

Charlotte County District School Board members and the Superintendent of Schools who served during the 2003-04 fiscal year are shown in the following tabulation:

	<i><u>District</u></i> <i><u>No.</u></i>
<i>Lee Swift</i>	<i>1</i>
<i>Connie Kantor</i>	<i>2</i>
<i>Andrea Messina, Chairman</i>	<i>3</i>
<i>Sue Sifrit</i>	<i>4</i>
<i>Barbara Y. Rendell, Vice-Chairman</i>	<i>5</i>

Dr. David E. Gayler, Superintendent

AUDITOR GENERAL

The Auditor General provides independent, unbiased, timely, and relevant information to the Legislature, entity management, and the citizens of the State of Florida which can be used to improve the operations and accountability of public entities.

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD

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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

The Charlotte County District School Board prepared its basic financial statements for the fiscal year ended June 30, 2004, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

The District has established and implemented procedures that generally provide for internal control of District operations. The District generally complied with significant provisions of laws, administrative rules, regulations, contracts, and grant agreements. However, we did note a compliance finding that is summarized on page 319.38046 592.61076 5251.22945 617.40002 Tm(em410.Ed7p.3 Tm(t)Tj10.98 0 0 0.98 0 0 10.98 3io7m(2oj1.

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.



AUDITOR GENERAL



fund, and the aggregate remaining fund information of the Charlotte County Distri

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Charlotte County District School Board

MAY 2005

	6-30-04	6-30-03	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 42,179,798.30	\$ 30,595,000.21	\$ 11,584,798.09	38%
Capital Assets	154,309,765.14	153,230,449.46	1,079,315.68	1%
Total Assets	196,489,563.44	183,825,449.67	12,664,113.77	7%

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Increase

Percentage

Charges For Services

Student Fees	\$	707,878.70
Food Service Collections		3,152,368.45
Insurance and Special Projects		4,273,858.28
Transportation for School Activity		203,739.45
		<hr/>

Total Charges For Services	\$	8,337,844.88
		<hr/> <hr/>

Operating Grants and Contributions

Federal Revenue for Food Service	\$	3,895,266.30
State Revenue for Food Service		102,204.00
State Revenue for Transportation		3,162,758.00
		<hr/>

Total Operating Grants and Contributions	\$	7,160,228.30
		<hr/> <hr/>

Capital Grants and Contributions

Public Education Capital Outlay	\$	1,592,148.00
Capital Outlay/Debt Service		361,076.00
Miscellaneous State Revenue		727,935.27
		<hr/>

Total Capital Grants and Contributions	\$	2,681,159.27
		<hr/> <hr/>

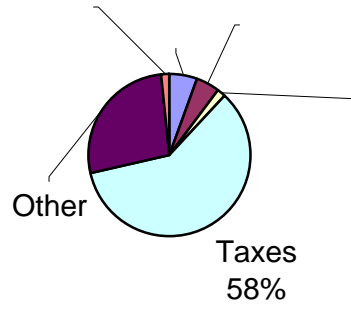
General revenues are summarized below:

General Revenues

Property Taxes	\$	90,118,135.56
Other Grants and Contributions		40,899,087.01
Investment Earnings		584,347.22
Miscellaneous		1,808,890.89
		<hr/>

Total General Revenues	\$	133,410,460.68
		<hr/> <hr/>

Total Revenues By Source



School Administration – Activities concerned with the directing and managing the operation of a particular school.

Facilities Acquisition and Construction – Activities concerned with the acquisition of land and buildings, remodeling buildings, construction of buildings and additions, and improvements to sites.

Fiscal Services – Activities concerned with fiscal operation of the school system, including budgeting, cash management, financial accounting, and payroll.

Food Services – Activities concerned with providing food to pupils and staff in a school or school system.

Central Services – Activities which support each of the other instructional and support services programs.

Pupil Transportation Services – Activities which have as their purpose the conveyance of pupils to and from school activities.

Operation of Plant – Activities concerned with keeping the physical plant open and ready for use, including utilities, telephone service, custodial costs, and insurance costs.

Maintenance of Plant – Activities concerned with keeping the grounds, buildings, and equipment at an acceptable level of efficiency through repairs or preventative maintenance.

Community Services – Activities that are not related to providing education for pupils in a school system, including recreational programs and civic activities.

Debt Service – Payments of principal, interest, and fees for the retirement of debt.



The change in net assets is reflected below:

Net Assets- July 1, 2003	\$	146,751,971.59
Current Year Activity		1

Governmental
Activities

ASSETS

Cash and Cash Equivalents

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net(Expense)
					Revenue and Changes Activities
Primary Government					
Governmental Activities:					
Instruction	\$ 61,667,390.83	\$ 707,878.70	\$	\$	(60,959,512.13)
Pupil Personnel Services	6,964,845.58				(6,964,845.58)
Instructional Media Services	2,078,353.80	156,614.40			(1,921,739.40)
Instruction and Curriculum Development Services	5,054,921.82				(5,054,921.82)
Instructional Staff Training	1,101,352.69				(1,101,352.69)
Board of Education	470,868.43				(470,868.43)
General Administration	486,191.80				(486,191.80)
School Administration	6,493,453.66				(6,493,453.66)
Facilities Acquisition and Construction	3,503,135.80			2,079,432.42	(1,423,703.38),7

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Total Fund Balances - Governmental Funds

\$ 33,305,856.84

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 debt. 93,920.07

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. 154,309,765.14

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 year-end. (242,218.58)

