

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
RIVIERA BEACH, FLORIDA
(A Component Unit of the School Board of Palm Beach County)

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION**

Fiscal Year Ended June 30, 2016



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INLET GROVE COMMUNITY HIGH SCHOOL, INC.
 (A Component Unit of the School Board of Palm Beach County)
 RIVIERA BEACH, FLORIDA

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ORGANIZATION GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Dr. Charles Woodard – *Chairperson*

Cory M. Smith – *Secretary*

Craig Kahle – *Treasurer*

Dr. Barbara Carey-Shuler – *Member*

J.R. Thicklin - *Member*

EXECUTIVE MANAGEMENT

Dr. Emma Banks – *Principal*

BOARD ATTORNEY

Kathleen Schoenberg, P.A. - *Attorney*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Inlet Grove Community High School, Inc.
Riviera Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Inlet Grove Community High School, Inc. (the School), a component unit of the District School Board of Palm Beach County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2016 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally acceptable in the United States of America require that management's discussion and analysis beginning on page 3 and budgetary comparison information beginning on pages 25 - 26 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 School's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

October 11, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The liabilities of the School as reported in the government-wide financial statements exceeded their assets at the close of the current fiscal year by \$648,217 (net position), compared with \$636,593 for the previous fiscal year. Of this amount, there is a deficit of \$817,967 within the unrestricted net position as compared to a deficit of \$741,117.
- As of the close of the current fiscal year, the school's governmental funds' financial statements reported combined ending fund balances of \$569,077 or 9% of total expenditures. This represents an increase of \$176,467 (45%) over the prior year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities 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 and liabilities – can be used to measure the School'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 increase and/or decrease in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School'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 School.

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

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School'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 be readily converted to cash. This provides a short-term view of the governmental fund's financial

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements (Continued)

position, to help determine whether there are more or fewer financial resources that can be spent in the near term to finance the School's programs. Given that this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with these statements. This information helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains two major funds. The General Fund and the Special Revenue Fund are considered to be major funds.

General Fund – All financial resources except those required to be reported in another fund.

Special Revenue Fund – Financial resources to be used for the specific purposes.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table's present condensed financial information derived from the government-wide financial statements comparing the current year to the prior year.

Condensed Statement of Net Position

	Total Governmental Activities		Total Percentage Change
	2016	2015	
Non-Capital Assets	\$ 852,861	\$ 680,605	25%
Capital Assets, Net	52,163	79,903	-35%
Total Assets	905,024	760,508	19%
Current Liabilities	283,784	287,995	-1%
Non-Current Liabilities	1,764,425	1,109,106	59%
Total Liabilities	2,048,209	1,397,101	47%
Deferred Inflows Of Resources	90,576	-	0%
Net Position			
Invested in Capital Assets, net of related debt	52,163	79,903	-35%
Restricted	117,587	24,621	0%
Unrestricted	(817,967)	(741,117)	10%
Total Net Position	\$ (648,217)	\$ (636,593)	2%

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As noted previously, net position may serve over time as a useful indicator of the School's financial position. The School's net position as a deficit totaled approximately \$(648,000) as of June 30, 2016. Of this amount approximately \$(1,586,000) is due to the required adjustments under the Governmental Accounting Standards Board, Statement No. 68 related to the State of Florida Financial Retirement System (FRS) for the recognition of the net pension liability and deferred inflows included in debt and \$52,000 (net of related debt) has been invested in capital assets. The School uses the capital assets to provide services to the students.

The balance adjusted for the amounts show above of unrestricted net position may be used to meet the School's ongoing obligations to students.

