

11/11/04

MARCH 2004

REPORT NO.

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD

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EXECUTIVE SUMMARY

Summary of Audit Findings**Finding 1: Control Environment – Procedures Manual**

The District has not completed a comprehensive procedures manual which is necessary to ensure appropriate training of new staff, as well as to provide an aid in bridging the transition in the event of the loss of key business services and finance-related personnel.

Finding 2: Florida School Recognition Program Expenditures

The District used \$432 of Florida School Recognition (FRS) Program moneys for snacks provided to students for remedial rewards and in conjunction with the Comprehensive Assessment Test. The District should seek clarification from the Florida Department of Education regarding the appropriateness of using FRS moneys for these items.

Finding 3: Information Technology – Security Controls

Weaknesses existed in certain security control features in the district's information technology system. Security control features protect the integrity, confidentiality, and availability of information systems and data resources.

Summary of Report on Financial Statements

The Charlotte County District School Board prepared its basic financial statements for the fiscal year ended June 30, 2003, in accordance with prescribed financial reporting standards.

Summary of Report on Compliance and Internal Control

The District generally complied with significant provisions of laws, administra

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Control Environment – Procedures Manual

The District could enhance its internal control system with the development and maintenance of a comprehensive procedures manual pertaining to the District's financial operations and related activities. The District has established a business services function and assigned and separated various business activities to promote a system of internal control. Comprehensive procedures manuals are necessary to ensure appropriate training of new staff, as well as to provide an aid in bridging the transition in the event of a change in key business services and finance-related personnel, and may also serve to communicate management's commitment to, and support

Finding No. 3: Information Technology – Security Controls

Security control features are necessary to protect the integrity, confidentiality, and availability of information systems' data and resources. During our audit, we identified improvements that could be made in the District's security control procedures. Specific details of these improvements are not disclosed in this report to avoid any possibility of compromising District information systems' data and resources.

Recommendation: The District should improve the appropriate control features to enhance the security controls over the District's information technology resources.

District Response:

We will be addressing the issues raised by your staff.

PRIOR AUDIT FINDINGS

Except as discussed in the preceding paragraphs, the District corrected the deficiencies and exceptions cited in audit report No. 03-154.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

EXHIBIT - A Statement of Net Assets.

EXHIBIT - B Statement of Activities.

EXHIBIT - C Balance Sheet - Governmental Funds.

EXHIBIT - D Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.

EXHIBIT - E Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

EXHIBIT - F Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.

EXHIBIT - G Statement of Net Assets - Proprietary Funds.

EXHIBIT - H Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.

EXHIBIT - I Statement of Cash Flows - Proprietary Funds.

EXHIBIT - J Statement of Fiduciary Net Assets - Fiduciary Funds.

EXHIBIT - K Notes to Financial Statements.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

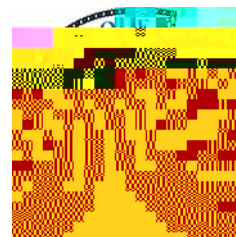
EXHIBIT - L Budgetary Comparison Schedule - General Fund.



WILLIAM O. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

**G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450**



**850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975**

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, 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, 2003, which collectively comprise the District's basic financial statements as listed on page 3. 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 17 percent of the assets and 62 percent of the liabilities of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been provided to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the school internal funds, is based on the report 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 school internal funds 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 report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major

fund, and the aggregate remaining fund information of the Charlotte County District School Board as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Charlotte County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grants included under the heading ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (pages 6 through 18) and the Budgetary Comparison Schedule (Exhibit L) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Charlotte County District School Board has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 19 through 46.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2002-03 fiscal year are as follows:

- Ø In total, net assets increased \$12,995,790.63, which represents a 10 percent increase from the 2001-02 fiscal year.
- Ø General revenues totaled \$121,070,949.82, or 87 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions totaled \$17,580,471.37, or 13 percent.
- Ø Expenses totaled \$125,655,630.56; only \$17,580,471.37 of these expenses was offset by program specific charges, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$12,995,790.63.
- Ø The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$7,246,451.21 at June 30, 2003, or 7.6 percent of total General Fund expenditures.
- Ø The District's total debt decreased by \$2,733,465.37, or approximately 11 percent, primarily as a result of scheduled debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Ø Government-wide financial statements.
- Ø Fund financial statements.
- Ø Notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the primary government presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information

about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in one category:

- Ø Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

Over a period of time, changes in the District's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial 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

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

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

Proprietary Funds. Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are 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 Employee Benefit Insurance program and the Special Projects Center. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

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

Fiduciary Funds. 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 responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses agency funds to account for resources held for the school internal funds.

Notes to Financial Statements

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

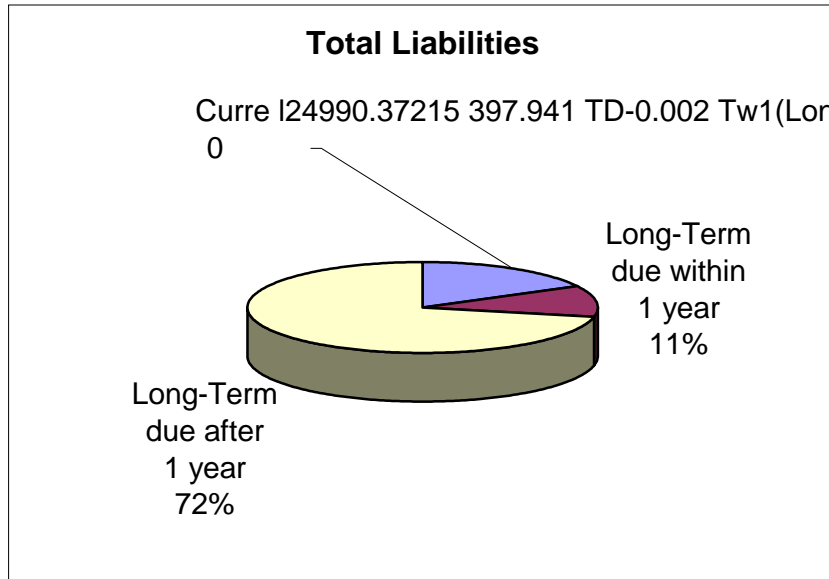
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net assets as of June 30, 2003, compared to net assets as of June 30, 2002:

