

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charlotte County District School Board, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 20 percent of the assets and 77 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the Charlotte Local Education Foundation, Inc., the discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and discretely presented component unit, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the school internal funds and the Charlotte Local Education Foundation, Inc., were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Charlotte County District School Board as of June 30, 2009, and the respective changes in financial position and cash flows, where



The management of the Charlotte County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2009. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 12 through 48.

administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

Component units – The District presents two separate legal entities in this report including the Charlotte School Board Leasing Corporation and the Charlotte Local Education Foundation, Inc. These entities meet the criteria for inclusion provided by generally accepted accounting principles.

Over a period of time, changes in the District's net assets are an indication of improving financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets including its school buildings and administrative facilities.

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of three broad categories as discussed below.

_____ Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Miscellaneous Fund, and the Capital Projects - Local Capital Improvement Fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

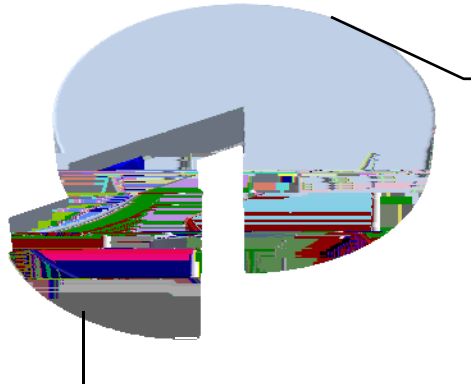
_____ Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are proprietary funds used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses internal service funds to account for the B5JET54 431.-e

The internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

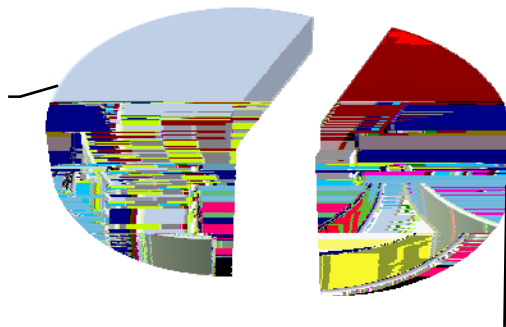
_____ Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is

The following graphs show the District's net assets as a percentage of the total for each group (i.e., assets, liabilities, and net assets).

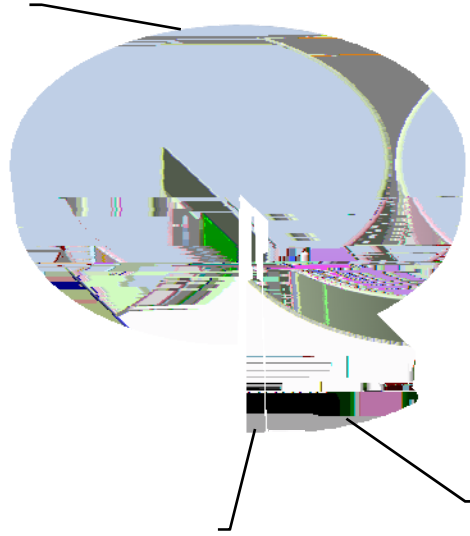
Total assets, distinguishing between capital and other assets:



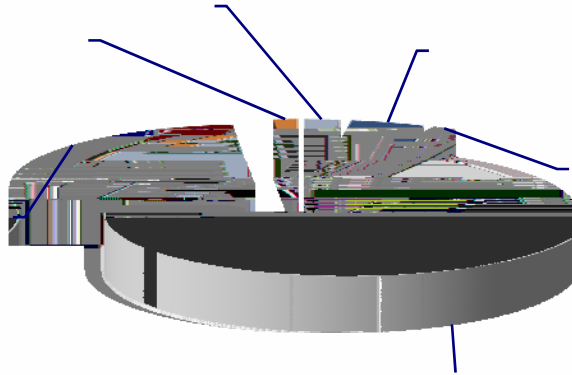
Total liabilities, distinguishing between long-term and other liabilities:



Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts:



The following graph shows total revenues by source before the extraordinary item:



Instruction expenses represent 49.9 percent of local governmental expenses in the 2008-09 fiscal year. Instruction expenses decreased by \$3,084,729.40, or 3.4 percent from the previous year due mainly to a reduction in instructional staff as a result of declining enrollment, and an overall effort to spend only when critically necessary.