Condensed Statement of Activities

	Total Governmental Activities		Total Percentage Change
	2016	2015	
Revenues:			
Florida Educational Finance Program	\$ 4,640,014	\$ 4,320,337	7%
Charges for Services	452,780	448,962	1%
Operating Grants and Contributions	196,899	147,683	33%
In-Kind Facility Donations	600,000	600,000	0%
Other Unrestricted Income	465,373	434,325	7%
Total revenues	<u>6,355,066</u>	<u>5,951,307</u>	<u>7%</u>
Expense:			
Instructional	3,847,206	3,147,066	22%
General Support	2,519,484	2,795,035	-10%
	<u>6,366,690</u>	<u>5,942,101</u>	<u>7%</u>
Change in Net Position	<u>(11,624)</u>	<u>9,206</u>	<u>-226%</u>
Beginning, Net Position	(636,593)	361,189	-276%
Prior period adjustment	<u>-</u>	<u>(1,006,988)</u>	<u>N/A</u>
Beginning, Net Position Restated	(636,593)	(645,799)	-1%
Ending, Net Position	<u>\$ (648,217)</u>	<u>\$ (636,593)</u>	<u>2%</u>

Revenues slightly increased due to additional contributions from local sources. This directly affects expenditures which have increased also when compared to the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental revenue was comprised of approximately \$6,158,000 in general revenues and approximately \$197,000 in special revenue funds. Total expenditures reported in the funds equaled approximately \$6,367,000, resulting in an approximate \$11,000 increase in net position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance was approximately \$569,000. The School generated additional revenue through gifts, grants and bequests in the current year. The School incurred approximately \$5,982,000 in operating expenditures.

Special Revenue Fund

Special Revenue Fund revenue was approximately \$197,000 of which all of these monies were expended.

BUDGETARY HIGHLIGHTS

General Fund

State source revenues reported in the general fund were set by a State of Florida grant contract with the Palm Beach County School Board for the fiscal year. Therefore there were no significant variances between the budget and actual for state sourced general fund revenues.

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of the Florida Statutes. Budgets are presented on the modified accrual basis of accounting, the same basis of accounting that is used in the preparation of fund financial statements.

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Directors. The general fund budget for the fiscal year ended June 30, 2016 actual expenditures did not exceed budgeted appropriations.

ECONOMIC FACTORS

Economic factors that could affect the School's operations may include operational changes, limited classroom space, and the State's base student allocation. We did not identify any conditions that have or are expected to have, a significant effect on the School's financial position or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. Questions concerning the information found in this report or requests for additional information should be directed to Dr. Emma Banks, principal, Inlet Grove Community High School, Inc. 600 West 28th Street, Riviera Beach, Florida 33404-4396. The contact telephone number is (561)-881-4600.

INLET GROVE COMMUNITY HIGH SCHOOL, INC
(A Component Unit of the Palm Beach County School Board)
Statement of Net Position
June 30, 2016

	Governmental Activities	Total
ASSETS	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 647,907	\$ 647,907
Accounts receivable	67,858	67,858
Due from other agencies	-	-
Prepaid expenses	<u>137,096</u>	<u>137,096</u>
Total current assets	<u>852,861</u>	<u>852,861</u>
Noncurrent assets		
Capital assets, net	<u>52,163</u>	<u>52,163</u>
Total noncurrent assets	<u>52,163</u>	<u>52,163</u>
Total assets	<u>905,024</u>	<u>905,024</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	283,784	283,784
Noncurrent liabilities:		
Net pension liability	1,568,319	1,568,319
Compensated absences	<u>196,106</u>	<u>196,106</u>
Total liabilities	<u>2,048,209</u>	<u>1,764,425</u>
DEFERRED INFLOWS OF RESOURCES	<u>90,576</u>	<u>90,576</u>
Net position:		
Investment in fixed assets, net of related debt	52,163	52,163
Restricted for student items	117,587	117,587
Unrestricted	<u>(817,967)</u>	<u>(817,967)</u>
Total net position	<u>\$ (648,217)</u>	<u>\$ (648,217)</u>

The accompanying notes are an integral part of these financial statements

INLET GROVE COMMUNITY HIGH SCHOOL, INC
(A Component Unit of the Palm Beach County School Board)
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2016