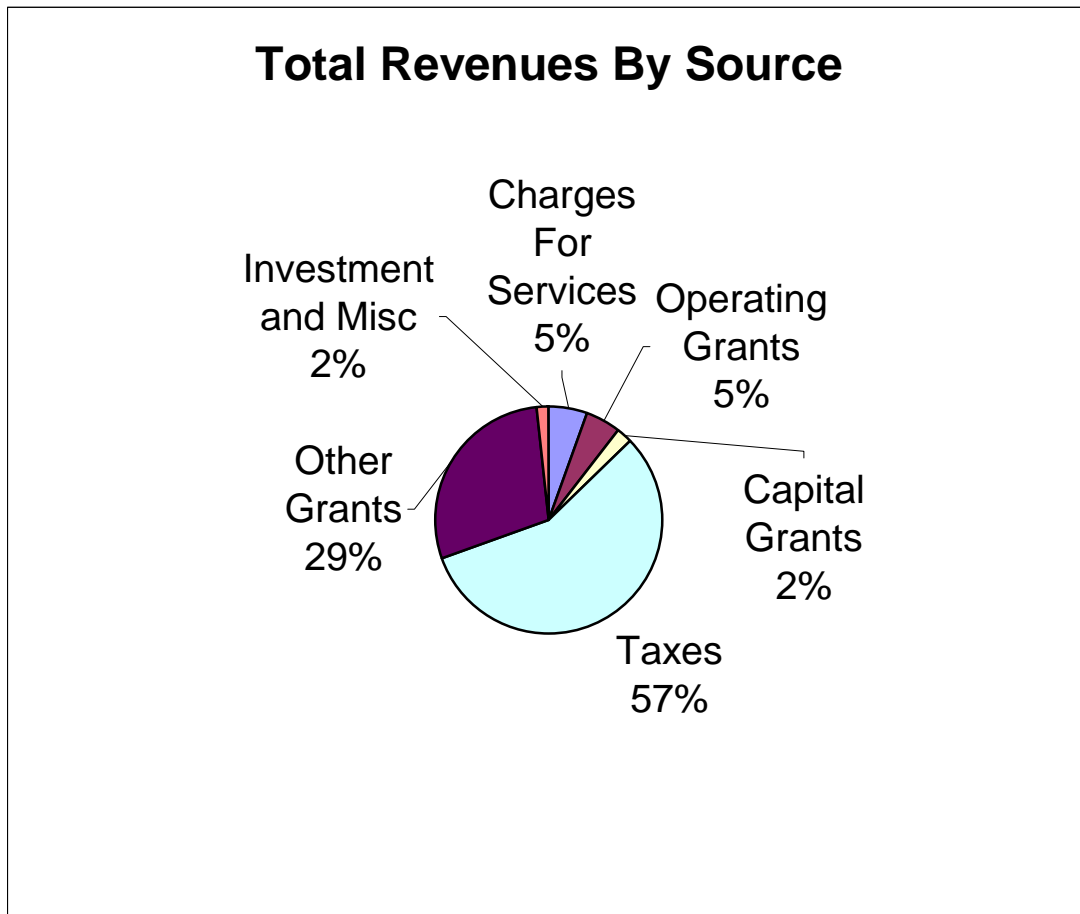
Net Assets, End of Year

| | Governmental Activities | | Increase (Decrease) | Percentage Change |
|---|----------------------------|--------------------------|------------------------|----------------------|
| | 6-30-03 | 6-30-02 | | |
| Current and Other Assets | \$ 30,595,000.21 | \$ 36,582,370.71 | \$ (5,987,370.50) | -16% |
| Capital Assets | <u>153,230,449.46</u> | <u>138,174,794.38</u> | <u>15,055,655.08</u> | 11% |
| Total Assets | <u>183,825,449.67</u> | <u>174,757,165.09</u> | <u>9,068,284.58</u> | 5% |
| Current Liabilities | 6,414,144.78 | 5,984,552.07 | 429,592.71 | 7% |
| Long-Term Liabilities | <u>30,659,333.30</u> | <u>38,412,200.56</u> | <u>(7,752,867.26)</u> | -20% |
| Total Liabilities | <u>37,073,478.08</u> | <u>44,396,752.63</u> | <u>(7,323,274.55)</u> | -16% |
| Net Assets: | | | | |
| Invested in Capital Assets - Net of Debt | 132,238,449.46 | 114,329,794.38 | 17,908,655.08 | 16% |
| Restricted | 11,636,763.89 | 20,851,772.91 | (9,215,009.02) | -44% |
| Unrestricted (Deficit) | <u>2,876,758.24</u> | <u>(4,821,154.83)</u> | <u>7,697,913.07</u> | 160% |
| Total Net Assets | <u>\$ 146,751,971.59</u> | <u>\$ 130,360,412.46</u> | <u>16,391,559.13</u> | 13% |

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



| | 6-30-03 | 6-30-02 | Increase (Decrease) | Percentage Change |
|------------------------------------|-----------------|-----------------|------------------------|----------------------|
| Program Revenues: | | | | |
| Charges for Services | \$ 7,603,270.44 | \$ 7,807,692.50 | \$ (204,422.06) | -3% |
| Operating Grants and Contributions | 7,003,089.25 | 13,650,831.80 | (6,647,742.55) | -49% |
| Capital Grants and Contributions | 2,974,111.68 | 7,611,386.54 | (4,637,274.86) | |



The expenses on the statement of activities are separated by function. A brief description of each function as described in the *Financial and Program Cost Accounting and Reporting for Florida Schools* manual is listed below.

