Federal/Federal through State     | \$ -                    | \$ 1,078,983                        | \$ 1,078,983                            |
| State                             | 5,753,282               | 85,834                              | 5,839,116                               |
| Local                             | 437,566                 | -                                   | 437,566                                 |
| Other                             | 3,143,534               | -                                   | 3,143,534                               |
| Total revenues                    | <u>9,334,382</u>        | <u>1,164,817</u>                    | <u>10,499,199</u>                       |
| <b>EXPENDITURES</b>               |                         |                                     |   |
| Current - Education:              |                         |                                     |   |
| Instruction                       | 3,503,747               | 541,752                             | 4,045,499                               |
| Pupil services                    | 2,663,088               | 592,156                             | 3,255,244                               |
| Fiscal and community services     | 696,938                 | -                                   | 696,938                                 |
| Central services                  | 104,082                 | -                                   | 104,082                                 |
| Maintenance of plant              | 377,890                 | -                                   | 377,890                                 |
| Operation of plant                | 1,041,034               | -                                   | 1,041,034                               |
| School administration             | 580,584                 | -                                   | 580,584                                 |
| Fixed capital outlay              | 404,956                 | 30,909                              | 435,865                                 |
| Total expenditures                | <u>9,372,319</u>        | <u>1,164,817</u>                    | <u>10,537,136</u>                       |
| Net changes in fund balances      | (37,937)                | -                                   | (37,937)                                |
| Fund balances - beginning of year | <u>1,915,726</u>        | <u>-</u>                            | <u>1,915,726</u>                        |
| Fund balances - end of year       | <u>\$ 1,877,789</u>     | <u>\$ -</u>                         | <u>\$ 1,877,789</u>                     |

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

**First Coast Technical Institute, Inc.  
 DBA First Coast Technical College  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2013**

|   |    |           |
|---|----|-----------|
| Net change in fund balances - total governmental funds  | \$ | (37,937)  |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>   |    |           |
| <p>Governmental funds report capital outlay expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives. Assets purchased with federal and state grants are not reported in the College's capital asset balance, therefore the cost of assets purchased in the Special Revenue Fund are not depreciated.</p> |    |           |
| Expenditures for capital assets - General Fund  |    | 404,956   |
| Less current year depreciation expense - General Fund   |    | (336,702) |
| <p>Capital assets donated increase the net position in government-wide financial statements, but are not financial resources and, therefore, are not reported in governmental funds</p>   |    |           |
|   |    | 6,995     |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>  |    |           |
| Change in long-term compensated absences  |    | 92,542    |
| Change in net position of governmental activities   | \$ | 129,854   |

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



**First Coast Technical Institute, Inc.**  
**DBA First Coast Technical College**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2013**

**1. Summary of significant accounting policies**

The accounting policies of First Coast Technical Institute, Inc. DBA First Coast Technical College (College) conforms to United States generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies.

**A. Reporting entity**

The College is a not-for-profit corporation organized pursuant to Chapter 617, *Florida Statutes*, the Florida Not for Profit Corporation Act, and Sections 1002.33 and 1002.34, *Florida Statutes*. The governing body of the College is the not-for-profit corporation's Board of Directors (Board), which is composed of no less than five members. Effective July 1, 1999, the College converted from a public school and technical center to a charter school and charter technical career center.

The general operating authority of the College is contained in Sections 1002.33 and 1002.34, *Florida Statutes*. The College operates under a charter of the sponsoring school district, the St. Johns County District School Board (School Board). The current charter is effective until June 30, 2017, and may be renewed at the end of the term by mutual written agreement between the College and the School Board.

At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the College in writing at least 60 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, the School Board shall assume operation of the College and assume control over all of its facilities, records, property and assets. If the charter is not renewed, or is terminated, the College will no longer be sponsored by the School Board and could lose significant funding provided by the School Board.

The College is considered a component unit of the School Board.

The College has adopted Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, for the purpose of evaluating its component unit financial statements. Based on the criteria in GASB 14, the College has determined that there are no units that meet criteria for inclusion in the College's financial statements as component units.

**B. Reporting model**

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the activities of the College. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The College has no business-type or fiduciary activities.

Internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the College's financial position as of the end of the fiscal year. In this statement, the College's net position is reported in three categories: invested in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the College. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not susceptible to inclusion as program revenues are reported instead as general revenues.