Functions	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Primary Government</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Primary Government:					
Governmental activities:					
Basic instruction	\$ (3,763,031)	\$ 452,780	\$ 133,613	\$ (3,176,638)	\$ (3,176,638)
Pupil personnel services	(56,907)	-	49,097	(7,810)	(7,810)
Exceptional instruction	-	-	-	-	-
Instruction related technology	(13,085)	-	-	(13,085)	(13,085)
Instructional media service	(14,183)	-	-	(14,183)	(14,183)
Staff development	(12,938)	-	14,189	1,251	1,251
Board	(14,825)	-	-	(14,825)	(14,825)
General administration	(77,658)	-	-	(77,658)	(77,658)
School administration	(715,295)	-	-	(715,295)	(715,295)
Facilities	(600,000)	-	-	(600,000)	(600,000)
Fiscal services	(56,835)	-	-	(56,835)	(56,835)
Central Services	(195,322)	-	-	(195,322)	(195,322)
Transportation	(149,853)	-	-	(149,853)	(149,853)
Operation of plant	(669,019)	-	-	(669,019)	(669,019)
Unallocated depreciation expense	(27,739)	-	-	(27,739)	(27,739)
Bad debt expense	-	-	-	-	-
Total governmental activities	<u>\$ (6,366,690)</u>	<u>\$ 452,780</u>	<u>\$ 196,899</u>	<u>(5,717,011)</u>	<u>(5,717,011)</u>
General Revenues:					
State source FTE - unrestricted				4,640,014	4,640,014
Other income - unrestricted				465,351	465,351
Facility leasing - in kind restricted donation				600,000	600,000
Interest - unrestricted				22	22
Loss on sale of assets				-	-
Miscellaneous income - unrestricted				-	-
Total general revenues				<u>5,705,387</u>	<u>5,705,387</u>
Change in net position				<u>(11,624)</u>	<u>(11,624)</u>
Net position - beginning				<u>(636,593)</u>	<u>(636,593)</u>
Net position - ending				<u>\$ (648,217)</u>	<u>\$ (648,217)</u>

The accompanying notes are an integral part of these financial statements

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Balance Sheet – and Reconciliation of Net Position – Governmental Funds
June 30, 2016

	Major Funds		Total
ASSETS	General	Special Revenue	Governmental Funds
Cash	\$ 647,907	\$ -	\$ 647,907
Receivables, net	67,858	-	67,858
Prepaid expenses	137,096	-	137,096
TOTAL ASSETS	\$ 852,861	\$ -	\$ 852,861
 LIABILITIES			
Accounts payable and accrued liabilities	283,784	-	283,784
TOTAL LIABILITIES	283,784	-	283,784
 FUND BALANCE:			
Nonspendable			
Student clubs	117,587	-	117,587
Prepaid expenses	137,096	-	137,096
Unassigned	314,394	-	314,394
TOTAL FUND BALANCE	569,077	-	569,077
TOTAL LIABILITIES AND FUND BALANCE	\$ 852,861	\$ -	\$ 852,861

Reconciliation of the governmental funds balance sheet to the statement of net position for the year ended June 30, 2016

Total fund balances - governmental funds	569,077
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	52,163
Other long-term liabilities are not due in the current period and are therefore not reported in the governmental funds.	585,544
Long-term liabilities are not due in the current period and are therefore not reported in the governmental funds.	
Net pension liability	(1,568,319)
Deferred inflows	(90,576)
Compensated absences	(196,106)
Net Position of Governmental Activities	\$ (648,217)

The accompanying notes are an integral part of these financial statements

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Statement of Revenue, Expenditure and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2016