A table of expenses by function is shown:

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is \$9,907,741.84 while the total fund balance is \$10,950,257.19. The unreserved fund balance decreased by \$5,729,668.95, while the total fund balance decreased by \$6,608,272.16 during the fiscal year:

District school taxes decreased



Primary
Governmental

Component
Unit

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 86,754,121.11	\$ 656,674.42	\$	\$
Pupil Personnel Services	9,755,022.63			
Instructional Media Services	2,208,406.75			
Instruction and Curriculum Development Services	6,809,085.58			
Instructional Staff Training Services	2,151,612.60			
Instruction Related Technology	457,593.70			
Board of Education	561,327.34			
General Administration	758,074.05			
School Administration	9,507,054.60			
Facilities Acquisition and Construction	6,839,384.74			2,279,891.02
Fiscal Services	1,131,125.68			
Food Services	8,378,248.14	3,144,637.40	5,006,795.76	
Central Services	3,121,697.43			
Pupil Transportation Services	6,781,125.23	265,739.20	3,734,229.00	
Operation of Plant	12,381,246.57			
Maintenance of Plant	3,670,545.43			
Administrative Technology Services	1,205,567.92			
Community Services	178,534.41			
Interest on Long-Term Debt	581,883.72			578,045.16
Unallocated Depreciation Expense	10,642,247.50			
Total Primary Government	\$ 173,873,905.13	\$ 4,067,051.02	\$ 8,741,024.76	\$ 2,857,936.18
Component Unit				
Charlotte Local Education Foundation, Inc.	\$ 225,589.00	\$ 0.00	\$ 0.00	\$ 0.00

General Revenues:

Taxes:

- Property Taxes, Levied for Operational Purposes
- Property Taxes, Levied for Capital Projects
- Grants and Contributions Not Restricted to Specific Programs
- Unrestricted Investment Earnings
- Miscellaneous

Extraordinary Item:

- Loss Recoveries

Total General Revenues and Extraordinary Item

Change in Net Assets

Net Assets - Beginning
Adjustment to Beginning Net Assets

Net Assets - Beginning, as Restated

Net Assets - Ending

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

<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Primary Government</u>	<u>Component</u>
<u>Governmental</u>	<u>Unit</u>
<u>Activities</u>	
\$ (86,097,446.69)	\$
(9,755,022.63)	
(2,208,406.75)	
(6,809,085.58)	
(2,151,612.60)	
(457,593.70)	
(561,327.34)	
(758,074.05)	
(9,507,054.60)	
(4,559,493.72)	
(1,131,125.68)	
(226,814.98)	
(3,121,697.43)	
(2,781,157.03)	
(12,381,246.57)	
(3,670,545.43)	
(1,205,567.92)	
(178,534.41)	
(3,838.56)	
<u>(10,642,247.50)</u>	
<u>(158,207,893.17)</u>	
	<u>(225,589.00)</u>
87,745,969.27	
33,360,561.63	
42,884,651.44	167,877.00
308,892.86	321.00
2,517,832.64	32,300.00
<u>14,484,100.87</u>	
<u>181,302,008.71</u>	<u>200,498.00</u>
23,094,115.54	(25,091.00)
377,379,469.11	145,983.00
	<u>702,648.00</u>
<u>377,379,469.11</u>	<u>848,631.00</u>
<u>\$ 400,473,584.65</u>	<u>\$ 823,540.00</u>

