

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**ALACHUA COUNTY DISTRICT  
SCHOOL BOARD  
GAINESVILLE, FLORIDA**

**JUNE 30, 2011**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**ALACHUA COUNTY DISTRICT SCHOOL BOARD  
GAINESVILLE, FLORIDA**

**JUNE 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District), as of and for the year ended June 30, 2011, 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 Charter Schools or the Alachua County Public School Foundation, Inc., which comprise the discretely presented component units of the District. The discretely presented component units' financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's discretely presented component units, is based solely 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 Alachua County Public Schools 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position thereof for the 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 our report dated, February 13, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

### Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 8 and 47 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Purvis, Gray and Company, LLP*

February 13, 2012  
Gainesville, Florida

# **ALACHUA COUNTY DISTRICT SCHOOL BOARD**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Management of the Alachua County District School Board has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is 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.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2011 fiscal year are as follows:

- The District's total net assets increased by \$3 million, or 3 percent.
- General revenues total \$263 million, or 93 percent of all revenues in the 2011 fiscal year, as compared to \$257 million, or 92 percent for the 2010 fiscal year. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$19 million, or 7 percent as compared to \$22 million, or 8 percent in the prior year.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$22.8 million at June 30, 2011, or 12 percent of General Fund expenditures as compared to \$18.7 million, or 10 percent at June 30, 2010.
- During the current year, General Fund revenues exceeded expenditures by \$4.2 million. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$7 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- 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 District 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.

# ALACHUA COUNTY DISTRICT SCHOOL BOARD

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

*(Continued)*

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### **Government-Wide Financial Statements (*Concluded*)**

The government-wide statements present the District's activities in two categories:

- 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.
- Component units – The District presents 14 separate legal entities as discretely presented component units, including 13 charter schools and one foundation. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units are reported separately from the financial information presented for the primary government.
- The Alachua County School Board Leasing Corporation, (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the Board and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

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 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 entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of two broad categories discussed below.

Governmental Funds - 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 use a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This 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 fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

# ALACHUA COUNTY DISTRICT SCHOOL BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

### Fund Financial Statements (Concluded)

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 – Other Federal Programs Fund, Special Revenue – ARRA Economic Stimulus Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other 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.

**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 private-purpose trust funds to account for the District's early retirement program, the J. Dale Haynie Trust, and for a career service award program. The District uses agency funds to account for resources held for student activities and groups.

### 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.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

## 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, 2011, compared to net assets as of June 30, 2010:

### Net Assets, End of Year

	Governmental Activities	
	6-30-11	6-30-10
Current and Other Assets	\$97,145,184.20	\$75,467,202.94
Capital Assets	\$131,118,905.38	\$139,195,650.45
<b>Total Assets</b>	<b>\$228,264,089.58</b>	<b>\$214,662,853.39</b>
Long-Term Liabilities	\$117,736,884.76	\$107,585,751.02
Other Liabilities	\$10,110,562.35	\$9,540,257.31
<b>Total Liabilities</b>	<b>\$127,847,447.11</b>	<b>\$117,126,008.33</b>
Net Assets:		
Invested in Capital Assets -		
Net of Debt	\$59,853,717.23	\$61,783,952.59
Restricted	\$57,424,700.67	\$41,975,493.43
Unrestricted (Deficit)	(16,861,775.43)	(6,222,600.96)
<b>Total Net Assets</b>	<b>\$100,416,642.47</b>	<b>\$97,536,845.06</b>

# ALACHUA COUNTY DISTRICT SCHOOL BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The largest portion of the District's net assets (60 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net assets (60 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets may be used to meet the government's ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2011, and June 30, 2010, are as follows:

#### Operating Results for the Year

	Governmental Activities	
	6-30-11	6-30-10
Program Revenues:		
Charges for Services	\$7,507,068.93	\$7,373,207.44
Operating Grants and Contributions	\$8,326,446.21	\$12,822,627.14
Capital Grants and Contributions	\$3,385,975.81	\$2,495,508.76
General Revenues:		
Property Taxes, Levied for Operational Purposes	\$94,716,407.54	\$98,866,065.99
Property Taxes, Levied for Debt Service	\$4,759,500.05	\$8,454,661.04
Property Taxes, Levied for Capital Projects	\$15,837,573.64	\$16,488,114.39
Grants and Contributions Not Restricted to Specific Programs	\$143,120,595.84	\$129,542,202.62
Unrestricted Investment Earnings	\$703,804.61	\$697,478.84
Miscellaneous	\$4,004,820.32	\$3,928,649.01
<b>Total Revenues</b>	<b>\$282,362,192.95</b>	<b>\$280,668,515.23</b>
Functions/Program Expenses:		
Instruction	\$134,705,973.13	\$131,718,491.01
Pupil Personnel Services	\$15,281,748.07	\$14,540,390.79
Instructional Media Services	\$4,671,940.22	\$4,699,737.85
Instruction and Curriculum Development Services	\$12,332,982.39	\$11,223,622.98
Instructional Staff Training	\$3,572,608.72	\$3,575,651.20
Instruction Related Technology	\$2,849,552.75	\$2,842,681.66
Board of Education	\$1,180,603.08	\$755,084.64
General Administration	\$2,279,786.84	\$1,976,243.86
School Administration	\$13,289,483.87	\$12,996,241.26
Facilities Acquisition and Construction	\$4,958,086.91	\$6,456,971.70
Fiscal Services	\$1,502,349.69	\$1,555,820.89
Food Services	\$11,767,506.02	\$11,060,816.02
Central Services	\$3,334,824.70	\$3,329,335.78
Pupil Transportation Services	\$11,324,441.51	\$11,357,592.99
Operation of Plant	\$22,287,408.34	\$22,018,188.42
Maintenance of Plant	\$5,068,581.00	\$5,008,407.68
Administrative Technology Services	\$1,274,621.53	\$1,321,038.96
Community Services	\$3,363,757.69	\$3,149,132.02
Interest on Long-Term Debt	\$4,349,608.51	\$4,091,089.20
Unallocated Depreciation Expenses	\$20,086,530.57	\$20,105,732.16
<b>Total Functions/Program Expenses</b>	<b>\$279,482,395.54</b>	<b>\$273,782,271.07</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$2,879,797.41</b>	<b>\$6,886,244.16</b>