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
Revenues			
FEFP income	\$ 4,640,014	\$ -	\$ 4,640,014
Internal fundraising	465,351	-	465,351
Workforce funds	452,780	-	452,780
In-kind facility donations	600,000	-	600,000
IDEA/ESE reimbursement	-	47,670	47,670
Title I	-	139,229	139,229
Total revenues	<u>6,158,145</u>	<u>186,899</u>	<u>6,345,044</u>
Expenditures			
Basic instruction	3,450,364	123,613	3,573,977
Pupil personnel services	7,810	49,097	56,907
Instruction related technology	13,085	-	13,085
Instructional media service	14,183	-	14,183
Staff development	(1,251)	14,189	12,938
Board	14,825	-	14,825
General administration	77,658	-	77,658
School administration	546,549	-	546,549
In-kind facility rental	600,000	-	600,000
Fiscal services	56,835	-	56,835
Central Services	195,322	-	195,322
Transportation	149,853	-	149,853
Operation of plant	668,319	-	668,319
Capital outlay	3,908	-	3,908
Bad debt expense	184,240	-	184,240
Total expenditures	<u>5,981,700</u>	<u>186,899</u>	<u>6,168,599</u>
Excess of revenues over expenditures	<u>176,445</u>	<u>0</u>	<u>176,445</u>
Other Financing Sources (Uses)			
Interest income	<u>22</u>	<u>-</u>	<u>22</u>
Total other financing sources	<u>22</u>	<u>-</u>	<u>22</u>
Net change in fund balance	<u>176,467</u>	<u>0</u>	<u>176,467</u>
Fund balance, beginning	<u>392,610</u>	<u>-</u>	<u>392,610</u>
Fund balance, ending	<u>\$ 569,077</u>	<u>\$ 0</u>	<u>\$ 569,077</u>

The accompanying notes are an integral part of these financial statements

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
 (A Component Unit of the Palm Beach County School Board)
 Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances -
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2016

Total net change in fund balances - governmental funds	\$	176,467
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays and related transactions as expenditures. However, in the Statement of Activities and Statement of Net Position the dispositions of those capital items and the cost of those fixed assets are allocated and depreciated over their estimated useful lives and reported as depreciation expense:</p>		
Expenditures for capital assets		3,908
Depreciation expense		(27,739)
<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 governmental funds.</p>		
Compensated absences accrued		(700)
Pension related expenses		(163,560)
		(163,560)
Change in net position of governmental activities	\$	(11,624)

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

Reporting Entity

Inlet Grove Community High School, Inc. is a not-for-profit corporation organized in 1998 pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The School provides high school and community education to the citizens of Palm Beach County, Florida. The School is governed by a Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Palm Beach County, Florida (the “District”). The Charter requires the District to provide the primary funding for the School based upon the number of full-time equivalent students registered. The current charter is effective until charter expired 6/30/2019 and is renewable every 10 years, provided that a program review demonstrates that certain criteria addressed in section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8) (e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

Criteria for determining if other entities are potential components units of the School that should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the Schools’ basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included with the reporting entity of the School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The School follows GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. The financial transactions of the School are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GOVERNMENTAL FUND TYPES

The measurement focus of the governmental funds is upon determination of financial position and changes in financial position rather than upon net income. The following is a description of the governmental funds of the School:

General Fund – to account for all financial resources not required to be accounted for in another fund. The General fund serves as the primary operating unit of the School.

Special Revenue Fund – to account for financial resources associated with grants that are restricted for specific uses.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
 (A Component Unit of the Palm Beach County School Board)
 Notes to the Basic Financial Statements
 For the Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net position.

A- Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Government-wide Financial Statements are presented on an accrual basis of accounting. The Governmental Fund Financial Statements are presented on a modified accrual basis.

The Government-wide Financial Statements are prepared using the economic resources measurement focus and full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental Fund Financial Statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. “Measurable” means the amount of the transaction can be determined. Revenues are considered to be “available” when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The School is accounted for as a governmental organization and follow the same accounting model as the School District’s governmental activities.

B- Budgetary Basis of Accounting

Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

C- Cash and Cash Equivalents

The School considers all demand accounts and money market funds which are not subject to withdrawal restrictions to be cash and cash equivalents. The school maintains its cash accounts with one financial institution. The School’s accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any such losses in such accounts and does not believe that it has exposure to significant credit risk.