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009**

	General Fund	Special Revenue - Miscellaneous Fund
ASSETS		
Cash and Cash Equivalents	\$ 27,369,560.68	\$ 127,747.31
Investments	449,951.87	222,277.48
Accounts Receivable	63,316.05	18,079,328.98
Prepaid Items	8,423.28	
Due from Other Funds	2,565,138.63	
Due from Other Agencies	581,582.58	
Inventories	288,766.35	
Restricted Investments		
	\$ 31,326,739.44	\$ 18,429,353.77
LIABILITIES AND FUND BALANCES		
Liabilities:		
Salaries and Benefits Payable	\$ 1,836,922.46	\$ 5,402.96
Payroll Deductions and Withholdings	616,466.78	3,685.46
Accounts Payable	371,506.01	
Construction Contracts Payable		3,047,719.55
Construction Contracts Payable - Retainage		3,773,656.59
Due to Other Funds		2,500,000.00
Due to Other Agencies		
Deposits Payable		
Matured Interest Payable	551,587.00	
Tax Anticipation Note Payable	17,000,000.00	
	20,376,482.25	9,330,464.56
Fund Balances:		
Reserved for State Categorical Programs	581,389.47	
Reserved for Encumbrances	172,359.53	9,098,889.21
Reserved for Inventories	288,766.35	
Reserved for Debt Service		
Unreserved, Reported in:		
General Fund	9,907,741.84	
Special Revenue Funds		
Capital Projects Funds		
	10,950,257.19	9,098,889.21
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,326,739.44	\$ 18,429,353.77

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 20,999,439.97	\$ 4,792,014.26	\$ 53,288,762.22
290,529.90	136,377.09	1,099,136.34
	2,672.48	18,145,317.51
		8,423.28
		2,565,138.63
57,880.34	545,864.04	1,185,326.96
	351,950.99	640,717.34
	501,342.78	501,342.78
<u>\$ 21,347,850.21</u>	<u>\$ 6,330,221.64</u>	<u>\$ 77,434,165.06</u>
\$ 7,248.08	\$ 230,138.84	\$ 2,079,712.34
15,055.50	231,650.63	866,858.37
626,109.69	48,651.65	1,046,267.35
		3,047,719.55
		3,773,656.59
	65,138.63	2,565,138.63
	52.50	52.50
	59,455.45	59,455.45
		551,587.00
		17,000,000.00
<u>648,413.27</u>	<u>635,087.70</u>	<u>30,990,447.78</u>
3,616,207.43	51,689.59	581,389.47
	351,950.99	12,939,145.76
	618,900.96	640,717.34
		618,900.96
		9,907,741.84
	569,935.67	569,935.67
17,083,229.51	4,102,656.73	21,185,886.24
<u>20,699,436.94</u>	<u>5,695,133.94</u>	<u>46,443,717.28</u>
<u>\$ 21,347,850.21</u>	<u>\$ 6,330,221.64</u>	<u>\$ 77,434,165.06</u>

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Total Fund Balances - Governmental Funds		\$ 46,443,717.28
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		373,016,331.30
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		2,519,376.39
Debt issuance costs and underwriters' discounts are not expensed in the government-wide financial statements, but are recorded as deferred charges and amortized over the life of the debt.		11,533.10
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due. This amount is the amount of accrued interest payable at fiscal year-end.		(103,959.38)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Qualified Zone Academy Bonds Payable	\$ 5,000,000.00	
Bonds Payable	4,317,533.10	
Compensated Absences Payable	11,444,883.94	
Postemployment Healthcare Benefits Payable	650,997.00	
		(21,413,414.04)
Total Net Assets - Governmental Activities		<u>\$ 400,473,584.65</u>

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



	General Fund	Special Revenue - Miscellaneous Fund
Revenues		
Intergovernmental:		
Federal Direct	\$ 165,294.43	\$
Federal Through State and Local	856,309.44	
State	33,463,469.19	350,000.00
Local:		
Property Taxes	87,745,969.27	
Charges for Services - Food Service		
Miscellaneous	2,956,946.79	391,283.81

Net Change in Fund Balances - Governmental Funds \$ (18,484,664.81)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period. 41,598,915.45

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets. This is the amount of bonds principal repaid in the current period. 365,000.00

Premiums and debt issuance costs are reported in the governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements.