# **ALACHUA COUNTY DISTRICT SCHOOL BOARD**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS** *(Continued)*

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### **GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)**

State revenues increased by \$2 million or 3 percent, primarily due to a decrease Florida Education Finance Program (FEFP) and Public Education Capital Outlay funding. Local tax revenue decreased \$8 million or 7 percent, due to a decrease in our required local effort tax levy for operating purposes. The largest revenue source is local tax revenue (41 percent).

Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Instructional expenses represent 62 percent of total governmental expenses in the 2010-11 fiscal year. Instructional expenses increased by \$4.6 million, or 2.8 percent, from the previous year due mainly to an increase in employee pay, employment of additional instructional staff related to class size reduction.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

#### **Major Governmental Funds**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance is \$22.8 million, while the total fund balance is \$41.8 million. The unassigned fund balance increased by \$2.5 million, while the total fund balance increased by \$8.9 million during the fiscal year. The key factor in this growth is as follows:

- Revenues and Other Financial Sources exceeded Expenditures by \$8.9 million dollars. This was in part due to using the \$4.2 million in Federal Education Jobs Act Funds to offset Salary and Benefit expenditures for General Fund Instructional Personnel.

Special Revenue – Other Federal Programs – Other Federal Programs accounts for the financial resources of certain Federal grant programs.

Special Revenue – ARRA Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act of 2009.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of \$13.1 million, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased in the current year due to the completion of renovations of various facilities and the purchases of buses.

The Capital Projects – Other Fund has a total fund balance of \$21.8, all of which is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance increased in the current year due to the issuance of the 2010 Series A and B Certificate of Participation agreements.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revises its budget and brings amendments to the Board when needed. These amendments are needed to adjust to actual revenues received and direct resources where needed. The Board approves the final amendment to the budget after year-end.

# **ALACHUA COUNTY DISTRICT SCHOOL BOARD**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS** *(Concluded)*

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### **OTHER MATTERS OF SIGNIFICANCE**

The Alachua county voters approved an additional millage levy for operating purposes during the November 2008 election. The District budgeted \$13 million in local tax revenue from the additional millage for the 2010-11 fiscal year. The proceeds from the additional millage levy are to be used to restore and continue specific programs per the voter referendum. The levy will require voter approval in 2012 to continue beyond the 2012-13 fiscal year. The District also received State Fiscal Stabilization funding as part of the American Reinvestment and Recovery Act of 2009 to offset the reductions in State revenue for the 2009-10 and 2010-11 fiscal years. The State Fiscal Stabilization funds were awarded for two years and were not budgeted for the 2011-12 fiscal year.

The District will continue with current plans to reduce expenses and build reserves to offset future reductions.

### **CAPITAL ASSETS AND LONG-TERM DEBT**

#### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$131 million (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; construction in progress; and computer software.

Major capital asset events during the current fiscal year included the following:

- Construction in progress at June 30, 2011, includes various classroom additions and multi-purpose buildings.

Additional information on the District's capital assets can be found in the Notes to Financial Statements section.

#### **Long-Term Debt**

At June 30, 2011, the District has total long-term debt outstanding of \$94.7 million. This amount is comprised of \$9 million of bonds payable and \$85.7 million of certificates of participations payable. During the year, the District issued \$18,375,000 in Build America Bonds and Qualified School Construction Bonds for the New Elementary School "H" and other classroom additions. The District issued \$19,502,400 in certificates of participation to refund \$19,775,000 in the 2001 certificates of participation. The District retired \$7,760,000 in other debt.

Additional information on the District's long-term debt can be found in the Notes to the Financial Statements section.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Alachua County District School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Scott Ward, Chief Financial Officer, Alachua County Public Schools, 620 East University Avenue, Gainesville, Florida 32601.