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. 1,815,613.72

Long-term liabilities are not due and payable in the c_____

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Revenues

General Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Capital Projects Fund
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	Other Governmental Funds	Total Governmental Funds
\$	2,159,852.16	\$ 2,293,882.37
	11,083,082.34	11,439,262.02
	2,921,400.13	37,007,330.19
	6,611,188.07	96,446.08035 Tm(Gov)Tj6.7805612 Tm(,083)Tj6.7847 0 0(3)Tj6.7847 51.573 6.7 Tm(,083)Tj

		Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$	351,269.66
Charges for Sales		27,820.16
Premium Revenues		12,622,178.28
Other Operating Revenues		14,073.00

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 13,026,687.97
Cash Payments to Vendors for Goods and Services	(13,293,779.51)
Cash Payments to Employees for Services	(335,915.17)
Net Cash Used by Operating Activities	(603,006.71)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(12,859,344.56)
Proceeds from Disposition of Investments	13,449,046.42
Interest Income	15,705.16
Net Cash Provided by Investing Activities	605,407.02
Net Increase in Cash	2,400.31
Cash, Beginning	7,780.56
Cash, Ending	\$ 10,180.87
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (552,433.06)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivabls	

EXHIBIT - J
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2004

	Agency Funds
ASSETS	
Cash	\$ 1,879,244.15
LIABILITIES	
Due to Other Funds	\$ 10,794.37
Internal Accounts Payable	1,868,449.78
Total Liabilities	\$ 1,879,244.15

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

**EXHIBIT - K
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004**

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

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 payment of claims and the he pay0s69 Tc 0

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

<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, as well as issuance costs, are deferred and amortized over the life of the

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

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

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

3. INVESTMENTS

Generally accepted accounting principles require that the credit risk of investments be classified into the following three categories:

- Ø Risk Category 1 - Insured or registered, or securities held by the District or its agent in the District's name.-
- Ø Risk Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Ø Risk Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

Certain investments, such as investment pools managed by other governments and mutual funds, cannot be categorized because the District's investments are not evidenced by specific, identifiable investment securities.

Section 218.415, Florida Statutes, authorizes the District to invest in investments approved by the Board. The Board has adopted an investment policy that authorizes investing in the Local Government Surplus Funds Trust Fund investment pool and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Major investments at June 30, 2004, are in the State Board of Administration investment pool with an amortized cost of \$ 26,402,439.43.

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

The District also invested in money market funds with an amortized cost of \$ 7,562,694.92. The investment was reported as a cash equivalent in the Capital Projects- Local Capital Improvement Fund. The money market funds invest only in first-tier securities such as commercial paper, bank obligations, short-term debt securities, short-term taxable municipal securities, and repurchase agreements, secured by first-tier securities or United States Government obligations.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance 7-01-03	Additions	Deletions	Balance 6-30-04
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 7,135,826.00	\$ 55,948.59	\$	\$ 7,191,774.59
Construct				

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

The District's capital assets serve several functions; accordingly, depreciation

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Ø **State School Bonds**

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

Ø **District Revenue Bonds**

Race Track Revenue Bonds - These bonds are authorized by Chapter 74-457, Laws of Florida, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Charlotte County from the State's Pari-Mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes). The annual distribution is remitted by the Florida Department of Financial Services to the District. As required by the bond resolution, the District has established a reserve account and has accumulated and maintained adequate resources in the reserve account.

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 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, 2004, are as follows:

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
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	611,463.00	355,000.00	256,463.00
2009	610,738.00	370,000.00	240,738.00
2010-2014	3,061,907.00	2,165,000.00	896,907.00
2015-2019	<u>2,483,763.00</u>	<u>2,200,000.00</u>	<u>283,763.00</u>
Total State School Bonds	<u>8,591,535.00</u>	<u>6,050,000.00</u>	<u>2,541,535.00</u>
District Revenue Bonds:			
2005	133,500.00	120,000.00	13,500.00
2006	<u>124,500.00</u>	<u>120,000.00</u>	<u>4,500.00</u>
Total District Revenue Bonds	<u>258,000.00</u>	<u>240,000.00</u>	<u>18,000.00</u>
District General Obligation Refunding Bonds			
2005	3,127,375.00	2,875,000.00	252,375.00
2006	3,129,875.00	2,935,000.00	194,875.00
2007	3,126,175.00	2,990,000.00	136,175.00
2008	<u>3,131,375.00</u>	<u>3,055,000.00</u>	<u>76,375.00</u>
Subtotal	12,514,800.00	11,855,000.00	659,800.00
Add: Unamortized Premium on Debt	47,967.77	47,967.77	
Less: Unamortized Difference between the Reacquisition Price and Net Carrying Amount of Old Debt	<u>(251,047.70)</u>	<u>(251,047.70)</u>	
Total General Obligation Bonds	<u>12,311,720.07</u>	<u>11,651,920.07</u>	<u>659,800.00</u>
Total	<u>\$21,161,255.07</u>	<u>\$17,941,920.07</u>	<u>\$3,219,335.00</u>

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

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

Funds	Transfers In	Tr
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EXHIBIT - K (Continued)
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EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

relevant information, may be obtained f950.98 196.65799 6Tm(releva)Tj10.98 0 0 189/92-tj10.98 0 0 10.98 292.63059

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental: Federal Direct	\$ 110			

FEDERAL REPORTS AND SCHEDULES



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Compliance and Other Matters

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 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

However, our procedures did disclose certain instan



AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
Tallahassee, Florida 32399-1450



850/488-5534/SC 278-5534

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004**

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 Consum			

**CHARLOTTE COUNTY
DISTRICT SCHOOL**

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004**

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
2004-160		There were no prior audit findings- Federal Awards		

STATEMENT FROM AUDITED OFFICIAL



674 Claude Pepper Building Tallahassee, Florida 32302 Dear Mr. M

We have reviewed the list of... as required by Section 218.45(7)(b), Florida Statute.

operations of Charlotte County Public Schools. Sincerely, David