D- Capital Assets and Depreciation

Expenditures for capital assets acquired for utilization at the School are reported in the governmental fund type that financed the acquisition. Donated Assets are recorded at fair value at the date of donation. The School’s capitalization threshold is \$1,000 for tangible personal property with an estimated useful life of greater than one year. Depreciation on all assets is provided on the straight-line basis over the estimated useful life and is reported in the government-wide financial statements.

Assets	Years
Furniture, Fixtures and Equipment	10
Computer equipment and software	5-10
Audio Visual Equipment	10

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E- Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full time equivalent ("FTE") students and related data to the District. Under the provision of Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program.

F- Revenue Sources (continued)

Funding for the School is adjusted during the year to reflect the revised calculation by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School received a federal award for the enhancement of various education programs. This assistance is generally received based on applications submitted to and approved by the granting agency.

G- Compensated Absences

The School does not pay out employees for unused sick and vacation time. Unused hours at the end of the school year are accrued and shown as a liability of the Statement of Net position and the related change in liability is reflected as an expense for the year in which the change occurs.

H- Income Taxes

The School is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

I- Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J- Fund Balance

The GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) effective for reporting periods after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: non-spendable, restricted, committed, assigned, and unassigned.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance—includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance—includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance—includes amounts that can only be used for the specific purposes determined by a formal action of the School’s highest level of decision-making authority. Commitments may be changed or lifted only by the School taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance—includes amounts intended to be used by the School for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Board of Directors or (b) a body (a budget or finance committee) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

Unassigned Fund Balance—this classification is for the School’s General Fund and includes all spendable amounts not contained in the other classification, and therefore not subject to any constraints. Unassigned amounts are available for any purpose.

The School uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as grant agreements requiring dollar for dollar spending.

Additionally the School would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for the purpose for which amounts in any unrestricted fund balance classifications could be used.

K- Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Retiree Health Insurance Subsidy (HIS) program and additions to / deductions from fiduciary net position have been determined on the same basis as they have been reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 5.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – DEPOSITS

State statutes require, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” (QPD) as defined by Chapter 280 of the Florida Statutes. The Statute requires that every QPD institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for a pledge, and reporting requirements of the QPD to the Treasurer is defined by the Statute. Collateral is pooled in a multiple QPD institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a QPD. The school does not believe that it has significant exposure to credit risk, interest rate risk of custodial credit risk.

NOTE 4 – CAPITAL ASSETS

The changes in capital assets are as follows:

	Balance 7/1/15	Additions	Deletions	Balance 6/30/16
Furniture and equipment	\$ 496,581	\$ 1,284	\$ (192,157)	\$ 305,708
Computer software	48,994	-	(32,730)	16,264
Motor vehicles	22,585	-	(22,585)	-
Audio visual equipment	11,491	2,624	-	14,115
Total Cost of Assets	579,651	3,908	(247,472)	336,087
Less: Accumulated depreciation	(427,567)	(27,739)	171,382	(283,924)
Total fixed assets, net	<u>\$ 152,084</u>	<u>\$ (23,831)</u>	<u>\$ (76,090)</u>	<u>\$ 52,163</u>

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM

The Florida Retirement System (FRS), a state-administered cost-sharing multiple-employer defined benefit retirement plan (the Plan), covers all regular employees of the School. The FRS offers employees a defined contribution program and a post employment health plan. The School is required to make contributions in accordance with rates established by the Florida Legislature. Essentially, all regular employees of participating employers are eligible and must enroll as member of FRS.

Plan provisions are established by Chapters 121 and 112, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. The Plan also includes an early retirement provision but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments, as well as supplements for health-care insurance and, for certain employees, a supplement to cover social security benefits lost by virtue of retirement system membership.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
 (A Component Unit of the Palm Beach County School Board)
 Notes to the Basic Financial Statements
 For the Year Ended June 30, 2016

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM (Continued)

Funding Policy

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see Plan description for current rates). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated that future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

For the fiscal year ended June 30, 2016 (the latest information available), eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions

The Florida Legislature establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability and be amortized within 30 plan years. The School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016, the average active employee contribution rate was 3.0% of annual pay, and the Schools average contribution rate was 7.37% of annual payroll. Employer rates include 1.26% for the post-employment health insurance supplement and 0.04% for administrative cost of the Public Optional Retirement Program. Contribution rates are dependent upon the retirement class in which employed.