## **FINANCIAL STATEMENTS**

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>Primary Government</u>	<u>Component Units</u>
	<u>Governmental</u>	<u>Charter Schools and</u>
	<u>Activities</u>	<u>Public Schools</u>
<b>ASSETS</b>		<u>Foundation</u>
Cash and Cash Equivalents	\$ 55,984,399.54	\$ 3,422,013.00
Investments	34,869,701.22	451,613.00
Taxes Receivable, Net	0.00	0.00
Accounts Receivable, Net	4,926.36	42,842.00
Interest Receivable	0.00	194.00
Deposits Receivable	0.00	40,568.00
Due from Other Agencies	4,378,527.34	5,116.00
Inventory	1,907,629.74	0.00
Prepaid Items	0.00	52,982.00
<i>Restricted Assets:</i>		
Cash with Fiscal Agent	0.00	1,257,878.00
<i>Capital Assets:</i>		
Land	5,663,696.69	573,332.00
Land Improvements - Nondepreciable	0.00	103,703.00
Construction in Progress	6,491,012.08	44,487.00
Improvements Other Than Buildings	35,078,391.08	1,082,240.00
(Less Accumulated Depreciation)	(21,115,136.55)	(356,856.00)
Buildings and Fixed Equipment	328,817,774.28	3,832,925.00
(Less Accumulated Depreciation)	(230,473,738.18)	(695,089.00)
Furniture, Fixtures and Equipment	24,647,705.49	1,472,966.00
(Less Accumulated Depreciation)	(19,658,137.28)	(1,026,889.00)
Motor Vehicles	18,888,383.29	22,681.00
(Less Accumulated Depreciation)	(17,302,338.10)	(22,681.00)
Property Under Capital Leases	3,580,564.00	97,391.00
(Less Accumulated Depreciation)	(3,580,564.00)	(37,697.00)
Computer Software	3,866,111.32	0.00
(Less Accumulated Amortization)	(3,784,818.74)	0.00
Total Capital Assets Net of Accumulated Depreciation	<u>131,118,905.38</u>	<u>5,090,513.00</u>
<b>Total Assets</b>	<u><u>\$ 228,264,089.58</u></u>	<u><u>\$ 10,363,719.00</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Salaries and Wages Payable	\$ 403,496.56	\$ 164,653.00
Payroll Deductions and Withholdings	6,040,036.71	32,445.00
Accounts Payable	3,059,530.72	319,822.00
Construction Contracts Payable	116,829.00	0.00
Construction Contracts Retainage Payable	235,626.09	0.00
Deposits Payable	0.00	0.00
Due to Other Agencies	156,363.98	54,782.00
Sales Tax Payable	415.59	0.00
Deferred Revenue	98,263.70	12,268.00
<i>Noncurrent Liabilities:</i>		
<i>Portion Due Within One Year:</i>		
Section 1011.13, F.S., Notes Payable	0.00	61,231.00
Notes Payable	0.00	62,539.00
Bonds Payable	5,470,000.00	0.00
Liability for Compensated Absences	1,715,887.77	18,078.00
Certificates of Participation Payable	3,691,625.00	0.00
<i>Portion Due After One Year:</i>		
Notes Payable	0.00	1,557,684.00
Obligations Under Capital Leases	0.00	0.00
Bonds Payable	3,570,000.00	0.00
Liability for Compensated Absences	18,638,596.99	13,017.00
Certificates of Participation Payable	81,996,775.00	0.00
Other Post-employment Benefits Obligation	2,654,000.00	0.00
<b>Total Liabilities</b>	<u><u>127,847,447.11</u></u>	<u><u>2,296,519.00</u></u>

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
*(Concluded)*

	<u>Primary Government</u>	<u>Component Units</u>
	<u>Governmental</u>	<u>Charter Schools and</u>
	<u>Activities</u>	<u>Public Schools</u>
		<u>Foundation</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 59,853,717.23	\$ 3,414,781.00
<i>Restricted For:</i>		
Federal Required Carryover Programs	2,371,166.92	0.00
State Required Carryover Programs	5,646,062.33	0.00
Food Service	2,981,153.34	0.00
Local Sales Tax and Other Tax Levy	3,595,257.86	0.00
Debt Service	6,415,990.39	0.00
Capital Projects	35,829,795.33	77,914.00
Other Purposes	585,274.50	2,146,377.00
Unrestricted	(16,861,775.43)	2,428,128.00
<b>Total Net Assets</b>	<u><u>\$ 100,416,642.47</u></u>	<u><u>\$ 8,067,200.00</u></u>

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FUNCTIONS	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<i>Governmental Activities:</i>			
Instruction	\$ 134,705,973.13	\$ 0.00	\$ 0.00
Pupil Personnel Services	15,281,748.07	0.00	0.00
Instructional Media Services	4,671,940.22	0.00	0.00
Instruction and Curriculum Development Services	12,332,982.39	0.00	0.00
Instructional Staff Training Services	3,572,608.72	0.00	0.00
Instruction Related Technology	2,849,552.75	0.00	0.00
School Board	1,180,603.08	77,479.00	0.00
General Administration	2,279,786.84	0.00	0.00
School Administration	13,289,483.87	0.00	0.00
Facilities Acquisition and Construction	4,958,086.91	0.00	0.00
Fiscal Services	1,502,349.69	0.00	0.00
Food Services	11,767,506.02	3,875,758.61	8,326,446.21
Central Services	3,334,824.70	0.00	0.00
Pupil Transportation	11,324,441.51	589,421.46	0.00
Operation of Plant	22,287,408.34	0.00	0.00
Maintenance of Plant	5,068,581.00	0.00	0.00
Administrative Technology Services	1,274,621.53	0.00	0.00
Community Services	3,363,757.69	2,964,409.86	0.00
Interest on Long-term Debt	4,349,608.51	0.00	0.00
Unallocated Depreciation/Amortization Expense*	20,086,530.57	0.00	0.00
<b>Total Governmental Activities</b>	<b>\$ 279,482,395.54</b>	<b>\$ 7,507,068.93</b>	<b>\$ 8,326,446.21</b>
<i>Component Units:</i>			
Charter Schools and Public Schools Foundation	12,259,583.00	251,038.00	367,153.00
<b>Total Component Units</b>	<b>\$ 12,259,583.00</b>	<b>\$ 251,038.00</b>	<b>\$ 367,153.00</b>

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

**Total General Revenues, Special Items, Extraordinary Items, and Transfers**

**Change in Net Assets**

Net Assets - July 1, 2010

Net Assets - June 30, 2011

\*This amount excludes the depreciation/amortization that is included in the direct expenses of the various functions.