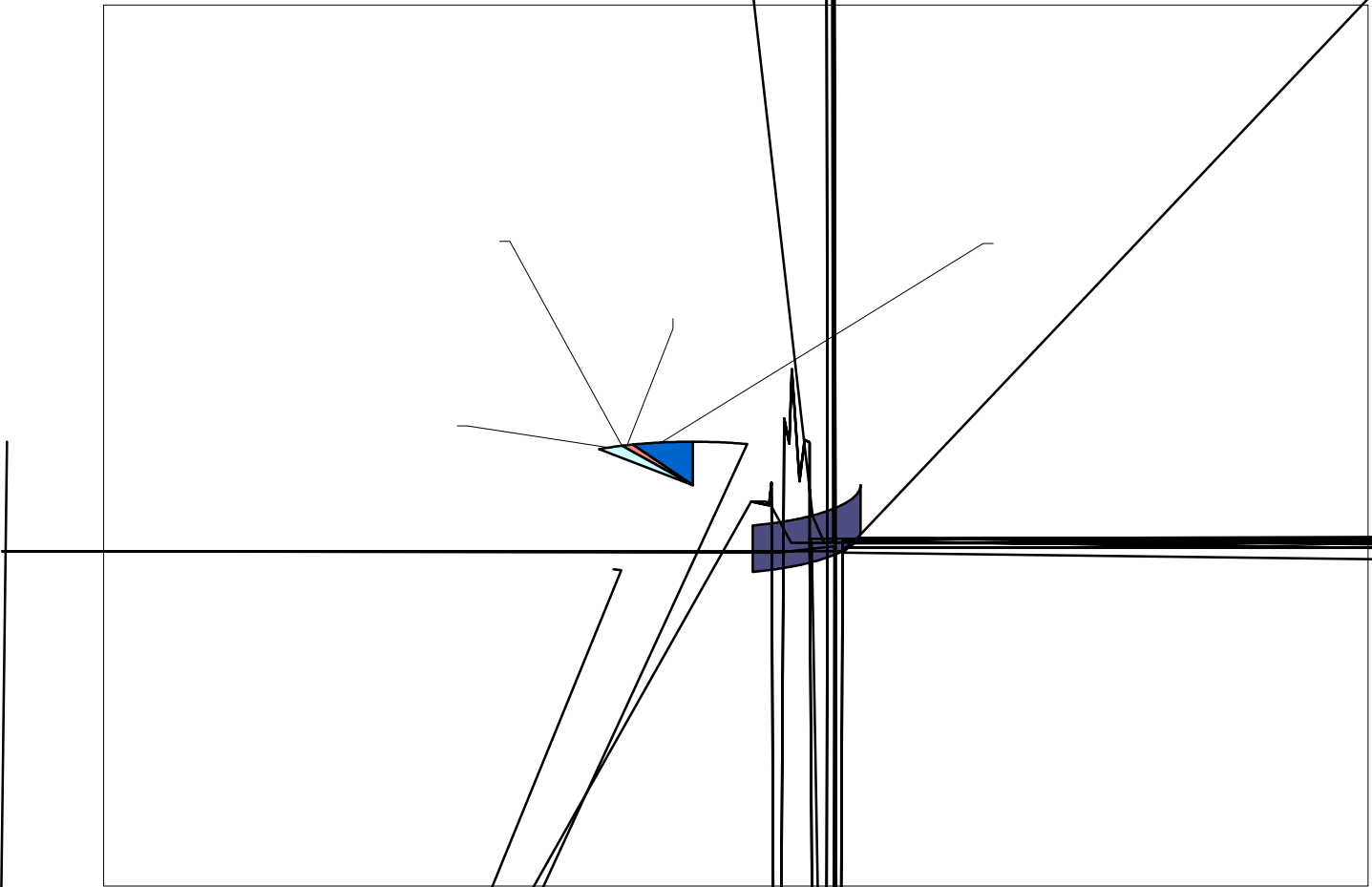
Instruction – Activities dealing directly with the teaching of pupils, or the interaction between teacher and pupils. Includes basic (k-12), exceptional, vocational-technical, adult general, and other instruction groups.

Pupil Personnel Services – Activities designed to assess and improve the well-being of pupils and to supplement the teaching process.

Instructional Media Services – Activities concerned with the use of all teaching and learning resources, including hardware and content materials.

Instruction and Curriculum Development Services – Activities designed to aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate pupils.

Instructional Staff Training Services – Activities designed to contribute to the professional or occupational



General Fund

| | | |
|------------------------------|----|----------------------------|
| Fund Balance - July 1, 2002 | \$ | 5,504,294.13 |
| Net Change in Fund Balance | | <u>2,168,851.05</u> |
| Fund Balance - June 30, 2003 | \$ | <u><u>7,673,145.18</u></u> |

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance.

