



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL
3318 FOREST HILL BLVD., C-306.
WEST PALM BEACH, FL 33406
(561) 434-7335 FAX: (561) 434-8652
www.palmbeachschools.org

LUNG CHIU, CIG, CPA
INSPECTOR GENERAL

SCHOOL BOARD
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DEBRA L. ROBINSON, M.D., VICE CHAIRWOMAN
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ERICA WHITFIELD

ROBERT M. AVOSSA, Ed.D., SUPERINTENDENT

MEMORANDUM

TO: Honorable Chair and Members of the School Board
Dr. Robert Avossa, Superintendent
Chair and Members of the Audit Committee

FROM: Lung Chiu, Inspector General ^{KLC}

DATE: February 7, 2017

SUBJECT: Transmittal of Final Investigative Report
Case # 15-337 Florida Futures Academy Charter School

In accordance with School Board Policy 1.092(6)(d), we hereby transmit the above-referenced final report.

The report involves an allegation that staff at Florida Futures Academy Charter School received their paychecks at a date later than the scheduled pay date for two pay periods.

Additionally, the complaint included allegations regarding academic resources and personnel matters. These allegations were referred to the Department of Charter Schools for review and further action.

The results of our investigation into the payroll matter found that school staff did not receive their scheduled pay on time on two occasions. Also, during the investigation, certain financial issues were identified: 1) unpaid rent, 2) monthly financial reports not provided to the School District, 3) discrepancies in financial information, and 4) errors in recording operating expenses.

The report is finalized and will be posted on the Inspector General's website;
www.palmbeachschools.org/inspectorgeneral.

Office of Inspector General
The School District of Palm Beach County

Case No. 15-337

Florida Futures Academy Charter School

INVESTIGATIVE REPORT

AUTHORITY

School Board Policy 1.092, Inspector General (4)(a)(iv) provides for the Inspector General to receive and consider complaints, and conduct, supervise, or coordinate such inquiries, investigations, or reviews as the Inspector General deems appropriate. The August 6, 2014 Charter School Contract between Florida Futures Academy Charter School (FFA) and the School Board further provides for the Inspector General to conduct investigations and audits related to FFA.

DOCUMENTS REVIEWED

As part of this investigation ,the OIG reviewed

1. Section 218.503, Fla. Stat. (*Determination of Financial Emergency*)
2. Section 1002.345, Fla. Stat. (*Determination of Deteriorating Financial Circumstances*)
3. Section 1002.33, Fla. Stat. (*Charter Schools*)
4. State Board of Education Rule, Rule 6A-1.0081, F.A.C. (*Financial Statements and Financial Conditions*)
5. Charter School Contract between Florida Futures Academy and School Board
6. Financial Documents of Florida Future Academy, for the period of July 1, 2015 to November 30, 2015, as follows:
 - a. FY 2015 Budget
 - b. Detailed general ledger
 - c. Payroll Registers
 - d. Monthly Financial Statements
7. Financial Emergency Guidelines, Office of Florida Auditor General

BACKGROUND

On November 2, 2015, the Office of Inspector General (OIG) received an anonymous email complaint regarding FFA. The complaint alleged:

1. Teachers were not provided a planning period, but worked ten (10) hours per day;
2. Teacher paychecks were late on two occasions, with the last late paycheck being issued mid-October 2015 and the other around Columbus Day 2015;
3. The Principal engaged in a threatening behavior with teachers after a report was made to the Board Chair regarding late payroll payments;
4. The school did not have an English teacher;
5. The school did not have a teacher or staff person who specializes in ESE, but the school has many disabled students;
6. Teachers are required to work double shifts;
7. The Principal humiliated and disrespected staff by yelling insults to staff, demanding teachers give her \$50 of the \$230 stipend received from the District for school supplies so that toner could be purchased; however, the printers did not print because they had no toner; and
8. Students ate food from vending machines lunch.

The above allegations, except the allegation that teacher paychecks were late on two occasions, were referred to the Department of Charter Schools (DCS) for review and action. The OIG commenced an investigation of the allegations surrounding the teacher paychecks, based upon the requirements of Section 218.503, Fla. Stat.

Specifically, Section 218.503(1)(d) provides the following regarding a charter school.¹

218.503 Determination of financial emergency.—

(1) Local governmental entities, *charter schools*, charter technical career centers, and district school boards *shall be subject to review and oversight by the Governor*,

¹ Federal and state laws also require employers to pay employees promptly.

the *charter school sponsor*, the charter technical career center sponsor, or the Commissioner of Education, *as appropriate, when any one of the following conditions occurs*:

.....

(d) *Failure for one pay period to pay, due to lack of funds:*

1. *Wages and salaries owed to employees; or*
2. *Retirement benefits owed to former employees. (emphasis added)*

INVESTIGATION RESULTS

Timeliness of Payroll

The OIG reviewed FFA's payroll records for the pay periods in question. Our review determined pay periods, October 9 and October 23, 2015, were not disbursed timely. Records show the two pay periods in question were disbursed on October 14 and October 30, 2015.