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

		Net (Expense) Revenue and Changes in Net Assets	
Capital Grants and Contributions		Primary Government Governmental Activities	Component Units
\$	0.00	\$ (134,705,973.13)	\$ 0.00
	0.00	(15,281,748.07)	0.00
	0.00	(4,671,940.22)	0.00
	0.00	(12,332,982.39)	0.00
	0.00	(3,572,608.72)	0.00
	0.00	(2,849,552.75)	0.00
	0.00	(1,103,124.08)	0.00
	0.00	(2,279,786.84)	0.00
	0.00	(13,289,483.87)	0.00
359,797.49		(4,598,289.42)	0.00
0.00		(1,502,349.69)	0.00
0.00		434,698.80	0.00
0.00		(3,334,824.70)	0.00
0.00		(10,735,020.05)	0.00
0.00		(22,287,408.34)	0.00
2,134,989.00		(2,933,592.00)	0.00
0.00		(1,274,621.53)	0.00
0.00		(399,347.83)	0.00
891,189.32		(3,458,419.19)	0.00
0.00		(20,086,530.57)	0.00
<u>\$ 3,385,975.81</u>		<u>\$ (260,262,904.59)</u>	<u>\$ 0.00</u>
711,539.00		0.00	(10,929,853.00)
<u>\$ 711,539.00</u>		<u>\$ 0.00</u>	<u>\$ (10,929,853.00)</u>
		94,716,407.54	0.00
		4,759,500.05	0.00
		15,837,573.64	0.00
			0.00
		143,120,595.84	11,349,170.00
		703,804.61	69,431.00
		4,004,820.32	1,959.00
		0.00	0.00
		<u>263,142,702.00</u>	<u>11,420,560.00</u>
		2,879,797.41	490,707.00
		97,536,845.06	7,576,493.00
		<u>\$ 100,416,642.47</u>	<u>\$ 8,067,200.00</u>

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	General	Other Federal Programs	Federal Economic Stimulus Programs
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 39,369,918.81	\$ 0.90	\$ 65,065.25
Investments	3,732,093.31	0.00	0.00
Accounts Receivable, Net	0.00	4,926.36	0.00
<i>Due From Other Funds:</i>			
Budgetary Funds	3,781,950.39	145.12	0.00
Internal Funds	73,622.23	0.00	0.00
Due from Other Agencies	1,281,530.57	830,367.43	1,079,522.56
Inventory	1,297,643.32	0.00	0.00
<b>Total Assets</b>	<u><u>\$ 49,536,758.63</u></u>	<u><u>\$ 835,439.81</u></u>	<u><u>\$ 1,144,587.81</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Salaries, Benefits and Payroll Taxes Payable	\$ 403,496.56	\$ 0.00	\$ 0.00
Payroll Deductions and Withholdings	5,649,975.34	125,485.53	226,985.18
Accounts Payable	1,415,043.23	142,970.99	16,012.13
Construction Contracts Payable	0.00	0.00	0.00
Construction Contracts Payable-Retained Percentage	0.00	0.00	0.00
Matured Bonds Payable	0.00	0.00	0.00
Sales Tax Payable	415.59	0.00	0.00
Due to Other Agencies	0.00	88,442.77	59,858.21
<i>Due to Other Funds:</i>			
Budgetary Funds	260,145.12	478,540.52	841,732.29
<i>Deferred Revenue:</i>			
Unearned Revenue	0.00	0.00	0.00
<b>Total Liabilities</b>	<u><u>7,729,075.84</u></u>	<u><u>835,439.81</u></u>	<u><u>1,144,587.81</u></u>
<b>FUND BALANCES</b>			
<i>Nonspendable:</i>			
Inventory	1,297,643.32	0.00	0.00
<i>Total Nonspendable Fund Balance</i>	<u><u>1,297,643.32</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
<i>Restricted for:</i>			
Federal Required Carryover Programs	0.00	0.00	0.00
State Required Carryover Programs	5,646,062.33	0.00	0.00
Local Sales Tax and Other Tax Levy	3,595,257.86	0.00	0.00
Debt Service	0.00	0.00	0.00
Capital Projects	0.00	0.00	0.00
Restricted for Adult Education	3,235,964.12	0.00	0.00
Restricted for Other	330,463.72	0.00	0.00
<i>Total Restricted Fund Balance</i>	<u><u>12,807,748.03</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
<i>Assigned to:</i>			
Assigned for Terminal Pay	1,326,936.21	0.00	0.00
Assigned for Encumbrances	1,277,630.18	0.00	0.00
Assigned for Extended Day Enrichment Program	1,073,715.70	0.00	0.00
Assigned for Other State and Local Grants	1,225,060.51	0.00	0.00
<i>Total Assigned Fund Balance</i>	<u><u>4,903,342.60</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
<i>Total Unassigned Fund Balance</i>	<u><u>22,798,948.84</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
<b>Total Fund Balances</b>	<u><u>41,807,682.79</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 49,536,758.63</u></u>	<u><u>\$ 835,439.81</u></u>	<u><u>\$ 1,144,587.81</u></u>

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



<b>Capital Improvement Section 1011.71(2) F.S.</b>	<b>Other Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 12,720,749.05	\$ 663,569.98	\$ 3,091,473.32	\$ 55,910,777.31
2,023,934.84	23,482,763.07	5,630,910.00	34,869,701.22
0.00	0.00	0.00	4,926.36
0.00	0.00	0.00	3,782,095.51
0.00	0.00	0.00	73,622.23
2,769.47	0.00	1,184,337.31	4,378,527.34
0.00	0.00	609,986.42	1,907,629.74
<u>\$ 14,747,453.36</u>	<u>\$ 24,146,333.05</u>	<u>\$ 10,516,707.05</u>	<u>\$ 100,927,279.71</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 403,496.56
0.00	0.00	37,590.66	6,040,036.71
300,462.57	74,529.84	80,511.96	2,029,530.72
116,829.00	0.00	0.00	116,829.00
17,781.00	217,845.09	0.00	235,626.09
1,030,000.00	0.00	0.00	1,030,000.00
0.00	0.00	0.00	415.59
0.00	0.00	8,063.00	156,363.98
152,126.96	1,970,005.12	79,545.50	3,782,095.51
0.00	0.00	98,263.70	98,263.70
<u>1,617,199.53</u>	<u>2,262,380.05</u>	<u>303,974.82</u>	<u>13,892,657.86</u>
0.00	0.00	609,986.42	1,907,629.74
<u>0.00</u>	<u>0.00</u>	<u>609,986.42</u>	<u>1,907,629.74</u>
0.00	0.00	2,371,166.92	2,371,166.92
0.00	0.00	0.00	5,646,062.33
0.00	0.00	0.00	3,595,257.86
0.00	0.00	6,415,990.39	6,415,990.39
13,130,253.83	21,883,953.00	815,588.50	35,829,795.33
0.00	0.00	0.00	3,235,964.12
0.00	0.00	0.00	330,463.72
<u>13,130,253.83</u>	<u>21,883,953.00</u>	<u>9,602,745.81</u>	<u>57,424,700.67</u>
0.00	0.00	0.00	1,326,936.21
0.00	0.00	0.00	1,277,630.18
0.00	0.00	0.00	1,073,715.70
0.00	0.00	0.00	1,225,060.51
0.00	0.00	0.00	4,903,342.60
0.00	0.00	0.00	22,798,948.84
<u>13,130,253.83</u>	<u>21,883,953.00</u>	<u>10,212,732.23</u>	<u>87,034,621.85</u>
<u>\$ 14,747,453.36</u>	<u>\$ 24,146,333.05</u>	<u>\$ 10,516,707.05</u>	<u>\$ 100,927,279.71</u>