**EXHIBIT - A
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET ASSETS
June 30, 2003**

| | | Governmental Activities |
|---|-----------|----------------------------|
| ASSETS | | |
| Cash and Cash Equivalent | \$ | 7,500,112.23 |
| Investments | | 20,381,193.81 |
| Accounts Receivable, Net | | 197,887.26 |
| Due from Other Agencies | | 1,958,786.66 |
| Deferred Charges | | 119,534.63 |
| Inventories | | 429,705.06 |
| Restricted Assets: | | |
| Cash with Fiscal Agent | | 7,780.56 |
| Capital Assets: | | |
| Land | | 7,135,826.00 |
| Construction in Progress | | 2,928,624.86 |
| Improvements Other Than Buildings, Net | | 2,414,039.08 |
| Buildings and Fixed Equipment, Net | | 128,124,372.08 |
| Furniture, Fixtures, and Equipment, Net | | 9,451,055.80 |
| Motor Vehicles, Net | | 2,879,150.68 |
| Audio Visual Materials and Computer Software, Net | | 297,380.96 |
| TOTAL ASSETS | \$ | 183,825,449.67 |
| LIABILITIES | | |
| Salaries and Benefits Payable | \$ | 678,455.33 |
| Payroll Deductions and Withholdings | | 778,932.92 |
| Accounts Payable | | 3,067,972.66 |
| Construction Contracts Payable | | 1,542,252.47 |
| Accrued Interest Payable | | 305,201.91 |
| Deposits Payable | | 41,151.15 |
| Sales Tax Payable | | 178.34 |
| Noncurrent Liabilities: | | |
| Portion Due Within One Year: | | |
| Bonds Payable | | 3,225,000.00 |
| Compensated Absences Payable | | 821,715.28 |
| Portion Due After One Year: | | |
| Bonds Payable | | 17,886,534.63 |
| Estimated Insurance Claims Payable | | 484,717.00 |
| Compensated Absences Payable | | 8,241,366.39 |
| Total Liabilities | | 37,073,478.08 |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | | 132,238,449.46 |
| Restricted for: | | |
| State Categorical Programs | | 316,569.80 |
| Debt Service | | 297,448.10 |
| Capital Projects | | 11,006,719.37 |
| Other Purposes | | 16,026.62 |
| Unrestricted | | 2,876,758.24 |
| Total Net Assets | | 146,751,971.59 |
| TOTAL LIABILITIES AND NET ASSETS | \$ | 183,825,449.67 |

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

EXHIBIT - B
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2003

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|--------------------------|----------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Assets Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction | \$ 55,671,568.87 | \$ 546,958.14 | \$ | \$ | \$ (55,124,610.73) |
| Pupil Personnel Services | 6,416,806.25 | | | | (6,416,806.25) |
| Instructional Media Services | 1,970,395.26 | 158,377.20 | | | (1,812,018.06) |
| Instruction and Curriculum Development Services | 4,313,310.25 | | | | (4,313,310.25) |
| Instructional Staff Training | 971,364.60 | | | | (971,364.60) |
| Board of Education | 447,692.88 | | | | (447,692.88) |
| General Administration | 531,010.88 | | | | (531,010.88) |
| School Administration | 6,191,144.61 | | | | (6,191,144.61) |
| Facilities Acquisition and Construction | 4,348,589.75 | | | 2,375,412.45 | (1,973,177.30) |
| Fiscal Services | 729,496.48 | | | | (729,496.48) |
| Food Services | 5,651,736.95 | 2,944,833.59 | 3,637,205.25 | | 930,301.89 |
| Central Services | 14,394,597.40 | 3,766,007.77 | | | (10,628,589.63) |
| Pupil Transportation Services | 4,326,689.88 | 187,093.74 | 3,365,884.00 | | (773,712.14) |
| Operation of Plant | 7,985,562.61 | | | | (7,985,562.61) |
| Maintenance of Plant | 2,989,494.84 | | | | (2,989,494.84) |
| Community Services | 99,029.70 | | | | (99,029.70) |
| Interest on Long-Term Debt | 1,218,356.66 | | | 598,699.23 | (619,657.43) |
| Unallocated Depreciation Expenses | 7,398,782.69 | | | | (7,398,782.69) |
| Total Governmental Activities | \$ 125,655,630.56 | \$ 7,603,270.44 | \$ 7,003,089.25 | \$ 2,974,111.68 | (108,075,159.19) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes, Levied for Operational Purposes | | | | | |
| | | | | | 57,388,135.10 |
| Property Taxes, Levied for Debt Service | | | | | |
| | | | | | 3,244,331.36 |
| Property Taxes, Levied for Capital Projects | | | | | |
| | | | | | 18,261,156.43 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | |
| | | | | | 40,003,883.89 |
| Unrestricted Investment Earnings | | | | | |
| | | | | | 772,086.17 |
| Miscellaneous | | | | | |
| | | | | | 2,974,729.14 |
| Special Item: | | | | | |
| Demolition of Old School Facilities | | | | | |
| | | | | | (1,573,372.27) |
| Total General Revenues and Special Item | | | | | |
| | | | | | 121,070,949.82 |
| Change in Net Assets | | | | | |
| | | | | | 12,995,790.63 |
| Net Assets - July 1, 2002 | | | | | |
| | | | | | 130,360,412.46 |
| Adjustment to Net Assets | | | | | |
| | | | | | 3,395,768.50 |
| Net Assets - July 1, 2002, Restated | | | | | |
| | | | | | 133,756,180.96 |
| Net Assets - June 30, 2003 | | | | | |
| | | | | | \$ 146,751,971.59 |