Other Financial Issues

During the OIG's preliminary review of the late payroll instance, four (4) other financial issues were identified which indicated impending deteriorating financial conditions of FFA. These four financial issues were:

1. Unpaid Rent

According to FFA's general ledger, the School owed its landlord \$57,624.12 in rent for September through December, 2015. On October 27, 2015, the landlord filed a lawsuit in Palm Beach County Circuit Court (Case No. 2015-CA-012083 MB) against the School for eviction and damages. Prior to the January 20, 2016 voluntary stipulation of the parties dismissing this case, FFA made a registry deposit totaling \$21,964.12 to the court. On March 29, 2016, another complaint was filed in Palm Beach County Circuit Court (Case No. 2016-CA-003469 MB) seeking the removal of the tenant and recovery of the property and to enforce the January 20, 2016 stipulation of the parties. FFA deposited \$40,607.50 into the court registry during this action. An agreed order was entered between FFA and the landlord directing the court to disburse the funds to the landlord. A check was issued to the landlord on May 6, 2016.

2. Monthly Financial Reports Not Provided to District

Since July 1, 2015, FFA has not been submitting monthly financial statements to the District as required by Section 1002.33(9)(g)(3), Florida Statutes, Chapter 6A-1.0081, Florida Administrative

Code, and the School's Charter Contract, Section IV.G.3. Without monthly financial reports, the District has no means of monitoring the financial condition of the School.

3. Discrepancies in Financial Information

OIG requested monthly financial statements from the school for July through October, 2015, and the detailed general ledger for July 1 through December 3, 2015. OIG received all requested documents except the monthly reports for October, 2015. While comparing the monthly financial statements to the detailed general ledger, OIG noted numerous discrepancies in financial information between the general ledger and the monthly statements.

4. Errors in Recording Expenses

Consultant payments. FFA's general ledger reflected payments to three consultants totaling \$48,333 during July 1, through November 30, 2015. However, only \$4,833 of these payments were recorded as expenses for professional services on August 11-12 and September 14, 2015. The remaining payments of \$43,500 were recorded as a receivable account, "Due from Florida Futures".

Miscellaneous Expenses. An additional \$1,108 of various business expenses were also mistakenly recorded in the receivable account, "Due from Florida Futures". These should have been recorded as expenses in the proper ledger accounts.

Due to the above financial issues at FFA, the OIG issued a Management Advisory to District leadership recommending an expedited review of FFA, as provided under Section 1002.345, Fla. Stat. (See Exhibit 1.) Upon further review, District staff sent a letter, on April 28, 2015, to the FFA Board Chair requesting a Financial Corrective Action Plan. (See Exhibit 2.) The corrective action plan was submitted to the District on May 20, 2016. (See Exhibit 3.)

FURTHER ACTION

The OIG will request periodic reports from the Department of Charter Schools and Department of Budget regarding Florida Futures Academy Charter School's corrective actions.

The OIG followed-up with the Department of Charter Schools several times in attempts to obtain the results of their review of the allegations that were referred. As of February 1, 2017, no response was received.

AFFECTED PARTY RESPONSE

The OIG provided a draft copy of this report to the Board Chair and Principal for their review. A response was received on July 6, 2016, from the Principal. (See Exhibit 4.) No response was received from the Board Chair.



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ROBERT M. AVOSSA, Ed.D., SUPERINTENDENT

*File
delivered 12/14/15*

MEMORANDUM

To: David Christiansen, Ed.D., Chief of Schools

From: *kla*
Lung Chiu, Inspector General

Date: December 14, 2015

Subject: Management Advisory – Florida Futures Academy Charter School

Cc: Robert M. Avossa, Ed.D., Superintendent
Mike Burke, Chief Operating Officer
Keith Oswald, Chief Academic Officer
Joseph M. Lee, Ed.D., Assistant Superintendent, Educational Alternative & Interventions
James Pegg, Director, Department of Charter Schools
Nancy Samuels, Director, Accounting Services

The Office of Inspector General (OIG) received a complaint regarding several issues at Florida Futures Academy Charter School (School). The complaint was referred to the Department of Charter Schools (DCS) for follow-up. One of the reported issues alleged that the School failed to timely pay wages owed to employees during October, 2015. The Principal responded to DCS that the October 23rd paycheck was issued on October 30, and was late.

Pursuant to *Section 218.503(1), Florida Statutes*, charter schools shall be subject to review and oversight by the charter school sponsor [District] when the charter school fails for one pay period to pay, due to lack of funds, wages and salaries owed to employees. *Section 218.503(4)* describes the expected actions of the charter school sponsor. Additionally, *Section 1002.345, Florida Statutes* provides the circumstances and procedures for the sponsor to perform an expedited review if one or more conditions described in *Section 218.503(1)* occurs.

POSSIBLE DETERIORATING FINANCIAL CONDITION

The OIG is currently reviewing the matter regarding the School's payroll. However, in the course of our ongoing review, we noted numerous financial issues that, in our opinion, may be indicative of a current or impending deteriorating financial condition, as follows:

- Rental Payments in Arrears

According to the School's general ledger, the School is in arrears for over three months of rental payments totaling \$57,624.12 for the months of September through December, 2015.



02

On October 27, 2015, the landlord filed a lawsuit in Palm Beach County Court (Case #2015CA012083) against the School for eviction and damages. The case is ongoing and the school has made a registry deposit totaling \$21,964.12 to the court.

- Monthly Financial Reports Not Provided to District

Since July 1, 2015, the School has not been submitting monthly financial statements to the District as required by *Section 1002.33(9)(g)(3), Florida Statutes, Chapter 6A-1.0081, Florida Administrative Code*, and the School's *Charter Contract, Section IV.G.3*. Without monthly financial reports, the District has no means of monitoring the financial condition of the School.