Class or Plan	% of Gross Salary	
	Employee	Employer
Florida Retirement System, Regular	3.00%	7.37%
Florida Retirement System, Reemployed Retiree	(A)	(A)

(A) Renewed membership was closed to retirees of a state-administered retirement system initially reemployed by an FRS participating employer on or after July 1, 2010.

The School’s liability to the defined benefit plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School. The School’s payments to the defined benefit plan in combination with the post-employment health insurance supplement for the fiscal years ended June 30, 2016, 2015 and 2014 totaled \$166,970, \$187,898 and \$205,600, respectively. Based on GASB 68, the School’s proportionate share of the net pension liability, which increased after 2015 by \$379,207.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM (Continued)

Annual Pension Cost and Net Pension Liability

The School's annual pension cost and net pension liability for the FRS and HIS plans for the year ended June 30, 2015 (the latest information available) were as follows:

Employer Share of Annual Cost and Net Liability	FRS	HIS
Annual required contribution	\$ (145,047)	\$ (34,204)
Investment gains	(270,659)	(494)
Interest on net pension liability	697,340	36,278
Service and administrative costs	126,844	19,480
Effect of plan changes	803,568	12,503
Amortization of employer specific amounts	43,526	-
Annual net pension costs	<u>1,255,572</u>	<u>33,563</u>
Total deferred (inflows) and outflows	(768,420)	-
Other adjustments and employer deferrals	-	(6,517)
Additional - contributions received	(134,991)	-
Increase (Decrease) in net pension obligation	<u>352,161</u>	<u>27,046</u>
Net pension liability (asset), beginning of the year	<u>362,989</u>	<u>826,123</u>
Net pension liability (asset), end of the year	<u><u>\$ 715,150</u></u>	<u><u>\$ 853,169</u></u>

The schedule of the School's net pension liability as of June 30, 2016 (the latest information available) is as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position As a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % Covered
FRS	\$ 9,329,795	\$ 9,059,649	\$ 715,150	97.10%	\$ 2,745,689	26.05%
HIS	898,006	40,230	853,169	4.48%	2,745,689	31.07%
Total	<u>\$ 10,227,801</u>	<u>\$ 9,099,879</u>	<u>\$ 1,568,319</u>	88.97%	\$ 2,745,689	57.12%

* Excludes Picked-up Member Contributions

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

Schedule of Investment Returns

The School's schedule of investment returns – annual money – weighted rate for the FRS and HIS indicates that the only available rate of investment return was for the year end September 30, 2014 at 17.57%.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM (Continued)

Plan Benefits

The system provides for vesting of benefits after six years of creditable service; however, employees initially enrolled on or after July 1, 2012 vest with 8 years of service. Employees are eligible for normal retirement at age 62 or 30 years of service; however, employees initially enrolled after July 1, 2011 are eligible for normal retirement at age 65 or 33 years of service. Early retirement or reduced retirement may be taken after a member has vested; however there is a five percent benefit reduction for each year remaining from a member’s retirement age to his/her normal retirement age. Benefits are computed on the basis of age and/or years of service, average final compensations and service credit. Average final compensation is the average of the five highest fiscal years of earnings. The system also provides for death and disability benefits. The FRS also offers an investment plan option which is effectively a defined contribution plan. Employees are fully vested after one year of employment. Employees covered by benefit terms. At June 30, 2016, there were no employees covered and receiving benefits by the benefit terms.