### Fund Financial Statements

The financial transactions of the College are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the College:

#### Governmental funds

**General Fund** - To account for all financial resources except those to be accounted for in the Special Revenue Fund.

**Special Revenue Fund** - To provide a single source of accountability for funds received and expended under federal and state grant programs.

In the accompanying fund financial statements, the General Fund and Special Revenue Fund are considered to be major funds and, therefore, they are separately displayed.

The College has no internal service or fiduciary type funds.

### **C. Measurement focus and basis of accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the College considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Most revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when the related fund liability is incurred. However, expenditures related to compensated absences and claims and judgments are recorded in the governmental fund financial statements only when payment is due.

### **D. Deposits and investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to the specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, *Florida Statutes*.

The College has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) *Florida Statutes*. The College may invest any surplus public funds in the following:

- a) The State Board of Administration Local Government Surplus Funds Trust Fund (SBA Investment Pool), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the United States Treasury.

**E. Inventories**

Inventories are valued at cost, which approximates market value, using the first-in, first-out (FIFO) method. In the fund financial statements, the cost of the inventory is recorded as an expenditure when consumed, rather than when purchased. An offsetting reserve is reported to indicate that the asset is not available for appropriation or expenditure.

**F. Capital assets and depreciation**

Capital assets are defined by the College as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>                     | <u>Years</u> |
|-----------------------------------|--------------|
| Furniture, fixtures and equipment | 5 - 15       |
| Motor vehicles                    | 5            |
| Leasehold improvements            | 10 - 30      |
| Intangible                        | 5 - 99       |

Intangible assets lack physical substance, are nonfinancial in nature and have an estimated useful life extending beyond a single reporting period. The term depreciation, as used in this footnote, includes amortization of intangible assets.

Title to school buildings and facilities and other capital assets acquired prior to July 1, 1999 remains with the School Board and, thus, these assets are not included in the College's reported capital asset balances. *Florida Statutes* provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the School Board to the charter school or the parents and teachers who organize the charter school.

Capital assets purchased with federal and state grant funds passed through to the College from the School Board are not reported in the College's capital asset balances, but are recorded in the School Board's capital asset balances.

**G. Deferred inflows of resources**

Deferred inflows of resources arise when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements to students received before eligibility requirements are met and unearned student fees are recorded as deferred inflows of resources.

## **H. Revenue sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the College's charter. If the charter is not renewed, or is terminated, the College will no longer be sponsored by the School Board and could lose significant funding provided by the School Board.

In accordance with the funding provisions of the charter and Section 1002.33(17)(a), *Florida Statutes*, the College reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, *Florida Statutes*, the School Board also reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the College is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE students reported by the College during the designated FTE student survey periods. The School Board receives a 5% administrative fee from the College in return for reporting to the FDOE on behalf of the College, which is reported by the College as a school administration expenditure/expense.

The College also receives funding through the Florida Workforce Development Education Fund for its charter technical career center. Funding is generated based on student enrollment and program outcomes as provided by law. In addition, students are required to pay registration and other fees for course enrollment.

The College also receives federal and state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

## **I. Compensated absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The criteria for determining the vacation and sick leave liability is derived from School Board policy, negotiated agreements and state laws.

## **J. Long-term liabilities**

All long-term liabilities are reported in the government-wide financial statements.

In the fund financial statements, long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

## **K. Fund Balance Items**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The College's fund balances are reported to the following categories:

Nonspendable fund balances – This category includes amounts that cannot be spent because they are not in spendable form or for legal or contractual reasons, must be kept intact. The balance of the College's nonspendable items at June 30, 2013, is made up of \$75,847 of

inventories and \$18,777 of prepaid items, because they are not expected to be converted to cash.

Restricted fund balance – Restricted funds are either externally imposed by creditors (such as through debt covenants, grantors, contributors or laws and regulations of other governments) or are imposed by law (constitutionally or enabling legislation). The College does not have a restricted fund balance for the year ended June 30, 2013.

Committed fund balance – Committed funds require formal action of the Board that identifies the specific circumstances under which the resources may be expended. The College does not have a committed fund balance for the year ended June 30, 2013.

Assigned fund balance – Assigned fund balance are the amounts that are constrained by the College’s intent to use certain resources for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board, another governing body, such as a finance committee or budget committee, or by the Chief Financial Officer.