- Reporting Errors

Our office requested monthly financial statements from the school for July through October, 2015, as well as the detailed general ledger for July 1 through December 3, 2015. As of December 11, 2015, we have received all requested documents except the monthly reports for October, 2015. While comparing the monthly financial statements to the detailed general ledger, we noted numerous inconsistencies in financial information between the general ledger and the monthly statements.

- Booking Errors and Unrecorded Expenses

Consultant payments. The general ledger reflected payments to three consultants totaling \$48,333 from July 1, through November 30, 2015. However, only \$4,833 of these payments were recorded as an expense for professional services on August 11-12 and September 14, 2015. The remaining payments of \$43,500 were recorded as a receivable account, "Due from Florida Futures."

Miscellaneous Expenses. An additional \$1,108 of various business expenses were also recorded in the receivable account, "Due from Florida Futures." These should be booked as expenses in the proper ledger accounts. Moreover, \$75,517.16 was transferred from the school's cash account and recorded in the same receivable account without additional explanation.

RECOMMENDATION

We recommend the District should evaluate the necessity to initiate an expedited review of Florida Futures Academy Charter School and, if necessary, assist the school to develop a financial corrective action plan in accordance with *Section 1002.345, Florida Statutes*. Also, if necessary, the law requires that the District notify the School's governing board and the Florida Commissioner of Education of the financial concerns.



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

BUDGET DEPARTMENT
3300 FOREST HILL BLVD., A-306
WEST PALM BEACH, FL 33406
PHONE: 561-434-8837 / FAX: 561-434-8568

HEATHER KNUST
BUDGET DIRECTOR

MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

April 28, 2016

Henry Di Giacinto, Chairman
2100 S. Palm Circle
North Palm Beach, FL 33408

Dear Mr. Giacinto,

A deteriorating financial condition has been identified during the review of the monthly financial statements for Florida Futures Academy. The school's actual expenses exceed budgeted expenses for a period of at least three (3) consecutive months. Pursuant to Section 1002.345 (1)(a)3, F.S., the District performed an expedited review and identified the following concerns:

- Accrued Payroll – two payroll payments from July and August 2015 totaling \$43,060 remain unpaid.
- AP – two rental payments from October and November 2015 totaling \$36,526 remain unpaid.
- Other Liabilities -- Provide support of all other outstanding liabilities. For loans, provide the board approved loan agreement including repayment terms and interest rate and board minutes evidencing board approval.
- Revenue - FEFP annual revenue is overstated by nearly \$175,000 and miscellaneous revenue is overstated by \$200,000. After adjusting the budget school has a projected deficit of nearly \$300,000.

As a result of the expedited review Florida Futures Academy must develop a corrective action plan because more than one of the conditions identified in 218.503(1) have occurred. Per Section 1002.345(1)(c), F.S., the corrective action plan developed by the governing board of Florida Futures Academy and the District must be filed with the Commissioner of Education within 30 business days after this notification is received. The corrective action plan shall include the following components as required by Rule 6A-1.0081(3)(c):

1. A statement of the condition in Section 1002.345(1), F.S., which initiated the development of a corrective action plan. If the corrective action plan is required due to a deteriorating financial condition, the plan must include the three (3) most recent financial statements submitted to the sponsor pursuant to subsection (1) of this rule and the most recent annual financial audit.
2. A description of actions that will be taken to resolve the condition, including a timeline.
3. A summary of the governing board's procedures for monitoring implementation of the plan.
4. A schedule for the governing board to provide progress reports to the sponsor.
5. Any additional components deemed necessary and agreed upon by the charter school governing board and the sponsor.

The School District of Palm Beach County, Florida
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An Equal Education Opportunity Provider and Employer





THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

BUDGET DEPARTMENT
3300 FOREST HILL BLVD., A-306
WEST PALM BEACH, FL 33406
PHONE: 561-434-8837 / FAX: 561-434-8568

HEATHER KNUST
BUDGET DIRECTOR

MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

Please provide my office with your proposed corrective action plan no later than Friday, May 13, 2016.

Sincerely,

[Handwritten Signature]
Heather Knust
Director of Budget

CC sent by email:
Carolyn Taylor, Principal
Michael Burke, Chief Financial Officer
Dr. Joseph Lee, Assistant Superintendent

Jim Pegg, Charter Department Director
Adam Miller, Florida Department of Education
Adam Emerson, Florida Department of Education

7500 992E 0000 025T 5T02



6209 9R2E 0000 025T 5T02
6209 9R2E 0000 025T 5T02

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<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage \$

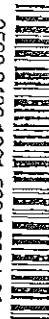
Total Postage and Fees \$

Sent to:
Henry Di Giacinto, Chairman
2100 S. Palm Circle
North Palm Beach, FL 33408

PS Form 3811, July 2015 PSN 7590-02-000-9088

7015 1520 0003 3285 6025

9590 9402 1381 5285 8021 86



1. Article Addressed to:

Henry Di Giacinto, Chairman
2100 S. Palm Circle
North Palm Beach, FL 33408

2. Service Type

<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Restricted Delivery	

3. Complete items 1, 2, and 3.
4. Print your name and address on the reverse so that we can return the card to you.
5. Attach this card to the back of the mailpiece, or on the front if space permits.