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

| | General Fund | Capital Projects - Local Capital Improvement Fund | Other Funds | Total Governmental Funds |
|---|------------------------|---|------------------------|--------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalent | \$ 5,011.87 | \$ 7,493,000.36 | \$ 2,100.00 | \$ 7,500,112.23 |
| Investments | 7,773,089.47 | 5,172,759.26 | 4,634,690.39 | 17,580,539.12 |
| Accounts Receivable, Net | 180,265.25 | | | 180,265.25 |
| Due from Other Funds | 244,673.65 | | | 244,673.65 |
| Due from Other Agencies | 1,137,760.48 | 344,172.95 | 476,853.23 | 1,958,786.66 |
| Inventories | 239,730.51 | | 189,974.55 | 429,705.06 |
| TOTAL ASSETS | \$ 9,580,531.23 | \$ 13,009,932.57 | \$ 5,303,618.17 | \$ 27,894,081.97 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Salaries and Benefits Payable | \$ 549,653.09 | \$ 3,752.80 | \$ 117,683.80 | \$ 671,089.69 |
| Payroll Deductions and Withholding | 695,147.54 | 5,662.30 | 74,443.57 | 775,253.41 |
| Accounts Payable | 662,585.42 | 1,872,469.84 | 129,020.07 | 2,664,075.33 |
| Construction Contract Retainage Payable | | 1,542,252.47 | | 1,542,252.47 |
| Sales Tax Payable | | | 178.34 | 178.34 |
| Due to Other Funds | | | 227,051.64 | 227,051.64 |
| Total Liabilities | 1,907,386.05 | 3,424,137.41 | 548,377.42 | 5,879,900.88 |
| Fund Balances: | | | | |
| Reserved for State Categorical Programs | 316,569.80 | | | 316,569.80 |
| Reserved for Encumbrances | 110,124.17 | 5,774,079.95 | | 5,884,204.12 |
| Reserved for Debt Service | | | 297,448.10 | 297,448.10 |
| Unreserved | 7,246,451.21 | 3,811,715.21 | | 11,058,166.42 |
| Unreserved, Reported in Nonmajor: | | | | |
| Special Revenue Funds | | | 989,859.49 | 989,859.49 |
| Debt Service Funds | | | 2,030,982.33 | 2,030,982.33 |
| Capital Projects | | | | |

**EXHIBIT - D
 CHARLOTTE COUNTY
 DISTRICT SCHOOL BOARD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET ASSETS
 JUNE 30, 2003**

| | | |
|---|-----------|-----------------------|
| Total Fund Balances - Governmental Funds | \$ | 22,014,181.09 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| 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 of the debt. | | 119,534.63 |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | 153,230,449.46 |
| 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 is the amount of accrued interest payable at year-end. | | (305,201.91) |
| 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. | | 2,352,341.62 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of: | | |
| Bonds Payable | \$ | 21,111,534.63 |
| Estimated Insurance Claims Payable | | 484,717.00 |
| Compensated Absences Payable | | 9,063,081.67 |
| | | (30,659,333.30) |
| Total Net Assets - Governmental Activities | \$ | 146,751,971.59 |

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

| | General Fund | Capital Projects - Local Capital Improvement Fund | Other Funds | Total Governmental Funds |
|---|----------------------|---|----------------------|--------------------------|
| Revenues | | | | |
| Intergovernmental: | | | | |
| Federal Direct | \$ 109,822.35 | \$ | \$ 2,014,665.99 | \$ 2,124,488.34 |
| Federal Through State | 294,078.95 | | 10,340,259.43 | 10,634,338.38 |
| State | 34,000,708.64 | 499,648.00 | 2,721,901.46 | 37,222,258.10 |
| Local | 59,868,023.50 | 19,989,979.68 | 6,366,112.61 | 86,224,115.79 |
| Total Revenues | 94,272,633.44 | 20,489,627.68 | 21,442,939.49 | 136,205,200.61 |
| Expenditures | | | | |
| Current - Education: | | | | |
| Instruction | 55,955,152.17 | | 5,118,599.98 | 61,073,752.15 |
| Pupil Personnel Services | 6,357,950.27 | | 705,292.24 | 7,063,242.51 |
| Instructional Media Services | 1,893,494.21 | | 92,679.94 | 1,986,174.15 |
| Instruction and Curriculum Development Services | 2,780,474.69 | | 2,027,214.69 | 4,807,689.38 |
| Instructional Staff Training | 689,824.60 | | 332,945.36 | 1,022,769.96 |
| Board of Education | 469,322.88 | | | 469,322.88 |
| General Administration | 234,415.79 | | 295,202.54 | 529,618.33 |
| School Administration | 6,684,022.91 | | 173,039.65 | 6,857,062.56 |
| Facilities Acquisition and Construction | | 4,351,438.40 | 16,321.25 | 4,367,759.65 |
| Fiscal Services | 767,515.29 | | 21,246.85 | 788,762.14 |
| Food Services | | | 6,225,707.54 | 6,225,707.54 |
| Central Services | 2,761,284.45 | | 11,316.34 | 2,772,600.79 |
| Pupil Transportation Services | 4,888,177.35 | | 8,257.07 | 4,896,434.42 |
| Operation of Plant | 8,454,191.13 | | 21,379.26 | 8,475,570.39 |
| Maintenance of Plant | 3,135,590.04 | | | 3,135,590.04 |
| Community Services | 100,901.70 | | | 100,901.70 |
| Fixed Capital Outlay: | | | | |
| Facilities Acquisition and Construction | | 17,339,006.49 | 3,629,772.69 | 20,968,779.18 |
| Other Capital Outlay | | 3,262,184.11 | | 3,262,184.11 |
| Debt Service: | | | | |