Net decrease in expenses from unamortized premiums	\$ 27,125.35	
Net increase in expenses from refunding costs	(15,076.89)	
Net increase in expenses from deferred charges	(1,048.46)	
		11,000.00

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrued in the statement of activities. This is the net change in accrued interest in the current period. 8,927.95

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period. (310,369.86)

Postemployment healthcare benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the postemployment healthcare benefits liability for the current fiscal year. (316,124.00)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds is reported with governmental activities. 221,430.81

Change in Net Assets - Governmental Activities \$ 23,094,115.54

		Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$	332,398.00
Charges for Sales		30,503.45
Premium Contributions		18,585,138.84
Total Operating Revenues		18,948,040.29
OPERATING EXPENSES		
Salaries		328,315.48
Employee Benefits		119,350.79
Purchased Services		18,228,364.43
Energy Services		7,711.91
Materials and Supplies		38,617.73
Capital Outlay		1,216.89
Other Expenses		120.00
Total Operating Expenses		18,723,697.23
Operating Income		224,343.06
NONOPERATING REVENUES		
Interest		(2,912.25)
Change in Net Assets		221,430.81
Total Net Assets - Beginning		2,297,945.58
Total Net Assets - (N)-2		

Governmental Activities -
Internal
Service
Funds

		Agency Funds
ASSETS		
Cash	\$	2,214,606.56
LIABILITIES		

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 prepared using the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, postemployment healthcare benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds are accounted for as proprietary activities under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums and charges for sales and services. Operating expenses include the cost of insurance premiums for the payments of claims and the cost of providing products or services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Charlotte Local Education Foundation, Inc., shown as a discretely presented component unit, is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the Columbia Money Market Reserves Fund and the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund Investment Pool (LGIP), which, effective July 1, 2009, is known as Florida PRIME.

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

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt service moneys, amounts placed with SBA for participation in LGIP and the Fund B Surplus Funds Trust Fund (Fund B) created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in LGIP, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2009, are similar to money market funds in which shares are owned in the fund rather than

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	15 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	7 years
Motor Vehicles	7 - 10 years
Audio Visual Materials and Computer Software	5 years

Current year information relative to changes in general fixed assets is described in a subsequent note.

Long-term obligations that will be financed from resources to be

The Board follows procedures established by State statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.

Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.

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

Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

As of June 30, 2009, the District has the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration (SBA):		
Local Government Surplus Funds Trust		
Fund Investment Pool (LGIP) (1)	46 Day Average	\$ 47,691,432.09
Fund B Surplus Funds Trust Fund (Fund B)	6.87 Year Average	1,012,135.62
Debt Service Accounts	6 Months	117,558.18
Columbia Money Market Reserves Fund (1)	46 Day Average	8,041,138.57
Federal Home Loan Mortgage Corporation (FHLMC)		
Discount Note (2)	October 30, 2009	501,342.78
Total Investments		\$ 57,363,607.24

Note: (1) Investments considered cash equivalents for financial reporting purposes.

(2) This investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bonds (QZAB). See Note 6.

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

LGIP had a weighted average days to maturity (WAM) of 46 days at June 30, 2009. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. Fund B had a weighted average life (WAL) of 6.87 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL, which also measures the sensitivity of the portfolio to interest rate changes, is based on legal final maturity dates for Fund B as of June 30, 2009. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

Credit Risk

Section 218.415(17), Florida Statutes, limits investments to SBA LGIP, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Co



Changes in capital assets are presented in the table below.

	Balance 7-1-08	Additions	Deletions	Balance 6-30-09
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 12,813,413.30	\$ 1,410.00	\$	\$ 12,814,823.30
Construction	35.4(on0eaw)1JTJ6-8.1(r)-3og(on0er7(it)174.8)-35.7(s-145.4(5773(78.8)-3.4(t)-9.8)-326.8)-3,26.8r.30			