A. Signature Agent

B. Received by (Printed Name) Address

C. Date of Delivery Yes No

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

The School District of Palm Beach Co
A Top-Rated District by the Florida Department
An Equal Education Opportunity Provider

Florida Futures Academy



Resilience and Determination

A Public Charter High School Sponsored by the Palm Beach County School District
1760 North Congress Avenue West Palm Beach, Florida 33409 561-215-0933
Carol A. Taylor, MPA
Principal

May 20, 2016

Heather Knust
Director of Budget
Palm Beach County School District

Ms. Knust,

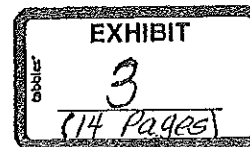
We have updated the responses to your concerns on Florida Futures Academy's financial condition. Attached are the following documents.

- Florida Futures Academy responses to financial concerns
- Three most recent financial statements
- Description of actions taken to resolve the financial condition including a time line
- A summary of the governing boards procedure for monitoring implementation of the plan
- A schedule for governing board to provide progress reports to the sponsor

I am confident based on increased enrollment, corrective action plans, and new board oversight procedures that we will strengthen the financial conditions of Florida Futures Academy. Please feel free to contact me if there are any additional questions or concerns.

Sincerely,


Henry Di Giacinto, Chairman
Florida Futures Academy



Statement of Financial Condition

The school has been operating at a deficit for the past six months with expenses exceeding revenues. The school arranged short term loans from SPD Westgate to cover the shortfall in operating funds.

Revenues from December through May averaged \$65,458 while expenses averaged \$80-\$85,000 per month. Revenues for the period December-April were based on an enrollment of 129 students in the October scan.

The school's enrollment has increased over the period December 2015 through May 2016 as follows:

December 2015	155 students
January 2016	153 students
February 2016	163 students
March 2016	167 students
April 2016	176 students
May 2016	180 students

Revenues for May 2016 were \$109,540 and exceeded expenses of \$ 79,199. Expenses for the month were reduced by approximately \$10,000 as a result of reduced health and benefit costs.

In May 2016 the school achieved its first cash flow positive month resulting in an improvement in its financial condition.

As of 5/18/2016 the current enrollment for May 2016 is 180 students. We expect to continue building enrollment to reach 2015 students in August 2016 and 225 students by October 2016.

Florida Futures Academy responses to financial concerns

- **Accrued Payroll**-Two payments from July and August 2015 totalling \$43,060 remain unpaid
 - *The Fiscal Year runs 7/1/15-6/30/16 while teacher contracts run 8/15/15-8/14/16 (First pay check was Sept 11th). Since the instructional expense belongs in the 2015-2016 fiscal year, the school has accrued payroll in July/August 2015 to account for the July/August 2016 expense. The instructional accrual will be reversed out in June 2016 and replaced with the actual expense. A new accrual will be placed in July/August 2016 for the 2016-2017 school year. With this method, each year will have 12 months' worth of payrolls.*

- **AP**-two rental payments from October and November 2015 totalling \$36,526 remain unpaid
 - *Two rental payments were made by SPD Westgate to settle this unpaid amount. Copies of receipts are included.*

- **Other Liabilities**- Provide support of all outstanding liabilities. For loans, provide the approved loan agreement including repayment terms and Interest rate.
 - *Florida Futures Academy board meeting scheduled for May 24, 2016 to address to approve loan agreements, repayment terms and interest rates. Attached are documents for loan agreements with:*
 - *Roberta Jackson*
 - *David Banner-short term loan-no interest rate*
 - *Michael Ciprianna- short term loan-no interest rate*
 - *Bill Jackson- short term loan-no interest rate*
 - *SPD-Westgate????*
 - *Board minutes- December 2015*

- **Revenue**-FEFP annual revenue is overstated by nearly \$175,000 and miscellaneous revenue is overstated by \$200,000. After adjusting the budget school has a projected deficit of nearly \$300,000.
 - *2015-2016 school year budget based on the enrollment of 180 students had assumed a \$200,000 loan would be made to the school. However, that offer was recalled by the lender.*

Description of actions taken to resolve the financial condition including a time line action plan for Florida Futures Academy

Florida Futures Academy



Resilience and Determination

GOALS:

1. Increase enrollment from 172 students to 180 students by May 30, 2016
2. Increase enrollment from 180 students to 205 student by August 2016
3. Increase enrollment from 205 students to 225 students by October 15, 2016
4. Increased revenue by building student enrollment
5. Reduce total expenses by 10%

Action Plan

Action	OPR	Monitor	Frequency
Hold all staff accountable for implementing and complying with all directives, policies, procedures and the SOM.	Leadership Team	Principal	On going
Meet with local high schools to recruit lower 25% students not on cohort track for graduation	Principal	Principal Board Chairman	Weekly
Conduct Open House for enrollment	Principal		June-July 2016
Renegotiate annual contracts with all vendors for cost savings of 10%	Business Manager	Board Chairman	On going
Review of all incoming expenses/revenue/cash flow	Business Manager	Board Chairman	Monthly
Place a freeze on new major expenses	Business Manager	Board Chairman	On going
Cost reduction in health and life insurance from \$5400 per month \$1579.49	Business Manager	Board Chairman	On going
Reduce IT infrastructure cost participating in eRate program	Principal	Business Manager	Effective SY 16-17

A summary of the governing boards procedure for monitoring implementation of the plan

Florida Futures Academy
Budget & Finance
Policies & Procedures

FISCAL MANAGEMENT GOALS

The Board is committed to the following goals in its fiscal management:

1. Increase enrollment from 172 students to 180 students by May 30, 2016
2. Increase enrollment from 180 students to 205 student by August 2016
3. Increase enrollment from 205 students to 225 students by October 15, 2016
4. Increased revenue by building student enrollment
5. Reduce total expenses by 10%