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

At June 30, 2016, the School reported liabilities of \$715,150 in the FRS plan and \$853,169 in the HIS plan for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School’s proportion of the net pension liability was based on a projection of the School’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the School’s proportion was 0.008947853% for the HIS, which was a decrease of 0.0000109399% from its proportion measured as of June 30, 2014. The FRS proportion for June 30, 2015 was 0.0059492054526487% which increased slightly from June 30, 2014.

For the year ended June 30, 2014 and based on measurement percentages above, the School recognized a net FRS pension expense of \$51,129 and a net HIS expense of \$63,561. At June 30, 2016, and based on the plan valuation as of June 30, 2014, the School reported deferred outflows of resources and deferred inflows of resources related to the FRS and HIS plans from the following sources:

Deferred Outflows (Inflows) of Resources	
Differences between expected and actual experience	\$ (81,122)
Changes in assumptions	122,796
Net differences between projected and actual earnings on pension plan investments	(271,153)
Changes in proportion and differences between School contributions and proportionate share of contributions	100,310
School contributions subsequent to the measurement date	-
Total	<u>\$ (129,169)</u>

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM (Continued)

\$187,898 has been reported as deferred outflows of resources related to the FRS and HIS plans resulting from School contributions subsequent to the measurement date will be recognized in the calculation for the reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount	Year Ended June 30	Amount	Year Ended June 30	Amount
2016	\$ (138,919)	2018	(138,919)	2020	12,364
2017	(138,919)	2019	(138,919)	2021	7,978

Discount Rate

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

	FRS	HIS
Discount rate	7.65%	4.29%
Long-term expected rate of return, net of investment expense	7.65%	NA
Municipal bond rate	NA	4.29%

The discount rate used to measure the total pension liability was 7.65 percent for the FRS and 4.29 percent for the HIS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that School contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School’s proportionate share of the net pension liability calculated using the discount rate of 7.65% for the FRS and 4.29% for the HIS, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.65% and 3.29%) or 1% point higher (8.65 percent and 5.29%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Schools proportionate share of the net pension liability - FRS	\$ 707,999	\$ 715,150	\$ 722,302
Schools proportionate share of the net pension liability - HIS	844,637	853,169	861,701

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
 (A Component Unit of the Palm Beach County School Board)
 Notes to the Basic Financial Statements
 For the Year Ended June 30, 2016

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM (Continued)

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2014, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation date	July 1, 2014
Measurement date	June 30, 2013
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB; details in valuation report
Actuarial cost method	Entry Age Normal

Valuation date	July 1, 2014
Measurement date	June 30, 2013
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB; details in valuation report
Actuarial cost method	Entry Age Normal

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5 – RETIREMENT AND POST EMPLOYMENT BENEFIT PROGRAM (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using actuarial assumptions, applied to all periods included in the measurement. Those assumptions are included as mortality rates based on the Generational RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2014 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Hewitt Ennis Knupp, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Assumed Inflation – Mean		2.60%		2.00%

* As outlined in the Plan’s investment policy

Pension Plan Fiduciary Net Position - Financial Reports

Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS financial report. Additionally, the related actuarial reports as of July 1, 2014 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications

NOTE 6 – RISK MANAGEMENT PROGRAMS

Worker’s compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage limits within the last three years.

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
 (A Component Unit of the Palm Beach County School Board)
 Notes to the Basic Financial Statements
 For the Year Ended June 30, 2016

NOTE 7 – DONATION IN-KIND

The School District of Palm Beach County donates the use of a building to the School which approximates \$600,000 recorded as a donation in kind and offset by rent expense.