Bonds payable at June 30, 2009, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 1999A	\$ 345,000.00	4.375 - 4.750	2019
Series 2005B, Refunding	<u>3,840,000.00</u>	5.0	2018
Subtotal	4,185,000.00		
Add: Unamortized Premium on Debt	298,378.89		
Less: Unamortized Difference Between Reacquisition Price and Net Carrying Amount of Old Debt	<u>(165,845.79)</u>		
Total Bonds Payable	<u><u>\$ 4,317,533.10</u></u>		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2009, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2010	\$ 587,919.00	\$ 380,000.00	\$ 207,919.00
2011	584,200.00	395,000.00	189,200.00
2012	584,650.00	415,000.00	169,650.00
2013	584,100.00	435,000.00	149,100.00
2014	587,500.00	460,000.00	127,500.00
2015-2019	2,371,262.50	2,100,000.00	271,262.50
Total State School Bonds	5,299,6324.1	(c83321TJ19.6704 0 TD-.0564 Tw[(85)-6.2()-8500.1(

The following is a summary of interfund receivables and payables reported in the fund financial statements

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 2,565,138.63	\$
Special Revenue:		
Miscellaneous		2,500,000.00
Nonmajor Governmental		65,138.63
Total	<u>\$ 2,565,138.63</u>	<u>\$ 2,565,138.63</u>

Interfund receivables and payables are temporary loans of cash between funds for a period of less than 13 months. The temporary loans will be repaid in the next fiscal year.

The following is a summary of interfund transfers reported in the fund financial statements

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 4,859,400.97	\$ 37,143.38
Special Revenue:		
Miscellaneous	25,897,043.25	
Capital Projects:		
Local Capital Improvement		28,701,187.37
Nonmajor Governmental	279,851.78	2,297,965.25
Total	<u>\$ 31,036,296.00</u>	<u>\$ 31,036,296.00</u>

Interfund transfers represent permanent transfers of moneys between funds. In general, funds are transferred to the General Fund from the Capital Projects Funds to finance various District maintenance projects and equipment purchases and to pay property casualty insurance premiums. The transfer into the Special Revenue – Miscellaneous Fund was for hurricane repairs. The transfer out of the General Fund was to finance the local non-Federal share of grant expenditures.

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the

The following is a schedule of the District's State revenue for the 2008-09 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 5,047,943.00
Categorical Educational Programs:	
Class Size Reduction	16,973,879.00
Transportation	3,734,229.00
Instructional Materials	1,643,552.00
School Recognition	1,237,202.00
Voluntary Prekindergarten	593,751.16
Excellent Teaching	308,106.12
Florida Teachers Lead	243,377.00
Workforce Development Program	2,818,638.00
Gross Receipts Tax (Public Education Capital Outlay)	2,160,819.00



The Florida Legislature establishes, and may amend, contribution rates for each membership class of FRS. During the 2008-09 fiscal year, contribution rates were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Elected County Officers	0.00	16.53
Florida Retirement System, Senior Management Service	0.00	13.12
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of PEORP.

(B) Contribution rates are dependent upon retirement class in which reemployed.

The District's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions for the fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009, totaled \$7,466,317.07, \$7,699,191.14, and \$7,282,462.25, respectively, which were equal to the required contributions for each fiscal year.

The financial statements and other supplementary information of FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

_____. The Postemployment Healthcare Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and their eligible dependents are eligible to participate in the health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 and the preceding year, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, 7-1-08	\$		\$ 0
2007-08	564,329	40.7%	334,873
2008-09	592,837	46.7%	650,997

As of July 1, 2007, the most recent valuation date, the actuarial accrued liability for benefits was \$4,981,327, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$4,981,327 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$93,787,311, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.3 percent.

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

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

The District's initial OPEB actuarial valuation as of July 1, 2007, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2009, and the District's 2008-09 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 11.0 percent initially for the 2009 calendar year, reduced by varying decrements per year, to an ultimate rate of 5.0 percent after 11 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 28 years.

The following is a summary of major construction contract commitments remaining at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Charlotte High School:			
Architect	\$ 5,354,854.00	\$ 4,910,173.05	\$ 444,680.95
Contractor Phase I	6,049,524.45	5,638,863.54	410,660.91
Contractor Phase II	9,029,448.77	6,094,475.45	2,934,973.32
Contractor Phase III	45,267,318.73	24,975,154.73	20,292,164.00
Contractor Phase IV	3,840,418.68	2,130,609.64	1,709,809.04
Punta Gorda Center:			
Architect	905,000.00	124,800.00	780,200.00
	<u>\$ 70,446,564.63</u>	<u>\$ 43,874,076.41</u>	<u>\$ 26,572,488.22</u>

The District is a member of the Special Projects Center Consortium, a four-district consortium formed to provide instructional media to support the educational programs of the schools served by the Center. The Consortium offices are located in Charlotte County, and the Charlotte County District School Board is the fiscal agent and has established an internal service fund to account for the program.