PROCEDURES

1. To engage in advanced planning, carefully forecast anticipated financial needs, and seek out varied sources of revenue to meet those needs,
2. To maintain flexibility and business-mindedness during the year, applying funding where they are needed, even if other than planned—to withhold spending, if time and clarity show a planned expense is not essential,
3. To encourage a conservative spending ethic and approach to expenditure needs, including but not limited to recycling paper, being resource efficient with energy, and using available property and transportation services,
4. To prioritize dollars available for the greatest educational return and the greatest contributions to students and their educational program,
5. To find resources so students and teachers have the essential supplies they need to meet educational program goals,
6. To use budget projection methods that clarify quarterly and year-end expenditure needs,
7. To provide timely information to all staff related to budget and methods for requesting and managing money within the school,
8. To adopt careful procedures for accounting, reporting, business, purchasing and delivery, payroll, payment of vendors, and contractors, and all areas of fiscal management,
9. To hold a high standard for ourselves and others as regards conflict of interest, and impartiality in the awarding of contracts for good and services.
10. To review monthly revenue, expenses and cash flow with Principal and Business Manager to ensure meeting goals of corrective action plan.

Schedule for governing board to provide progress reports to the sponsor

Progress Report	Date Due
May	June 15 th
June	July 15 th
July	August 15 th
August	September 15 th
September	October 15 th
October	November 15 th
November	December 15 th
December	January 15 th

Florida Futures Academy
Profit & Loss
July 2015 through June 2016

10/13/15
05/18/16
Accrual Basis

	Dec 15 Actual	Jan 16 Actual	Feb 16 Actual	Mar 16 Actual	Apr 16 Actual	May 16 Projected
Income						
110-R - General Operating						
3310000 - FEPP	0.00	0.00	0.00	0.00	0.00	0.00
3310001 - Base Student Allocation	44,414.37	44,460.07	45,607.29	45,607.29	45,607.30	74,620.30
3310002 - Discretionary Local Efforts	5,994.00	6,028.61	6,184.17	6,184.17	6,184.17	10,076.45
3310004 - Discretionary Lottery	36.28	35.37	36.28	36.28	36.28	0.00
3310005 - Supplemental Academic Instruct	1,947.41	1,967.89	2,008.41	2,008.41	2,008.41	3,266.04
3310006 - ESE Guaranteed	1,763.05	1,794.84	3,024.10	3,024.10	6,024.10	5,578.29
3310013 - Provision of Funds	-19.81	0.00	0.00	0.00	0.00	-199.06
3310014 - Digital Classroom	170.14	170.41	174.81	174.81	174.81	284.54
3310217 - Safe Schools	292.86	293.78	299.31	299.81	299.81	390.02
3334579 - Teacher Lead Program	0.00	0.00	0.00	0.00	0.00	0.00
3336215 - Instructional Materials	797.90	768.35	808.69	808.69	808.69	1,322.06
3354000 - Transportation Fees	977.33	966.79	1,022.51	1,022.51	1,022.51	1,865.90
3355213 - Class Size Reduction 9-12	9,599.80	9,609.68	9,857.64	9,857.64	9,857.64	16,122.96
Total 110-R - General Operating	65,862.30	66,015.79	68,963.71	68,963.71	71,963.72	113,332.00
411-R - Internal Revenue						
2492001 - Contributions & Donations	0.00	0.00	0.00	0.00	0.00	0.00
Total 411-R - Internal Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Income	65,862.30	66,015.79	68,963.71	68,963.71	71,963.72	113,332.00
Gross Profit	65,862.30	66,015.79	68,963.71	68,963.71	71,963.72	113,332.00
Expense						
110-E - Expenditures						
5100000 - Instruction						
5100120 - Classroom Teachers	16,350.00	12,013.96	18,792.00	18,955.16	14,056.93	15,994.61
5100220 - FICA	1,462.48	952.61	1,104.54	1,230.18	1,072.90	1,219.00
5100230 - Group Insurance	7,467.67	6,312.41	6,312.42	6,312.41	1,467.80	4,469.87
5100250 - Unemployment Compensation	0.00	0.00	365.54	425.16	167.06	0.00
5100510 - Classroom Supplies	0.00	15.32	0.00	0.00	-232.00	0.00