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Total Fund Balances - Governmental Funds</b>	\$	87,034,621.85
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**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.		131,118,905.38
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$	(9,040,000.00)	
Certificates of Participation Payable		(85,688,400.00)	
Compensated Absences Payable		(20,354,484.76)	
Other Postemployment Benefits Payable		(2,654,000.00)	(117,736,884.76)

<b>Total Net Assets - Governmental Activities</b>	\$	100,416,642.47
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The accompanying notes to financial statements are an integral part of this statement.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General</u>	<u>Other Federal Programs</u>	<u>Federal Economic Stimulus Programs</u>
<b>REVENUES</b>			
Federal Direct	\$ 205,285.18	\$ 5,041,024.88	\$ 168,522.04
Federal Through State and Local	827,538.86	20,200,675.53	21,325,688.79
State Sources	94,653,755.34	0.00	0.00
<i>Local Sources:</i>			
Property Taxes Levied for Operational Purposes	94,577,588.27	0.00	0.00
Property Taxes Levied for Debt Service	0.00	0.00	0.00
Property Taxes Levied for Capital Projects	0.00	0.00	0.00
Charges for Service - Food Service	0.00	0.00	0.00
Other Local Revenue	7,871,860.80	22,000.00	0.00
Total Local Sources	<u>102,449,449.07</u>	<u>22,000.00</u>	<u>0.00</u>
<b>Total Revenues</b>	<u>198,136,028.45</u>	<u>25,263,700.41</u>	<u>21,494,210.83</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
Instruction	104,903,474.46	13,585,494.26	16,325,788.01
Pupil Personnel Services	10,319,275.87	3,343,635.95	1,632,957.50
Instructional Media Services	4,510,473.69	0.00	165,730.80
Instruction and Curriculum Development Services	6,480,797.09	4,241,425.53	1,622,681.78
Instructional Staff Training Services	1,294,943.92	1,858,251.83	422,213.76
Instruction Related Technology	2,638,019.96	67,646.50	146,369.74
School Board	1,180,814.67	0.00	0.00
General Administration	833,759.54	838,158.69	608,672.14
School Administration	13,299,074.68	3,280.09	0.00
Facilities Acquisition and Construction	174,954.06	18,695.74	57,875.46
Fiscal Services	1,503,758.54	0.00	0.00
Food Services	0.00	0.00	0.00
Central Services	3,197,006.21	131,536.15	9,044.63
Pupil Transportation Services	10,746,526.68	336,865.97	199,267.51
Operation of Plant	21,913,280.69	373,004.16	8,674.81
Maintenance of Plant	5,072,518.08	0.00	0.00
Administrative Technology Services	1,275,677.65	0.00	0.00
Community Services	3,363,493.72	3,265.91	0.00
<i>Debt Service:</i>			
Retirement of Principal	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Dues, Fees and Issuance Costs	0.00	0.00	0.00
<i>Capital Outlay:</i>			
Facilities Acquisition and Construction	84,801.44	20,558.67	53,002.79
Other Capital Outlay	1,072,308.30	441,880.96	241,931.90
<b>(Total Expenditures)</b>	<u>193,864,959.25</u>	<u>25,263,700.41</u>	<u>21,494,210.83</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>			
<b>Expenditures</b>	<u>4,271,069.20</u>	<u>0.00</u>	<u>0.00</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding Bonds Issued	0.00	0.00	0.00
Certificates of Participation Issued	0.00	0.00	0.00
Loss Recoveries	101,669.03	0.00	0.00
Payments to Refunded Bond Escrow Agent	0.00	0.00	0.00
Transfers in	4,682,124.00	0.00	0.00
Transfers out	(63,338.97)	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<u>4,720,454.06</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Change in Fund Balances</b>	8,991,523.26	0.00	0.00
Fund Balances, July 1, 2010	32,816,159.53	0.00	0.00
Fund Balances, June 30, 2011	<u>\$ 41,807,682.79</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