NOTE 8 - COMPENSATED ABSENCES

Balances for the long term compensated absences are as follows:

	6/30/2015	Additions	Reductions	6/30/2016
Compensated Absences	195,407	153,159	(152,460)	196,106

NOTE 9 – MANGEMENT REVIEW

The School has evaluated events and transactions for subsequent events that would impact financial statements for the year ended June 30, 2016 through October 11, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Required Supplementary Information
Budget to Actual – General Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts Budgetary basis	Variance With Final Budget Positive (Negative)
REVENUES			
State sources	\$ 4,576,410	\$ 4,640,014	\$ 63,604
Local sources	1,581,734	918,131	(663,603)
Facility leasing - in kind restricted donation	-	600,000	600,000
Interest income	<u>22</u>	<u>22</u>	<u>-</u>
Total revenues	<u>6,158,166</u>	<u>6,158,167</u>	<u>1</u>
EXPENDITURES			
Instruction	2,767,665	3,451,270	(683,605)
Pupil personnel services	286,852	7,810	279,042
Instruction related technology	14,809	13,085	1,724
Instructional media services	94,732	14,183	80,549
Instructional staff training services	84,209	(1,251)	85,460
School board	15,550	14,825	725
General administration	77,657	77,658	(1)
School administration	1,053,384	555,643	497,741
Facilities acquisition and construction	600,000	600,000	-
Fiscal services	80,606	56,835	23,771
Central services	5,719	195,322	(189,603)
Pupil transportation	117,620	149,853	(32,233)
Operation of plant	448,611	668,319	(219,708)
Capital outlay	1,341	3,908	(2,567)
Bad debt expenses	<u>-</u>	<u>184,240</u>	<u>(184,240)</u>
Total expenditures	<u>5,648,755</u>	<u>5,991,700</u>	<u>(342,945)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 509,411</u>	<u>\$ 166,467</u>	<u>\$ (342,944)</u>

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Required Supplementary Information
Budget to Actual– Special Revenue Fund
For the Year Ended June 30, 2016

	Final Budget	Actual Amounts Budgetary basis	Variance With Final Budget Positive (Negative)
REVENUES			
State sources	\$ 196,898	\$ 186,899	\$ (9,999)
Total revenues	<u>196,898</u>	<u>186,899</u>	<u>(9,999)</u>
EXPENDITURES			
Instruction	134,519	123,613	10,906
Pupil personnel services	33,798	49,097	(15,299)
Instructional staff training services	28,581	14,189	14,392
General administration	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>196,898</u>	<u>186,899</u>	<u>9,999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>

INLET GROVE COMMUNITY HIGH SCHOOL, INC.
(A Component Unit of the Palm Beach County School Board)
Notes to the Budgetary Schedules
Year ended June 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of the Florida Statutes. Budgets are presented on the modified accrual basis of accounting, the same basis of accounting that is used in the preparation of fund financial statements.

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Directors. Actual expenditures did not exceed budgeted appropriations for the fiscal year ended June 30, 2016.

COMPLIANCE SECTION

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 and Management
Inlet Grove Community High School, Inc.

We have audited, in accordance with accounting standards generally accepted in the United States of America and the standards applicable to the 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 Inlet Grove Community High School, Inc., (a component unit of the Palm Beach County School Board, (the School)), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 11, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 weakness may exist that have not been identified.

Compliance and Other Matters

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

The School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying report to management. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

October 11, 2016

MANAGEMENT LETTER IN ACCORDANCE WITH
THE RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA

To the Board of Directors
Inlet Grove Community High School, Inc.

We have audited the financial statements of Inlet Grove Community High School, Inc., Florida (the School) as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 11, 2016.

Auditor's Responsibility

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

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report dated October 11, 2016, and should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

Sections 10.854(1)(e)2, and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School is maintaining on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted no findings.

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 recommendations.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Inlet Grove Community High School, Inc.

Purpose of this Letter

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

We wish to thank the School and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

October 11, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES*

To the Board of Directors
Inlet Grove Community High School, Inc.

We have audited the financial statements of the of Inlet Grove Community High School, Inc., Florida (the School) as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 11, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; (if applicable) OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, the Schedule of Findings and Responses and the Management Letter in Accordance with the Rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated October 11, 2016, should be considered in conjunction with this report.

Local Government Investment Policies

We have examined the School's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended June 30, 2016. Management is responsible for School's compliance with those requirements. Our responsibility is to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

In our opinion, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016. This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

October 11, 2016