3 AM
3/16
Final Basis

Florida Futures Acade
Profit & Loss
July 2015 through June 2016

	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16
5100520 - Textbooks	0.00	0.00	0.00	0.00	0.00	0.00
5100530 - Other Materials and Supplies	0.00	0.00	0.00	0.00	0.00	0.00
5100730 - Dues and Subscriptions	13.50	3,700.00	1,171.80	1,918.50	0.00	13.50
Total 5100000 - Instruction	25,283.65	22,994.30	27,626.30	25,936.41	16,532.29	21,636.98
5200000 - ESE Instruction						
5200120 - Classroom Teachers ESE	0.00	0.00	0.00	0.00	0.00	0.00
5200311 - Contract Services	600.00	600.00	800.00	800.00	-200.00	1,200.00
Total 5200000 - ESE Instruction	600.00	600.00	800.00	800.00	-200.00	1,200.00
7100000 - Board Expenses						
7100210 - Professional and Technical Serv	0.00	0.00	0.00	0.00	0.00	0.00
7100320 - Insurance Board	-1,826.64	0.00	0.00	0.00	0.00	0.00
7100510 - Board Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Total 7100000 - Board Expenses	-1,826.64	0.00	0.00	0.00	0.00	0.00
7300000 - School Administration						
7300110 - Administrative Salary	9,230.76	6,153.84	6,765.24	6,769.24	6,769.24	6,769.24
7300160 - Administrative Support	9,346.14	6,220.76	3,731.61	6,230.76	6,230.76	6,230.76
7300220 - FICA Admin	1,221.50	813.00	787.47	994.50	994.50	994.50
7300250 - Unemployment Comp Admin	0.00	0.00	258.75	0.00	0.00	0.00
7300310 - Professional Services	0.00	0.00	0.00	0.00	525.00	0.00
7300320 - Insurance	300.80	300.80	300.80	300.80	300.80	300.80
7300330 - Travel Costs	0.00	0.00	0.00	0.00	0.00	0.00
7300360 - Machinery and Equipment rental	9,371.95	3,807.96	7,295.45	4,716.68	5,594.24	5,594.24
7300390 - Purchased Services	970.07	193.35	1,185.30	1,062.19	1,062.20	1,062.20
7300391 - Advertising	0.00	0.00	0.00	0.00	0.00	600.00
7300392 - Printing	0.00	0.00	0.00	0.00	0.00	0.00
7300393 - Postage	0.00	0.00	28.92	0.00	0.00	90.19
7300510 - Office Supplies	385.98	219.98	69.75	156.00	188.00	994.78
7300590 - Other Materials and Supplies	0.00	52.80	0.00	0.00	0.00	0.00
7300730 - Dues and Subscriptions	400.25	0.00	0.00	0.00	0.00	0.00
7300781 - Bank Fees	103.00	33.00	158.00	33.00	30.00	0.00

Florida Futures Academy
Profit & Loss
July 2015 through June 2016

10-12,
05/18/16,
- Accrual Basis

	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16
7500762 - Credit Card Fees	0.00	298.00	621.00	461.00	461.00	1,000.00
7500832 - Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00
Total 7500000 - School Administration	31,330.45	18,103.49	21,186.30	20,724.17	22,155.74	23,576.71
7400000 - Facility and Acquisition	18,263.04	18,263.04	18,263.04	18,263.04	18,263.04	18,263.04
7400360 - Rent	18,263.04	18,263.04	18,263.04	18,263.04	18,263.04	18,263.04
Total 7400000 - Facility and Acquisition	18,263.04	18,263.04	18,263.04	18,263.04	18,263.04	18,263.04
7500000 - Fiscal Services	0.00	0.00	5,307.50	1,402.50	1,574.37	5,252.50
7500310 - Professional & Technical Service	0.00	0.00	5,307.50	1,402.50	1,574.37	5,252.50
7500313 - District Administrative Fee	3,438.79	3,442.13	3,505.47	3,505.47	3,505.47	3,891.28
7500720 - Interest Expense	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00
Total 7500000 - Fiscal Services	5,338.79	5,342.13	10,712.97	6,807.57	6,979.84	11,043.78
7800000 - Transportation	2,200.00	1,650.00	1,650.00	2,200.00	1,100.00	1,100.00
7800390 - Transportation (Regular)	2,200.00	1,650.00	1,650.00	2,200.00	1,100.00	1,100.00
Total 7800000 - Transportation	2,200.00	1,650.00	1,650.00	2,200.00	1,100.00	1,100.00
7900000 - Operations of the Plant	0.00	-1,229.00	0.00	2,058.00	0.00	0.00
7900310 - Operating Prof and Tech	0.00	-1,229.00	0.00	2,058.00	0.00	0.00
7900320 - Insurance and Bond Premium	1,636.96	1,621.96	1,621.96	1,703.06	0.00	0.00
7900350 - Repairs and Maintenance	0.00	928.00	1,088.00	912.00	275.00	275.00
7900370 - Telephone	543.74	32.20	1,170.92	649.50	537.06	729.20
7900380 - Public Utilities Services	0.00	0.00	0.00	0.00	0.00	0.00
7900390 - Purchased Services	1,389.89	2,635.39	2,262.94	3,165.69	2,350.03	1,153.23
7900420 - Electricity	3,060.32	540.67	2,059.25	1,095.45	0.00	1,487.65
7900510 - Office Supplies	0.00	0.00	350.00	1,036.00	0.00	213.00
7900750 - Dues and Fees	0.00	0.00	0.00	61.25	0.00	0.00
Total 7900000 - Operations of the Plant	6,630.91	4,529.22	3,563.08	10,681.95	3,162.15	3,638.06
8100000 - Maintenance of Plant	500.00	29.65	0.00	0.00	0.00	0.00
8100350 - Repairs and Maintenance	500.00	29.65	0.00	0.00	0.00	0.00