With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances. The College had the following assigned fund balance of \$45,988 for individual programs and student scholarships as follows:

|   |    |                      |
|---|----|----------------------|
| <b>Assigned to individual programs:</b> |    |                      |
| Massage therapy                         | \$ | 10,447               |
| Cosmo - PCC                             |    | 3,659                |
| Cosmo - main                            |    | <u>21,424</u>        |
| Total assigned to individual programs   |    | 35,530               |
| Student scholarships                    |    | <u>10,458</u>        |
| Total assigned fund balance             | \$ | <u><u>45,988</u></u> |

Unassigned items – This is the residual classification of the General Fund. Only the General Fund can report a positive “unassigned fund balance”. Other governmental funds might report a negative balance in this classification. The College’s General Fund has \$1,737,537 of unassigned fund balance which represents the remainder of the College’s equity in governmental fund-type balances.

When both restricted and unrestricted fund (committed, assigned or assigned) balances are available, it is the College’s policy to use restricted resources first and then unrestricted resources as they are needed.

The College does not have an established policy regarding its use of unrestricted fund balance amounts but chooses to follow GASB 54, Fund Balance Reporting and Governmental Fund Balance Definitions, paragraph 18 and considers that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**L. Net position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use through legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The College applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Unrestricted* net position is net position that does not meet the definitions of the classifications previously described.

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

**M. Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

**N. Recently issued accounting standards**

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance. This statement improves financial reporting by contributing to the GASB's efforts to codify from all sources of generally accepted accounting principles for state and local governments so they derive from a single source. The College has implemented the new requirements for the fiscal year 2012-13 financial statements.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, to provide reporting guidance for deferred outflows and inflows of resources. The College implemented the new requirements for the fiscal year 2012-13 financial statements.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement, effective for fiscal years beginning after December 15, 2012, resulted from the GASB's review of assets and liabilities to determine which ones are appropriately reported in the financial statement elements, deferred outflows of resources and deferred inflows of resources, required by Statement No. 63. The College intends to implement the new requirements for the fiscal year 2013-14 financial statements.

**2. Cash and cash equivalents**

At June 30, 2013, the College's cash and cash equivalents consist of the following:

|                                 |                     |
|---------------------------------|---------------------|
| Cash on hand                    | \$ 1,560            |
| Cash in Bank of America*:       |                     |
| Payroll account                 | 2,586               |
| General Fund account            | 627,533             |
| Special Revenue Fund account    | 434,998             |
| Pell account                    | 7,816               |
| Money Market account            | <u>226,103</u>      |
| Total cash in Bank of America   | <u>1,299,036</u>    |
| Certificates of Deposit         | <u>259,998</u>      |
| Total cash and cash equivalents | <u>\$ 1,560,594</u> |

### 3. Accounts receivable

Accounts receivable represent amounts due from various entities and individuals for training and other services provided. The receivable is presented net of an allowance for doubtful accounts of \$5,000.

Accounts receivable is comprised of the following:

|                                       |    |                       |
|---------------------------------------|----|-----------------------|
| Tuition                               | \$ | 153,824               |
| Other                                 |    | 84,438                |
| Less: Allowance for doubtful accounts |    | <u>(5,000)</u>        |
| Subtotal                              |    | <u>233,262</u>        |
| Grants                                |    | <u>191,064</u>        |
| Total                                 | \$ | <u><u>424,326</u></u> |

### 4. Accounts payable

Accounts payable represents amounts payable to vendors which because of the normal lag in processing such transactions are due to various entities for vouchers expensed but not yet disbursed.

### 5. Interfund balances and transfers

The principal purpose of the interfund balance between the General Fund and Special Revenue Fund of \$666,259 is short-term in nature and results from the time lag between the dates that reimbursable expenditures occur and payments between funds are made. All credit card payments are deposited into the Special Revenue Fund, although they may be designated for the General Fund. This eliminates the necessity of having two credit card terminals at each payment station. The liability of the Special Revenue Fund includes the amount designated to the General Fund from credit card transactions.