EXHIBIT - F
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Net Change in Fund Balances - Governmental Funds \$ (6,777,633.76)

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

| | |
|--|----------------|
| Capital outlays are reported in 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. | 17,306,452.32 |
| The loss on the disposal of capital assets during the current period is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the disposed assets. | (1,573,372.27) |
| The increase in estimated insurance claims payable is an expense in the statement of activities, but is not recognized in the governmental funds statement of revenues, expenditures, and changes in fund balance. | (139,114.00) |
| Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceed proceeds in the current period. | 2,475,000.00 |
| Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities. | 378,000.00 |
| Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrues in the statement of activities. This is the net change in accrued interest in the current period. | 133,383.34 |
| 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 paid in excess of the amount earned in the current period. | 1,085,322.42 |
| Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities. | 107,752.58 |

Change in Net Assets - Governmental Activities \$ 12,995,790.63

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

EXHIBIT - G
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
June 30, 2003

| | Governmental Activities - Internal Service Funds |
|---|---|
| ASSETS | |
| Current Assets: | |
| Cash | \$ 7,780.56 |
| Investments | <u>2,800,654.69</u> |
| TOTAL ASSETS | <u><u>\$ 2,808,435.25</u></u> |
| LIABILITIES | |
| Current Liabilities: | |
| Salaries and Wages Payable | \$ 7,365.64 |
| Payroll Deductions and Withholdings | 3,679.51 |
| Accounts Payable | 403,897.33 |
| Deposits Payable | <u>41,151.15</u> |
| Total Liabilities | <u>456,093.63</u> |
| NET ASSETS | |
| Unrestricted | <u>2,352,341.62</u> |
| Total Net Assets | <u>2,352,341.62</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 2,808,435.25</u></u> |

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

**EXHIBIT - H
 CHARLOTTE COUNTY
 DISTRICT SCHOOL BOARD
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS -
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

| | | Governmental Activities - Internal Service Funds |
|--|-----------|---|
| OPERATING REVENUES | | |
| Charges for Services | \$ | 342,343.44 |
| Charges for Sales | | 28,560.85 |
| Premium Revenues | | 11,963,375.68 |
| Total Operating Revenues | | 12,334,279.97 |
| OPERATING EXPENSES | | |
| Salaries | | 241,172.44 |
| Employee Benefits | | 75,469.26 |
| Purchased Services | | 11,829,223.49 |
| Energy Services | | 8,342.33 |
| Materials and Supplies | | 44,346.16 |
| Capital Outlay | | 52,451.48 |
| Other Expenses | | 242.90 |
| Total Operating Expenses | | 12,251,248.06 |
| Operating Income | | 83,031.91 |
| NONOPERATING REVENUES | | |
| Interest | | 24,720.67 |
| Change in Net Assets | | 107,752.58 |
| Total Net Assets, July 1, 2002 | | 2,244,589.04 |
| Total Net Assets, June 30, 2003 | \$ | 2,352,341.62 |

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

**EXHIBIT - I
 CHARLOTTE COUNTY
 DISTRICT SCHOOL BOARD
 STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

| | Governmental Activities - Internal Service Funds |
|--|---|
| | |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Board Funds and Participants | \$ 12,345,467.61 |
| Cash Payments to Vendors for Goods and Services | (11,916,125.78) |
| Cash Payments to Employees for Services | (316,679.80) |
| | 112,662.03 |
| Net Cash Provided by Operating Activities | |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of Investments | (12,194,315.38) |
| Proceeds from Sale of Investments | 12,045,300.38 |
| Interest on Investments | 24,720.67 |
| | (124,294.33) |
| Net Cash Used by Investment Activities | |
| Net Decrease in Cash | (11,632.30) |
| Cash, Beginning | 19,412.86 |
| Cash, Ending | \$ 7,780.56 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income | \$ 83,031.91 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Changes in Assets and Liabilities: | |
| Decrease in Receivables | 2,735.49 |
| Decrease in Payroll Deductions and Withholding | (238.25) |
| Decrease in Estimated Insurance Claims Payable | (3,371.68) |
| Increase in Deposits Payable | 11,823.83 |
| Increase in Accounts Payable | 18,480.58 |
| Increase in Salaries and Wages Payable | 200.15 |
| | 29,630.12 |
| Total Adjustments | |
| Net Cash Provided by Operating Activities | \$ 112,662.03 |

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

| | Agency Funds |
|---------------------------|------------------------|
| ASSETS | |
| Cash | \$ 1,660,151.97 |
| LIABILITIES | |
| Due to Other Funds | \$ 17,622.01 |
| Internal Accounts Payable | 1,642,529.96 |
| Total Liabilities | \$ 1,660,151.97 |

**EXHIBIT - K
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ø **Reporting Entity**

The District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Charlotte County School District is considered part of the Florida system of public education. The governing body of the school district is the Charlotte County District School Board which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Charlotte County.

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

Ø **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements in

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

Capital Projects – Local Capital Improvement Fund – to account for the financial resources

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

Ø **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash as those accounts used as demand deposit accounts.

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes, and those made locally. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at amortized cost.