10-13
05/18/14
- Accrual Basis

Florida Futures Academy
Profit & Loss
July 2015 through June 2016

	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16
Total 8100000 - Maintenance of Plant	500.00	29.65	0.00	0.00	0.00	0.00
8200000 - Technology Services	0.00	1,728.00	1,944.00	1,944.00	0.00	0.00
8200510 - Tech Supplies	0.00	0.00	0.00	555.00	0.00	0.00
8200000 - Technology Services - Other	0.00	1,728.00	1,944.00	2,499.00	0.00	0.00
Total 8200000 - Technology Services	0.00	1,728.00	1,944.00	2,499.00	0.00	0.00
9100000 - Community Services	0.00	0.00	0.00	0.00	0.00	0.00
9100000 - Community Services - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total 9100000 - Community Services	0.00	0.00	0.00	0.00	0.00	0.00
Total 110-E - Expenditures	88,320.20	79,239.83	90,745.69	87,812.54	67,993.06	80,678.57
410-E - Food Service Expenditure						
7600000 - Food Service Expenses	0.00	0.00	0.00	0.00	0.00	0.00
7600510 - Food Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Total 7600000 - Food Service Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Total 410-E - Food Service Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Expense	88,320.20	79,239.83	90,745.69	87,812.54	67,993.06	80,678.57
Net Income	-22,437.90	-7,224.04	-21,781.98	-18,849.83	3,970.65	32,653.42
Other Financing						
Loans	13,000.00		45,000.00	20,000.00	5,000.00	31,823.24
Loan Repayments	13,000.00		-45,000.00	20,000.00	5,000.00	31,823.24
Change in Fund Balance	(9,437.90)	(7,224.04)	23,218.02	1,151.17		

10/13/16
05/18/16
- Accrual Basis

Florida Futures Academy
Profit & Loss
July 2015 through June 2016

	Jun 16 Projected	TOTAL	Narrative
Income			
110-R - General Operating			
3310000 - FEFP	0.00	0.00	
3310001 - Base Student Allocation	74,620.30	632,287.55	
3310002 - Discretionary Local Efforts	10,076.45	85,464.95	
3310004 - Discretionary Lottery	0.00	383.95	
3310005 - Supplemental Academic Instruct	3,265.04	27,790.61	
3310006 - ESE Guaranteed	5,578.29	26,696.77	
3310013 - Promotion of Funds	-2,023.40	-2,357.06	
3310014 - Digital Classroom	284.54	2,423.92	
3310217 - Safe Schools	390.02	3,320.67	
9934579 - Teacher Load Program	0.00	1,180.00	
3336215 - Instructional Materials	1,322.06	11,296.62	
3354000 - Transportation Fees	1,865.80	8,773.25	
3355218 - Class Size Reduction 9-12	16,128.56	136,663.75	
Total 110-R - General Operating	111,507.66	933,907.00	FEFP Revenue
411-R - Internal Revenue			
3492001 - Contributions & Donations	1,000.00	1,000.00	Donation to be given
Total 411-R - Internal Revenue	1,000.00	1,000.00	
Total Income	112,507.66	934,907.00	
Gross Profit	112,507.66	934,907.00	
Expense			
110-E - Expenditures			
5100000 - Instruction			
5100120 - Classroom Teachers	15,528.07	190,908.77	Average based on previous payrolls
5100220 - FICA	1,137.90	14,683.51	FICA Taxes based on salary
5100230 - Group Insurance	4,489.97	46,652.65	Insurance paid on May payment
5100250 - Unemployment Compensation	0.00	1,583.08	Unemployment maxed out
5100510 - Classroom Supplies	0.00	1,956.56	No more supplies are scheduled to be purchased

10-13-0
05/18/16
Accrual Basis

Florida Future Academy

Profit & Loss

July 2015 through June 2016

	Jun 16	TOTAL	
5100520 - Textbooks	0.00	12,700.00	
5100590 - Other Materials and Supplies	0.00	394.00	
5100730 - Dues and Subscriptions	0.00	2,140.40	
Total 5100000 - Instruction	21,185.84	275,998.57	
5200000 - ESE Instruction			
5200120 - Classroom Teachers ESE	0.00	200.00	
5200311 - Contract Services	600.00	5,200.00	March-May Payments remain for Ashley Winters
Total 5200000 - ESE Instruction	600.00	5,400.00	
7100000 - Board Expenses			
7100210 - Professional and Technical Serv	0.00	3,969.10	
7100320 - Insurance Board	0.00	0.00	
7100510 - Board Supplies	0.00	57.19	
Total 7100000 - Board Expenses	0.00	3,426.29	
7300000 - School Administration			
7300110 - Administrative Salary	6,769.24	73,769.24	Payroll based on previous month
7300160 - Administrative Support	6,230.76	61,539.21	Payroll based on previous month
7300220 - FICA Admin	984.50	10,225.75	Taxes based on previous month
7300250 - Unemployment Comp Admin	0.00	671.82	Unemployment maxed out
7300310 - Professional Services	0.00	10,858.00	
7300320 - Insurance	360.80	3,308.80	Workers Comp Payment
7300320 - Travel Costs	0.00	499.23	
7300360 - Machinery and Equipment rental	5,584.24	43,184.78	Dell and HGI payments
7300390 - Purchased Services	1,062.20	8,652.82	AT&T/Comcast bills
7300391 - Advertising	600.00	2,324.91	Anticipate 2 additional \$600 mailings
7300392 - Printing	0.00	36.00	
7300293 - Postage	90.19	550.67	
7300510 - Office Supplies	964.78	10,679.40	May Office Supplies purchased, June estimated
7300590 - Other Materials and Supplies	0.00	65.97	
7300730 - Dues and Subscriptions	0.00	700.25	
7300781 - Bank Fees	0.00	654.75	