<b>Capital Improvement Section 1011.71(2) F.S.</b>	<b>Other Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,414,832.10
0.00	0.00	8,154,607.21	50,508,510.39
150,307.21	711,538.00	3,394,074.82	98,909,675.37
0.00	0.00	0.00	94,577,588.27
0.00	0.00	4,743,090.97	4,743,090.97
15,800,268.36	0.00	0.00	15,800,268.36
0.00	0.00	3,875,758.61	3,875,758.61
125,234.14	55,060.28	331,131.15	8,405,286.37
15,925,502.50	55,060.28	8,949,980.73	127,401,992.58
16,075,809.71	766,598.28	20,498,662.76	282,235,010.44
0.00	0.00	0.00	134,814,756.73
0.00	0.00	0.00	15,295,869.32
0.00	0.00	0.00	4,676,204.49
0.00	0.00	0.00	12,344,904.40
0.00	0.00	0.00	3,575,409.51
0.00	0.00	0.00	2,852,036.20
0.00	0.00	0.00	1,180,814.67
0.00	0.00	0.00	2,280,590.37
0.00	0.00	0.00	13,302,354.77
0.00	0.00	0.00	251,525.26
0.00	0.00	0.00	1,503,758.54
0.00	0.00	11,772,885.71	11,772,885.71
0.00	0.00	0.00	3,337,586.99
0.00	0.00	0.00	11,282,660.16
0.00	0.00	0.00	22,294,959.66
0.00	0.00	0.00	5,072,518.08
0.00	0.00	0.00	1,275,677.65
0.00	0.00	0.00	3,366,759.63
3,104,238.24	0.00	5,230,000.00	8,334,238.24
3,201,165.24	0.00	600,905.00	3,802,070.24
56,121.75	184,128.86	115,790.66	356,041.27
10,141,960.63	4,264,503.92	437,664.40	15,002,491.85
0.00	0.00	7,423.07	1,763,544.23
16,503,485.86	4,448,632.78	18,164,668.84	279,739,657.97
(427,676.15)	(3,682,034.50)	2,333,993.92	2,495,352.47
0.00	19,502,400.00	0.00	19,502,400.00
0.00	18,375,000.00	0.00	18,375,000.00
25,513.48	0.00	0.00	127,182.51
0.00	(19,392,258.76)	0.00	(19,392,258.76)
20,665.06	450,000.00	298,578.62	5,451,367.68
(2,070,836.65)	(712,983.74)	(2,604,208.32)	(5,451,367.68)
(2,024,658.11)	18,222,157.50	(2,305,629.70)	18,612,323.75
(2,452,334.26)	14,540,123.00	28,364.22	21,107,676.22
15,582,588.09	7,343,830.00	10,184,368.01	65,926,945.63
\$ 13,130,253.83	\$ 21,883,953.00	\$ 10,212,732.23	\$ 87,034,621.85

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Net Change in Fund Balances - Governmental Funds** \$ 21,107,676.22

**Amounts reported for Governmental Activities in the Statement of Activities  
are Different Because:**

Governmental funds report capital outlays 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 depreciation expense in excess of capital outlays in the current period.

Capital Outlay Expenditures	\$ 9,520,189.34	
Depreciation Expense	<u>(17,596,934.41)</u>	(8,076,745.07)

Issuing long-term bonded debt is an other financing source in the governmental funds, but issuing new debt increases long-term liabilities in the statement of net assets. Refunded debt is an other financing use in the governmental funds, but decreases liabilities in the statement of net assets. This is the long-term debt that was issued and refunded in the current period.

Certificates of Participation Issued Series 2010A & 2010B	(18,375,000.00)	
Certificates of Participation Issued Series 2010C & 2011	(19,502,400.00)	
Refunding Certificates Series 2001	<u>19,775,000.00</u>	(18,102,400.00)

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. the following details the amount of long-term debt principal repaid in the current period.

Certificates of Participation Payable	2,530,000.00	
Bonds Payable	<u>5,230,000.00</u>	7,760,000.00

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 vacation and sick leave used in excess of the amount earned in the current period.

707,266.26

Other postemployment 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 other postemployment benefit payable liability for the current fiscal year.

(516,000.00)

**Change in Net Assets of Governmental Activities** \$ 2,879,797.41

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

	<b>Total Private-Purpose Trust Funds</b>	<b>Total Pension Trust Funds</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 450,366.87	\$ 855,487.68	\$ 2,893,605.00
Investments	0.00	2,497,339.63	0.00
Accounts Receivable, Net	0.00	0.00	95,430.00
Inventory	0.00	0.00	60,673.00
<b>Total Assets</b>	<b>\$ 450,366.87</b>	<b>\$ 3,352,827.31</b>	<b>\$ 3,049,708.00</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 0.00	\$ 0.00	\$ 12,461.00
Due to Other Agencies	0.00	0.00	0.00
Due to Other Funds-Budgetary	0.00	0.00	73,622.23
Internal Accounts Payable	0.00	0.00	2,963,624.77
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 3,049,708.00</b>
<b>NET ASSETS</b>			
Assets Held in Trust for Pension Benefits	0.00	3,352,827.31	
Assets Held in Trust for Scholarships and Other Purposes	0.00 450,366.87	0.00 0.00	
<b>Total Net Assets</b>	<b>\$ 450,366.87</b>	<b>\$ 3,352,827.31</b>	

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Total Private-Purpose Trust Funds</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>		
<i>Contributions:</i>		
Employer	\$ 0.00	\$ 732,610.00
<i>Investment Earnings:</i>		
Interest	1,092.21	40,037.61
Gain on Sale of Investments	0.00	78,448.16
Net Increase in the Fair Value of Investments	354.48	256,475.83
Total Investment Earnings	1,446.69	374,961.60
Net Investment Earnings	1,446.69	374,961.60
<b>Total Additions</b>	1,446.69	1,107,571.60
<b>DEDUCTIONS</b>		
Employee Benefits	0.00	651,940.52
Purchased Services	0.00	9,000.00
<b>Total Deductions</b>	0.00	660,940.52
<b>Change In Net Assets</b>	1,446.69	446,631.08
Net Assets - July 1, 2010	448,920.18	2,906,196.23
Net Assets - June 30, 2011	\$ 450,366.87	\$ 3,352,827.31

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **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 Alachua County School District is considered part of the Florida system of public education. The governing body of the school district is the Alachua 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 Alachua 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, the following component units are included within the District School Board's reporting entity:

- **Blended Component Unit** - The Alachua County School Board Leasing Corporation was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 8. Due to the substantive economic relationship between the Alachua County District School Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- **Discretely Presented Component Units** - The component unit columns in the basic financial statements, Exhibit B, include the financial data of the Alachua County Public Schools Foundation, Inc., and 13 charter schools: Alachua Learning Center, Inc.; Caring and Sharing Learning School, Inc.; Einstein Montessori School, Inc.; Expressions Learning Arts Academy, Inc.; Florida School for Integrated Academics and Technology, Inc.; Genesis Preparatory School, Inc.; Healthy Learning Academy, Inc.; Hoggetowne Middle School, Inc.; Micanopy Area Charter Schools, Inc.; Micanopy Middle School, Inc.; One Room School House Project, Inc.; Sweetwater Branch Academy, Inc.; and Sweetwater Branch Academy Elementary School.

The charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Alachua County District School Board.

The Foundation is a separate; not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, and was formed to provide charitable and educational aid to the School Board, to promote education, and to encourage research, learning, and dissemination of information.

The financial data reported on the accompanying financial statements was derived from the Annual Financial Reports of the charter schools and the Alachua County Public Schools Foundation, Inc., which are available at the District's administrative office for the fiscal year ended June 30, 2011.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

➤ **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 include the non-fiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses associated with the District's transportation department are allocated to the pupil transportation services function, while remaining depreciation expenses not readily associated with a particular function are reported as unallocated.

Program revenues include charges paid by the recipient of the goods or service, program or department and are thereby clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

The effects of inter-fund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Other Federal Programs Fund – to account for certain Federal grant program resources.
- Special Revenue – ARRA Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act of 2009.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

➤ **Basis of Presentation** *(Concluded)*

- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including: construction, remodeling and addition projects; District-wide maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment purchases; payments for educational facilities and sites due under lease-purchase agreements (COPS); payments for renting and leasing education facilities and sites; payments of loans approved pursuant to Sections 1011.14 and 1011.15, Florida Statutes; and payment of the cost of leasing relocatable educational facilities.
- Capital Projects – Other Fund – to account for the financial resources primarily generated by the issuance of certificates of participation to be used for educational outlay needs, including new construction, renovation and remodeling projects and computer equipment.

Additionally, the District reports the following fiduciary fund types:

- Pension Trust Fund – to account resources used to finance the early retirement program.
- Private-Purpose Trust Fund – to account for resources of the J. Dale Haynie Trust Fund and the career services award program.
- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the 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, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

➤ **Basis of Accounting** *(Concluded)*

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 Alachua County Public Schools Foundation, Inc., shown as a discretely presented component unit, is accounted for as a not-for-profit organization and follows the FASB accounting model. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

➤ **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.

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

The District's investments in the Local Government Surplus Funds Trust Fund, which the 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 the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.78965331 at June 30, 2011. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the LGIP.

Investments made locally, including investments held for the pension fund, consist of money market funds, mutual funds, and United States Government Securities and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. The central stores, transportation, maintenance and the food service nonfood inventories are valued at cost on the moving-average basis. The purchased food inventories are valued at final year-end contract price, which approximates cost on the first-in, first-out basis. United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 with a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the composite method, except for assets under capital lease which are depreciated under the straight-line method over the shorter of the lease term or the asset's useful life.

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	9 - 37 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 12 years
Assets Under Capital Lease	10 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	4 - 5 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **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.

In the governmental fund financial statements, bonds and other long-term obligations 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 and 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. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

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

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

➤ **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. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and 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 assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. Accordingly, the District recognizes the allocation of Public Education Capital Outlay as deferred revenue until such time as an encumbrance authorization is received.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

➤ **District Property Taxes**

The School Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Alachua County Property Appraiser, and property taxes are collected by the Alachua County Tax Collector.

The School Board adopted the 2010 tax levy on September 7, 2010. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Concluded)*

➤ **District Property Taxes** *(Concluded)*

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Alachua County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

Millages and taxes levied for the current year are presented in a subsequent note.

➤ **Federal Revenue Sources**

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

**2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY**

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.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. INVESTMENTS**

As of June 30, 2011, the District has the following investments and maturities:

Investment	Maturities	Fair Value
<b>Primary Government:</b>		
<b>Shown As Cash Equivalent</b>		
Florida Prime		
Surplus Funds Trust Funds Investment Pool A	31 Days	\$ 53,009,634.01
US Bank Principal Cash		9,151.00
<b>Total Primary Government Cash Equivalent</b>		<b>53,018,785.01</b>
<b>Shown As Investment</b>		
Florida Prime		
Surplus Funds Trust Funds Investment Pool A (1)	31 Days	4,886,431.27
Surplus Funds Trust Funds Investment Pool B	7.16 Years	184,595.62
Evergreen Institutional Treasury Money Market Fund	60 Day Average	5,599,973.39
First American Treasury Money Market Fund (1)	35 Day Average	18,617,603.70
FHLMC (3)	12/15/11	1,294,456.10
US Treasury Inflation Protection Security (2)	10/25/15	4,157,940.96
State Board of Administration Debt Service Accounts	31 Days	128,700.18
<b>Total Primary Government Investment</b>		<b>34,869,701.22</b>
<b>Fiduciary Funds:</b>		
<b>Shown As Cash Equivalent</b>		
Florida Prime		
Surplus Funds Trust Funds Investment Pool	31 Days	1,271,309.93
<b>Shown As Investment</b>		
STIFEL NICOLAUS - Equities		1,480,502.66
STIFEL NICOLAUS - Money Market Portfolio	Less Than 3 Months	88,892.72
STIFEL NICOLAUS - U S Government Securities	8.68 - 11.83 yrs.	927,944.25
<b>Total Fiduciary Fund Cash Equivalents and Investments</b>		<b>3,768,649.56</b>
<b>Total Cash Equivalents and Investments, Reporting Entity</b>		<b>\$ 91,657,135.79</b>

Note: (1) These funds are held under a trust agreement in connection with the Certificates of Participation, Series 2001-QZAB, 2004, 2005, 2005-QZAB, 2010A, 2010B, 2010C, and 2011 financing arrangements. (See Note 8.) Money market funds include amounts invested in securities that are issued or guaranteed as to payment of principal and interest by the United States Government.