The District is also a member of the Small School District Council Consortium, a consortium organized to provide educational information, interpretation and consultation.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets;

annual contribution to the group for its property and casualty coverage. The interlocal agreement and bylaws of the property and casualty group provide that the group will be self-sustaining through member contributions. However, member school boards are subject to supplemental contributions in the event of a contribution deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board. In addition, it is the property and casualty group's policy to reinsure through commercial insurance carriers for workers' compensation and property loss claims in excess of \$1,000,000 and \$100,000, respectively. Special hazard flood areas are \$500,000 per building and \$500,000 contents.

The District's health and hospitalization insurance program is administered by an insurance carrier under minimum premium plan agreement. The insurance carrier invoices the District monthly for the minimum premium due under the agreement to pay claims submitted by District employees and dependents. The District deposits amounts withheld from the emplo

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2009**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	\$ 180,000.00	\$ 180,000.00	\$ 165,294.43	\$ (14,705.57)
Federal Through State and Local	460,000.00	467,518.00	856,309.44	388,791.44
State	37,764,527.00	33,980,449.00	33,463,469.19	(516,979.81)
Local:				
Property Taxes	87,885,684.00	87,874,304.00	87,745,969.27	(128,334.73)
Miscellaneous	3,976,213.00	3,582,880.00	2,956,946.79	(625,933.21)
Total Revenues	<u>130,266,424.00</u>	<u>126,085,151.00</u>	<u>125,187,989.12</u>	<u>(897,161.88)</u>
Expenditures				
Current - Education:				
Instruction	84,195,372.00	83,210,429.00	81,437,588.06	1,772,840.94
Pupil Personnel Services	8,925,112.00	8,937,470.00	8,811,404.27	126,065.73
Instructional Media Services	2,362,652.00	2,237,504.00	2,179,095.73	58,408.27
Instruction and Curriculum Development Services	4,205,448.00	4,183,048.00	3,782,844.85	400,203.15
Instructional Staff Training Services	1,218,510.00	1,228,848.00	1,182,279.53	46,568.47
Instruction Related Technology	561,675.00	563,819.00	457,593.70	106,225.30
Board of Education	721,034.00	693,248.00	560,805.27	132,442.73
General Administration	346,781.00	391,630.00	343,574.90	48,055.10
School Administration	9,296,002.00	9,266,533.00	9,200,404.41	66,128.59
Facilities Acquisition and Construction				
Fiscal Services	1,131,136.00	1,137,961.00	1,129,713.89	8,247.11
Food Services				
Central Services	3,339,046.00	3,069,124.00	3,020,727.37	48,396.63
Pupil Transportation Services	7,441,146.00	7,257,632.00	6,782,316.91	475,315.09
Operation of Plant	13,727,269.00	12,574,934.00	12,290,393.47	284,540.53
Maintenance of Plant	4,103,170.00	3,997,853.00	3,692,181.32	305,671.68
Administrative Technology Services	1,406,987.00	1,355,914.00	1,204,405.49	151,508.51
Community Services	208,001.00	179,616.00	176,875.50	2,740.50
Fixed Capital Outlay:				
Facilities Acquisition and Construction				
Other Capital Outlay				
Debt Service:				
Interest and Fiscal Charges	350,000.00	375,591.00	375,591.11	(0.11)
Total Expenditures	<u>143,539,341.00</u>	<u>140,661,154.00</u>	<u>136,627,795.78</u>	<u>4,033,358.22</u>
Deficiency of Revenues Under Expenditures	<u>(13,272,917.00)</u>	<u>(14,576,003.00)</u>	<u>(11,439,806.66)</u>	<u>3,136,196.34</u>
Other Financing Sources (Uses)				
Transfers In	5,266,000.00	5,166,000.00	4,859,400.97	(306,599.03)
Insurance Loss Recoveries		9,277.00	9,276.91	(0.09)
Transfers Out	(250.00)	(37,144.00)	(37,143.38)	0.62
Total Other Financing Sources (Uses)	<u>5,265,750.00</u>	<u>5,138,133.00</u>	<u>4,831,534.50</u>	<u>(306,598.50)</u>
Extraordinary Item				
Loss Recoveries				
Net Change in Fund Balances	(8,007,167.00)	(9,437,870.00)	(6,608,272.16)	2,829,597.84
Fund Balances, Beginning	17,572,367.00	17,558,529.00	17,558,529.35	0.35
Fund Balances, Ending	<u>\$ 9,565,200.00</u>	<u>\$ 8,120,659.00</u>	<u>\$ 10,950,257.19</u>	<u>\$ 2,829,598.19</u>