### 6. Capital assets

Capital asset activity for the year ended June 30, 2013, was as follows:

|                                    | Balance,<br>as previously<br>reported |                  |             | Balance             |
|------------------------------------|---------------------------------------|------------------|-------------|---------------------|
|                                    | July 1, 2012                          | Additions        | Deletions   | June 30, 2013       |
| Capital assets:                    |                                       |                  |             |                     |
| Furniture, fixtures and equipment  | \$ 2,595,210                          | \$ 76,543        | \$ -        | \$ 2,671,753        |
| Motor vehicles                     | 169,435                               | -                | -           | 169,435             |
| Leasehold improvements             | 2,125,826                             | 335,408          | -           | 2,461,234           |
| Intangible assets                  | 8,860                                 | -                | -           | 8,860               |
| Total capital assets               | <u>4,899,331</u>                      | <u>411,951</u>   | <u>-</u>    | <u>5,311,282</u>    |
| Less accumulated depreciation for: |                                       |                  |             |                     |
| Furniture, fixtures and equipment  | (1,481,164)                           | (170,453)        | -           | (1,651,617)         |
| Motor vehicles                     | (115,484)                             | (15,723)         | -           | (131,207)           |
| Leasehold improvements             | (884,912)                             | (148,754)        | -           | (1,033,666)         |
| Intangible assets                  | (3,544)                               | (1,772)          | -           | (5,316)             |
| Total accumulated depreciation     | <u>(2,485,104)</u>                    | <u>(336,702)</u> | <u>-</u>    | <u>(2,821,806)</u>  |
| Total capital assets, net          | <u>\$ 2,414,227</u>                   | <u>\$ 75,249</u> | <u>\$ -</u> | <u>\$ 2,489,476</u> |

Depreciation was charged to functions/programs as follows:

|                             |    |                       |
|-----------------------------|----|-----------------------|
| Instruction                 | \$ | 95,951                |
| Pupil services              |    | 22,453                |
| Operation of plant          |    | 32,163                |
| Maintenance of plant        |    | 176,494               |
| School administration       |    | 5,536                 |
| Central services            |    | 1,148                 |
| Fiscal & community services |    | <u>2,957</u>          |
| Total                       | \$ | <u><u>336,702</u></u> |

## 7. Amounts due to/due from the School Board

As of June 30, 2013, the School Board owed the College \$103,284 relating to grants and the College owed the School Board \$54,087 for payroll and related expenses.

## 8. Long-term liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013, is as follows:

|                            | <u>Balance</u><br><u>July 1, 2012</u> | <u>Additions</u>  | <u>Deletions</u>   | <u>Balance</u><br><u>June 30, 2013</u> | <u>Amounts</u><br><u>Due Within</u><br><u>One Year</u> |
|----------------------------|---------------------------------------|-------------------|--------------------|--|--|
| Total Compensated absences | <u>\$ 693,525</u>                     | <u>\$ 360,621</u> | <u>\$(453,163)</u> | <u>\$ 600,983</u>                      | <u>\$ 240,681</u>                                      |

## 9. Risk management

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. Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through a combination of purchased commercial insurance with minimum deductibles for each line of coverage and through participation in the School Board's health and hospitalization insurance program which includes medical, dental, and vision coverage, provided on a self-insured basis up to specified limits. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

## 10. Commitments and contingent liabilities

### A. Lease commitments

The College leases buildings and equipment under non-cancelable operating leases. Future minimum rental payments as of June 30, 2013, required by these leases are as follows:

|       |                   |
|-------|-------------------|
| 2014  | \$ 217,760        |
| 2015  | 216,409           |
| 2016  | 183,726           |
| 2017  | 69,192            |
| Total | <u>\$ 687,087</u> |

Rental expense for the College's operating leases was \$216,836 for the year ended June 30, 2013.

### B. Grants

The College participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.



### **C. Legal matters**

The College is subject to various disputes, legal proceedings, and related claims which arise in the normal course of its operations. In the opinion of the College's management, the ultimate resolution of any such legal matters will not have a significant adverse affect on the accompanying financial statements.

### **11. Related party**

The majority of the College's revenues are provided by the School Board. These revenues are used for current operations and program activities. The College reimbursed the School Board for certain costs such as payroll and other miscellaneous expenses. Total payments to the School Board for the year ended June 30, 2013, were \$6,309,604.

All full-time College staff members are covered under the Florida Retirement System.