Investments made locally consist of money market funds and are reported at fair value. The District considers these investments to be cash equivalents. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

Ø **Inventories**

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

| <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 capital assets is described in a subsequent note.

Ø **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. Bond premiums and discounts, differences between the reacquisition price and the net carrying amount of refunded debt, and issuance costs are deferred and amortized over the life of the debt issue using a straight-line amortization method. Applicable premiums or discounts and differences between the reacquisition price and the net carrying amount of refunded debt are reported as part of the bond liability. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, bonds are not recognized as liabilities until due. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, as well as applicable premiums, are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments.

Changes in long-term liabilities for the current year are reported in a subsequent note.

Ø **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department.

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assist

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

2. ADJUSTMENTS TO BEGINNING NET ASSETS

The beginning net asset amount for governmental activi

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

Ø **District General Obligation Refunding Bonds**

General Obligation Refunding Bonds, Series 2003, were issued for the primary purpose of refunding the General Obligation Refunding Bonds, Series 1993, and are authorized by Article VII, Section 12, of the Constitution of the State of Florida; Sections 132.33 through Section 132.47, Florida Statutes; and Chapter 1010, Florida Statutes; and are pursuant to a resolution of the District School Board adopted January 14, 2003. The Series 2003 bonds are subject to the requirements of the Tax Reform Act of 1986. Principal and interest payments are secured by a pledge of property taxes levied, pursuant to Chapter 1010, Florida Statutes.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2003, are as follows:

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

| Fiscal Year Ending June 30 | Total | Principal | Interest |
|--|---------------------|---------------------|---------------------|
| State School Bonds: | | | |
| 2004 | \$ 608,188.00 | \$ 290,000.00 | \$ 318,188.00 |
| 2005 | 609,188.00 | 305,000.00 | 304,188.00 |
| 2006 | 608,163.00 | 320,000.00 | 288,163.00 |
| 2007 | 606,313.00 | 335,000.00 | 271,313.00 |
| 2008 | 611,462.00 | 355,000.00 | 256,462.00 |
| 2009-2013 | 3,058,043.00 | 2,055,000.00 | 1,003,043.00 |
| 2014-2019 | 3,098,362.00 | 2,680,000.00 | 418,362.00 |
| Total State School Bonds | 9,199,719.00 | 6,340,000.00 | 2,859,719.00 |
| District Revenue Bonds: | | | |
| 2004 | 137,313.00 | 115,000.00 | 22,313.00 |
| 2005 | 133,500.00 | 120,000.00 | 13,500.00 |
| 2006 | 124,500.00 | 120,000.00 | 4,500.00 |
| Total District Revenue Bonds | 395,313.00 | 355,000.00 | 40,313.00 |
| District General Obligation Refunding Bonds: | | | |
| 2004 | 3,180,238.00 | 2,820,000.00 | 360,238.00 |
| 2005 | 3,127,375.00 | 2,875,000.00 | 252,375.00 |
| 2006 | 3,129,875.00 | | |

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

issuance costs) were used to retire the outstanding District General Obligation Bonds, Series 1993, on April 10, 2003.

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

| <u>Source</u> | <u>Amount</u> |
|---|----------------------|
| Florida Education Finance Program | \$ 22,389,009.00 |
| Categorical Educational Programs: | |
| Discretionary Lottery Funds | 1,202,238.00 |
| Other | 7,307,064.53 |
| Workforce Development Program | 2,803,069.00 |
| Gross Receipts Tax (Public Education Capital Outlay) | 1,762,777.00 |
| Motor Vehicle License Tax (Capital Outlay and Debt Service) | 711,686.68 |
| Cultural Facilities Grant | 499,648.00 |
| Food Service Supplement | 109,060.00 |
| Mobile Home License Tax | 90,351.31 |
| Miscellaneous | <u>347,354.58</u> |
| Total | \$ 37,222,258.10 |

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

14. STATE RETIREMENT PROGRAM

Defined Benefit Plan. All regular employees of the District are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS. Benefits in the defined benefit plan vest at six years of service. The defined benefit plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The defined benefit plan provides retirement, disability, and death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program

includes member-5.5(e) of notes to financial statements of the District School Board of Charlotte County, Florida, Chapter 21.1

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

16. CONSORTIUMS

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 Board served as fiscal agent for the Consortium, and has established an internal service fund to account for the program.

17. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Charlotte County District School Board is a member of the South Central Educational Risk Management Consortium under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(10)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Employer's Mutual, Inc. (formerly McCreary Corporation), serves as the administrator and fiscal agent for the Consortium.

As a result of incurred claims exceeding member contributions, the property and casualty group has a contribution deficiency of \$3,626,188 at June 30, 2003. The Charlotte County District School Board's portion of the contribution deficiency is \$484,717. The member school boards have agreed to a funding plan to cure the deficiency. The member school boards will increase subsequent years' contributions as needed until the deficiency is cured.