Original Budget	Special Revenue - Miscellaneous Fund		Variance with Final Budget - Positive (Negative)
_____	Final Budget	Actual	_____
\$ 3,000,000.00	\$ 3,000,000.00	\$ 350,000.00	\$ (3,000,000.00)
_____	391,284.00	391,283.81	(0.19)
<u>3,000,000.00</u>	<u>3,741,284.00</u>	<u>741,283.81</u>	(3,000,000.19)
15,086.00	245,332.00	245,330.36	1.64
79,305,454.00	35,609,364.00	3,063,292.56	32,546,071.44
34,193.00	34,777.00	34,538.24	238.76
151,393.00	2,214.00	252,066.95	2,214.00
_____	319,769.00	_____	67,702.05
_____	43,594,800.00	43,594,797.20	2.80
_____	10,300.00	10,252.26	47.74
<u>79,506,126.00</u>	<u>79,816,556.00</u>	<u>47,200,277.57</u>	32,616,278.43
<u>(76,506,126.00)</u>	<u>(76,075,272.00)</u>	<u>(46,458,993.76)</u>	29,616,278.24
25,896,449.00	25,897,044.00	25,897,043.25	(0.75)
_____	_____	_____	_____
25,896,449.00	25,897,044.00	25,897,043.25	(0.75)
40,749,913.00	39,596,717.00	18,079,328.98	(21,517,388.02)
(9,859,764.00)	(10,581,511.00)	(2,482,621.53)	8,098,889.47
11,581,511.00	11,581,511.00	11,581,510.74	(0.26)
\$ 1,721,747.00	\$ 1,000,000.00	\$ 9,098,889.21	\$ 8,098,889.21

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -
POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
July 1, 2007	\$ 0	\$ 4,981,327	\$ 4,981,327	0.0%	\$ 93,787,311	5.3%

The President of the Senate, the Speaker of the

A _____ is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

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

We noted certain additional matters that are discussed in the _____

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A _____ in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A _____

_____ is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A _____ is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

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

Management's response to the findings described in the

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section __.510(a) of OMB ?	Yes
Identification of major programs:	Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559); Improving Teacher Quality State Grants (CFDA No. 84.367); and Hazard Mitigation Grant (CFDA No. 97.039)
Dollar threshold used to distinguish between Type A and Type B programs:	\$522,478
Auditee qualified as low-risk auditee?	Yes

allowable use, contrary to the provisions of Section 1011.71, Florida Statutes. These expenditures totaling \$137,315 represent questioned costs. Discussions with District personnel indicated that they believed these expenditures would be an allowable use of the capital outlay millage proceeds. While Section 1011.71, Florida Statutes, does allow for purchases of certain enterprise resource software applications used on a districtwide administration, District records did not evidence that the use of the instructional software, software licenses, and Microsoft Office licenses met the requirements set forth in statute.

could not separate these access privileges. While the District had certain procedures, such as budgetary and expenditures monitoring and the inability of the four employees to initiate purchases orders, to partially compensate for this deficiency, there is an increased risk that these incompatible duties could allow payments to fictitious vendors without being prevented or detected in a timely manner.

Each information technology (IT) function needs complete, well-documented policies and procedures to describe the