### **12. Subsequent events**

Subsequent events were evaluated through September 17, 2013, which is the date the financial statements were issued. No subsequent events have been recognized or disclosed.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2013**

**General Fund**

|                               | Budgeted Amounts  |                    | Actual Amounts     | Variance with Final Budget |
|-------------------------------|-------------------|--------------------|--------------------|----------------------------|
|                               | Original          | Final              |                    |                            |
| <b>REVENUES</b>               |                   |                    |                    |                            |
| Intergovernmental:            |                   |                    |                    |                            |
| State                         | \$ 5,823,990      | \$ 5,753,282       | \$ 5,753,282       | \$ -                       |
| Local                         | -                 | 437,566            | 437,566            | -                          |
| Other                         | <u>3,626,702</u>  | <u>3,143,534</u>   | <u>3,143,534</u>   | -                          |
| Total revenues                | <u>9,450,692</u>  | <u>9,334,382</u>   | <u>9,334,382</u>   | -                          |
| <b>EXPENDITURES</b>           |                   |                    |                    |                            |
| Current:                      |                   |                    |                    |                            |
| Instruction                   | 3,570,784         | 3,503,747          | 3,503,747          | -                          |
| Pupil services                | 2,412,966         | 2,663,088          | 2,663,088          | -                          |
| Fiscal and community services | 881,477           | 696,938            | 696,938            | -                          |
| Central services              | 264,707           | 104,082            | 104,082            | -                          |
| Maintenance of plant          | 468,746           | 377,890            | 377,890            | -                          |
| Operation of plant            | 1,027,691         | 1,041,034          | 1,041,034          | -                          |
| School administration         | 526,516           | 580,584            | 580,584            | -                          |
| Fixed capital outlay          | <u>-</u>          | <u>404,956</u>     | <u>404,956</u>     | -                          |
| Total expenditures            | <u>9,152,887</u>  | <u>9,372,319</u>   | <u>9,372,319</u>   | -                          |
| Net changes in fund balance   | <u>\$ 297,805</u> | <u>\$ (37,937)</u> | <u>\$ (37,937)</u> | <u>\$ -</u>                |

Notes to Budgetary Comparison Schedule - An annual budget is adopted on the modified accrual basis of accounting, consistent with GAAP. During the fiscal year, expenditures were monitored at the object level.

## **OTHER INFORMATION**

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Self-insurance Program Risk Management Statistics  
For the Year Ended June 30, 2013**

The School Board's audit report for the year ended June 30, 2012 (2012 School Board Audit Report), disclosed the following with respect to the School Board's health and hospitalization self-insurance program (Program) in which the College participates:

The School Board's health and hospitalization self-insurance program, which includes medical, dental and vision coverage, is being provided on a self-insured basis up to specified limits. The School Board has entered into an agreement with an insurance company to provide specific excess coverage of claim amounts above \$200,000 per insured per year. The program's administrator has been approved by the Florida Department of Financial Services, Office of Insurance Regulation. The funds for these coverages were established in accordance with Chapter 112, *Florida Statutes*. The program is administered through the Internal Service Funds. Contributions to the program were made by the School Board and the College and by covered current and former employees and retirees of the School Board and the College.

A liability in the amount of \$3,598,557 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2012, and is reported net of excess insurance recoverable on unpaid claims.

The following schedule represents the changes in claims liability for the past two fiscal years for the School Board's health and hospitalization self-insurance program:

|           | <b>Beginning of<br/>Fiscal Year<br/>Liability</b> | <b>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</b> | <b>Claims<br/>Payments</b> | <b>Balance at<br/>Fiscal<br/>Year End</b> |
|-----------|---|---|----------------------------|---|
| 2010-2011 | \$ 3,113,560                                      | \$ 29,374,567   | \$ (29,315,850)            | \$ 3,172,277                              |
| 2011-2012 | 3,172,277   | 34,202,045  | (33,775,765)               | 3,598,557                                 |

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September 17, 2013

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

To the Board of Directors  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St. Augustine, Florida 32084

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of First Coast Technical Institute, Inc. DBA First Coast Technical College (College), a component unit of the St. Johns County District School Board, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 17, 2013.