10:13
05/13/16
Accrual Basis

Florida Futures Academy
Profit & Loss
July 2015 through June 2016

	Jun 15	TOTAL	
7300752 - Credit Card Fees	461.00	3,184.65	May: Payment already made June: Usual payment is 46
7300832 - Miscellaneous	0.00	2,500.00	
Total 7300000 - School Administration	23,037.71	233,386.05	
7400000 - Facility and Acquisition	18,283.04	219,158.48	Rent Payments
7400360 - Rent	18,283.04	219,158.48	
Total 7400000 - Facility and Acquisition			
7500000 - Fiscal Services	1,500.00	20,948.87	Estimated Fees Due
7500310 - Professional & Technical Serv	6,228.98	48,695.35	District Admin Fees
7500313 - District Administrative Fee	1,900.00	20,900.00	Average Payments
7500720 - Interest Expense	9,626.93	88,542.22	
Total 7500000 - Fiscal Services			
7800000 - Transportation	1,100.00	15,950.00	Monthly Payment
7800390 - Transportation (Regular)	1,100.00	15,950.00	
Total 7800000 - Transportation			
7900000 - Operations of the Plant	0.00	830.00	
7900210 - Operating Prof and Tech	0.00	13,167.91	Premiums are paid until July
7900320 - Insurance and Bond Premium	275.00	4,458.03	Minor Repair Allowance
7900350 - Repairs and Maintenance	729.20	7,324.19	Average Telephone
7900370 - Telephone	0.00	984.23	
7900380 - Public Utilities Services	1,371.53	19,868.05	Average Purchased Services
7900390 - Purchased Services	2,208.81	19,697.18	Average Electricity Cost
7900430 - Electricity	0.00	2,046.78	
7900510 - Office Supplies	0.00	1,879.25	
7900730 - Dues and Fees	5,084.38	70,266.62	
Total 7900000 - Operations of the Plant			
8100000 - Maintenance of Plant	0.00	22,331.22	
8100350 - Repairs and Maintenance	0.00	22,331.22	

10-13
05/16/16
- Actual Basis

Florida Futures Academy
Profit & Loss

July 2015 through June 2016

Jun 15	TOTAL
0.00	22,331.22

Total 2100000 - Maintenance of Plant

3200000 - Technology Services

3200510 - Tech Supplies

3200000 - Technology Services - Other

Total 3200000 - Technology Services

9100000 - Community Services

9100000 - Community Services - Other

Total 9100000 - Community Services

Total 110-E - Expenditures

410-E - Food Service Expenditure

7600000 - Food Service Expenses

7600510 - Food Supplies

Total 7600000 - Food Service Expenses

Total 410-E - Food Service Expenditure

Total Expense

Net Income

Other Financing

Loans

Loan Repayments

Change in Fund Balance

0.00	22,331.22
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0.00	9,072.00
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0.00	555.00
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0.00	9,527.00
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0.00	1,125.00
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0.00	1,125.00
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78,897.96	946,109.85
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0.00	63.59
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0.00	63.59
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0.00	63.59
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78,897.96	946,173.44
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33,609.70	-11,266.44
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186,328.24	Loan Occurred to date
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(63,500.00)	Repayments to date
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124,828.24	
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113,551.80	
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Florida Futures Academy



Resilience and Determination

RECEIVED
JUL 06 2016

INSPECTOR GENERAL

A Public Charter High School Sponsored by the Palm Beach County School District
1760 North Congress Avenue West Palm Beach, Florida 33409 561-215-0933
Carol A. Taylor, MPA
Principal

June 30, 2016

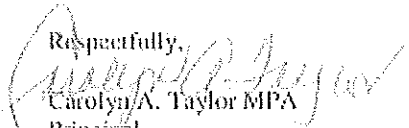
Office of the Inspector General
Florida Department of Education

Re: Case No. 15-337 Florida Futures Academy Charter School

Dear Ms. Chitt:

With the regard to the above captioned case, explanations have been requested as to why two employee payrolls were late in October 2015, as reported in an anonymous complaint made to the department and referred to the Palm Beach County School District, Office of Charter Schools. The explanations for both are listed below:

1. The first October payroll was late as a result of a shortfall of funds “dropped” by the school district. The anticipated allocation was based on the number of students enrolled as of the 24th of September, 2015. Unfortunately, without prior notification, to the FFA Business Manager, Reg Maton, the school district withheld an over payment made to FFA in September. The shortfall resulted in a hastily negotiated interest free loan that did not clear through the school’s payroll account until several days after the payroll should have been met. When the shortfall occurred, all employees were informed that the payroll would be several days late and were asked if anyone might have an emergency. No employee came forward to arrange for any short term coverage and the payroll was ultimately met. Reserve funds were not sufficient to cover all payrolls, in that an investment of \$200,000 promised from the period of June 10 to October 2015, by William Jackson, consultant hired to secure secondary funding, had never materialized.
2. The second late payroll occurred when William Jackson, consultant hired to secure secondary funding and investors deposited an investor’s check into the general school account instead of the payroll account. As a result, Wells Fargo advised not to issue the payroll until three days had lapsed so that the funds would be available for direct deposit. Following the bank’s advice, again, all employees were notified and asked if any had any emergency issues. No employee came forward and the payroll was met 3 days late. As compensation for any injury to employees by the two late payrolls, the original contracted agreement for employees to pay 50% of all health insurance costs was waived and FFA continued to pay 100% of all health insurance costs for each employee through January 2016. It was deemed by the existing board in October that employee payrolls were the priority and had to be met on time. As of December 2015, all but one of the original FFA board members resigned and were replaced. Mr. Jackson’s consultancy was terminated in January 2016 by a newly constituted board of governors.

Respectfully,

Carolyn A. Taylor MPA
Principal