Settled claims resulting from these risks have not ex

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

A liability in the amount of \$309,755 was accrued in the Employee Benefits Program Internal Service Fund to cK (Continue3nb.0503 Tw[i(3nb.0504TD0.)31ib.05040.eIAEmpl31ibpr0.046(emiumspl31ibre.05040e)6(IAinue)3(vw(

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|---|
| Revenues | | | | |
| Intergovernmental: | | | | |
| Federal Direct | \$ 115,000.00 | \$ 115,000.00 | \$ 109,822.35 | \$ (5,177.65) |
| Federal Through State | 355,902.00 | 338,576.00 | 294,078.95 | (44,497.05) |
| State | 32,720,271.00 | 33,910,867.00 | 34,000,708.64 | 89,841.64 |
| Local | 58,667,984.00 | 59,495,579.00 | 59,868,023.50 | 372,444.50 |
| Total Revenues | 91,859,157.00 | 93,860,022.00 | 94,272,633.44 | 412,611.44 |
| Expenditures | | | | |
| Current - Education: | | | | |
| Instruction | 54,009,638.00 | 57,024,548.00 | 55,955,152.17 | 1,069,395.83 |
| Pupil Personnel Services | 6,053,587.00 | 6,408,281.00 | 6,357,950.27 | 50,330.73 |
| Instructional Media Services | 1,857,817.00 | 1,930,868.00 | 1,893,494.21 | 37,373.79 |
| Instruction and Curriculum Development Services | 2,678,976.00 | 2,782,489.00 | 2,780,474.69 | 2,014.31 |
| Instructional Staff Training | 886,980.00 | 857,584.00 | 689,824.60 | 167,759.40 |
| Board of Education | 516,251.00 | 534,515.00 | 469,322.88 | 65,192.12 |
| General Administration | 237,067.00 | 234,742.00 | 234,415.79 | 326.21 |
| School Administration | 6,666,996.00 | 6,812,786.00 | 6,684,022.91 | 128,763.09 |
| Fiscal Services | 776,086.00 | 802,647.00 | 767,515.29 | 35,131.71 |
| Central Services | 2,592,446.00 | 2,781,997.00 | 2,761,284.45 | 20,712.55 |
| Pupil Transportation Services | 4,802,424.00 | 5,071,504.00 | 4,888,177.35 | 183,326.65 |
| Operation of Plant | 8,750,260.00 | 8,948,216.00 | 8,454,191.13 | 494,024.87 |
| Maintenance of Plant | 3,161,217.00 | 3,157,374.00 | 3,135,590.04 | 21,783.96 |
| Community Services | 84,401.00 | 104,593.00 | 100,901.70 | 3,691.30 |
| Debt Service: | | | | |
| Principal | 250,000.00 | 206,670.00 | 121,330.00 | 85,340.00 |
| Interest and Fiscal Charges | 30,000.00 | 24,566.00 | 24,565.86 | 0.14 |
| Total Expenditures | 93,354,146.00 | 97,683,380.00 | 95,318,213.34 | 2,365,166.66 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,494,989.00) | (3,823,358.00) | (1,045,579.90) | 2,777,778.10 |
| Other Financing Sources | | | | |
| Transfers In | 3,380,000.00 | 3,580,000.00 | 3,188,603.44 | (391,396.486.9(6)5.8(na)5.2(nc)1 |

FEDERAL REPORTS AND SCHEDULES

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

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

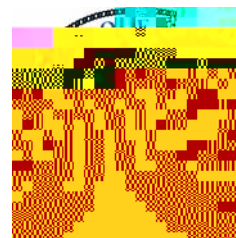
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS



WILLIAM O. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975

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

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

We have audited the financial statements of the governmental activities, 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, 2003, which collectively comprise the District's basic financial Statements, and have issued our report thereon included under the heading *INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS*. Our report on the basic financial statements included disclosures regarding our reference to the report of other auditors. The financial statements of the school internal funds were not audited in accordance with *Governmental Auditing Standards* and, accordingly, this report does not extend to the school internal funds. 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.

Compliance

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, administrative rules, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, our procedures did disclose certain instances of noncompliance which are not material to the basic financial statements. These matters are discussed in the *FINDINGS AND RECOMMENDATIONS* section of this audit report.

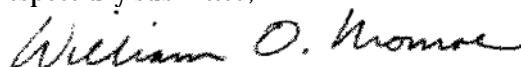
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the District's basic financial statements and not to provide assurance on the District's internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. These matters are discussed in the ***FINDINGS AND RECOMMENDATIONS*** section of this audit report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions referred to above is a material weakness.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



William O. Monroe, CPA
February 5, 2004

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2003.

Internal Control Over Compliance

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 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 and to test and report on internal control over compliance in accordance with OMB

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2003**

| Federal Grantor/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance Number | Pass - Through Grantor Number | Amount of Expenditures (1) |
|---|---|--|----------------------------------|
| United States Department of Agriculture: | | | |
| Indirect: | | | |
| Florida Department of Agriculture and Consumer Services: Food Donation | 10.550 (2) | None | \$ 622,485.99 |
| Florida Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | 321 | 594,417.00 |
| National School Lunch Program | 10.555 | 300, 301 | 2,483,668.00 |
| Summer Food Service Program for Children | 10.559 | 323 | 124,183.00 |
| Total Child Nutrition Cluster | | | 3,202,268.00 |
| Total United States Department of Agriculture | | | 3,824,753.99 |
| United States Department of Labor: | | | |
| Indirect: | | | |
| Florida Department of Education: WIA Youth Activities | 17.259 | WCW1A1Y02-1 | 34,010.93 |
| United States Department of Education: | | | |
| Direct: | | | |
| Federal Student Aid Cluster: | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | N/A | 13,187.00 |
| Federal Work-Study Program | 84.033 | N/A3-s20.0035 Tc0 Tw | 1,326,927.40 |

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2003**

| Audit Report No. and Federal Awards Finding No. | Program/Area | Brief Description | Status | Comments |
|---|--------------|--|--------|----------|
| 03-154 | | There were no prior audit findings - Federal Awards. | | |



School Board

David E. Gayler, Ph.D

Andrea Messina, *Chairman*
Barbara Rendell, *Vice Chairman*