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


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

## Compliance and Other Matters

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

## Purpose of this Report

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



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September 17, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St. Augustine, Florida 32084

**Report on Compliance for Each Major Federal Program**

We have audited First Coast Technical Institute, Inc. DBA First Coast Technical College's (College), a component unit of the St. Johns County District School Board, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dufresne & Associates, CPA, PA*

Dufresne & Associates, CPA, PA

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

| <b>Federal Grantor/Pass - through Grantor/Program Title</b>  | <b>Catalog of<br/>Federal<br/>Domestic<br/>Assistance<br/>Number</b> | <b>Agency<br/>Project<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|--|--|--------------------------------------|---------------------------------|
| <b>UNITED STATES DEPARTMENT OF LABOR</b>                     |  |                                      |                                 |
| Passed through program from:                                 |  |                                      |                                 |
| First Coast Workforce Development, Inc.:                     |  |                                      |                                 |
| Workforce Investment Act Youth Activities                    | 17.259   | 1360, 1361, 1362                     | \$ 599,343                      |
| Total United States Department of Labor                      |  |                                      | <u>599,343</u>                  |
| <b>UNITED STATES DEPARTMENT OF EDUCATION</b>                 |  |                                      |                                 |
| Direct:  |  |                                      |                                 |
| Federal Pell Grant Program                                   | 84.063   | N/A                                  | 1,484,780                       |
| Pass through programs from:                                  |  |                                      |                                 |
| Florida Department of Education:                             |  |                                      |                                 |
| St. Johns County School District:                            |  |                                      |                                 |
| Adult Education - Basic Grants to States                     | 84.002   | 1324, 1325, 1327                     | 285,992                         |
| Career and Technical Education - Basic Grants to States      | 84.048   | 1318, 1319                           | 163,577                         |
| Total pass - through programs                                |  |                                      | <u>449,569</u>                  |
| Total United States Department of Education                  |  |                                      | <u>1,934,349</u>                |
| <b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> |  |                                      |                                 |
| Pass through programs from:                                  |  |                                      |                                 |
| First Coast Workforce Development, Inc.:                     |  |                                      |                                 |
| Temporary Assistance for Needy Families                      | 93.558   | LVL II                               | 30,071                          |
| Total United States Department of Health and Human Services  |  |                                      | <u>30,071</u>                   |
| Total expenditures of federal awards                         |  |                                      | <u>\$ 2,563,763</u>             |

Note: Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of First Coast Technical Institute, Inc. DBA First Coast Technical College and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the College's accounting records from which the basic financial statements have been reported.

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

|   |             |
|---|-------------|
| Type of Auditor's Report Issued:  | Unqualified |
| Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> : |             |
| Material Weakness Identified?   | No          |
| Significant deficiency in Internal Control that is not Considered to be a Material Weakness?  | No          |
| Noncompliance Material to Financial Statements Noted?   | No          |

Federal Awards

|  |   |
|--|---|
| Type of Auditor's Report Issued:   | Unqualified   |
| Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133: |   |
| Material Weaknesses Identified?  | No  |
| Significant Deficiency Identified that is not Considered to be a Material Weakness?  | No  |
| Any Audit Finding Disclosed that is Required to be Reported in Accordance with Section 510(a) of Circular A-133?   | No  |
| Identification of Major Programs   |   |
| CFDA #17.259   | Workforce Investment Act Youth Activities               |
| CFDA #84.048   | Career and Technical Education - Basic Grants to States |
| Dollar Threshold used to Distinguish Between Type A and Type B Programs:   | \$300,000   |
| Auditee Qualified as Low-Risk Auditee?   | Yes   |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

This section identifies significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by OMB Circular A-133, section 510(a).

No matters were reported.

**First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2013**

There were no findings for the prior year ended June 30, 2012.

**DUFRESNE & ASSOCIATES, CPA, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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September 17, 2013

**MANAGEMENT LETTER**

Honorable Board of Directors of  
First Coast Technical Institute, Inc.  
DBA First Coast Technical College  
2980 Collins Avenue  
St. Augustine, Florida 32084

We have audited the financial statements of First Coast Technical Institute, Inc. DBA First Coast Technical College (College), a component unit of the St. Johns County School District, Florida, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated September 17, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 (Reports) and Schedule of Findings and Questioned Costs (Schedule). Disclosures in those Reports and Schedule, which are dated September 17, 2013, should be considered in conjunction with this management letter.

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

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

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter school or center has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the College did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is First Coast Technical Institute, Inc. DBA First Coast Technical College.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, (for charter schools and centers only) we applied financial condition assessment procedures. It is management's responsibility to monitor the College's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Dufresne & Associates, CPA, PA". The signature is written in dark ink and is positioned above the printed name of the firm.

Dufresne & Associates, CPA, PA