(2) These funds are held under a master repurchase agreement in connection with the Certificates of Participation, 2001-QZAB (See Note 8.)

(3) These funds are held under a security delivery agreement in connection with the Certificates of Participation, 2005-QZAB (See Note 8.)

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. INVESTMENTS (*Continued*)**

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk

- Section 218.415(17), Florida Statutes, limits investments in money market funds to Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes. The District does not have a formal investment policy that limits its investment choices.
- As of June 30, 2011, the District's investment in the Local Government Surplus Funds Investment Pool A is AAAM rated.
- As of June 30, 2011, the District's investment in the Local Government Surplus Funds Investment Pool B is not rated by any nationally recognized statistical rating agency.

Custodial Credit Risk

- Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.
- In conjunction with the issuance of its \$5,147,000 Taxable Certificates of Participation, Series 2001-QZAB, U.S. Bank, as successor Trustee, entered into a Master Repurchase Agreement with Bank of America, N.A. The monies are invested at a rate of 5% and will accrue to a total value of \$5,147,000 on October 25, 2015, the repurchase date of the agreement. Under the terms of the agreement, Bank of America must post collateral in an amount equal to 103% of the investment value. Eligible collateral is limited to direct obligations of the Department of the Treasury of the United States Government and certain obligations of federal agencies which represent the full faith and credit of the United States of America. All collateral must be marked to market at least monthly.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. INVESTMENTS (*Concluded*)**

*Custodial Credit Risk (Concluded)*

- In conjunction with the issuance of its \$1,794,000 Taxable Certificates of Participation, Series 2005-QZAB, The School Board of Alachua County, U.S. Bank, as successor Trustee, and Wachovia Bank, National Association, as Provider entered into a Security Delivery Agreement dated December 22, 2005. The deposits total \$1,176,198.25 and will accrue to a total value of \$1,794,000 on December 22, 2020 at the guaranteed rate of 3.57%. At the time of each deposit by the Board, the Trustee purchases and holds on behalf of the Board eligible securities from the Provider. Eligible securities include direct obligations of the Department of the Treasury of the United States Government and certain obligations of federal agencies which represent the full faith and credit of the United States of America, and other securities as outlined in the Security Delivery Agreement.

*Concentration of Credit Risk*

- Section 218.415(8), Florida Statutes, requires the District to diversify investments to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.
- The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.
- See Note 14 for concentrations of investments in the District's early retirement program, reported in the Pension Trust Fund.

*Foreign Currency Risk*

- The District does not have a formal policy that limits its investment in foreign currency.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**4. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	Balance 7-1-10	Additions	Deletions	Balance 6-30-11
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 5,663,696.69	\$	\$	\$ 5,663,696.69
Construction in Progress	516,889.67	8,694,742.74	2,720,620.33	6,491,012.08
Total Capital Assets Not Being Depreciated	6,180,586.36	8,694,742.74	2,720,620.33	12,154,708.77
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	33,964,368.44	1,114,022.64		35,078,391.08
Buildings and Fixed Equipment	327,330,876.59	1,606,597.69	119,700.00	328,817,774.28
Furniture, Fixtures, and Equipment	24,828,505.64	1,697,394.22	1,878,194.37	24,647,705.49
Motor Vehicles	17,365,339.10	1,586,045.19	63,001.00	18,888,383.29
Property Under Capital Lease	3,580,564.00			3,580,564.00
Audio Visual Materials and Computer Software	4,263,208.76	81,292.28	478,389.72	3,866,111.32
Total Capital Assets Being Depreciated	411,332,862.53	6,085,352.02	2,539,285.09	414,878,929.46
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	19,277,664.22	1,837,472.33		21,115,136.55
Buildings and Fixed Equipment	215,798,082.56	14,795,355.62	119,700.00	230,473,738.18
Furniture, Fixtures, and Equipment	18,182,000.54	3,354,331.11	1,878,194.37	19,658,137.28
Motor Vehicles	17,281,708.10	83,631.00	63,001.00	17,302,338.10
Property Under Capital Lease	3,580,564.00			3,580,564.00
Audio Visual Materials and Computer Software	4,197,779.02	65,429.44	478,389.72	3,784,818.74
Total Accumulated Depreciation	278,317,798.44	20,136,219.50	2,539,285.09	295,914,732.85
Total Capital Assets Being Depreciated, Net	133,015,064.09	(14,050,867.48)	-	118,964,196.61
Governmental Activities Capital Assets, Net	\$ 139,195,650.45	\$ (5,356,124.74)	\$ 2,720,620.33	\$ 131,118,905.38

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Pupil Transportation Services	\$ 49,688.93
Unallocated	20,086,530.57
Total Depreciation Expense - Governmental Activities	\$20,136,219.50

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**5. CERTIFICATES OF PARTICIPATION**

Certificates of Participation at June 30, 2011, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2001-QZAB	\$ 5,147,000	(1)	2016	\$ 5,147,000
Series 2004	20,150,000	5.10	2029	20,150,000
Series 2005	17,440,000	2.70 - 5.00	2018	22,815,000
Series 2005-QZAB	1,794,000	(1)	2021	1,794,000
Series 2009-A	3,280,000	2.770	2014	5,315,000
Series 2010A	11,211,997	4.98	2027	11,211,997
Series 2010B	7,163,003	4.490	2027	7,163,003
Series 2010C	9,872,500	2.89	2021	9,872,500
Series 2011	9,629,900	2.94	2021	9,629,900
Total Certificates of Participation	<u>\$ 85,688,400</u>			

Note: (1) Interest on this debt is "paid" by the United States Government through the issuance of Federal income tax credits to the holder of the QZAB's. The rate of return to the holders was established by the United States Government at the time of sale.

The District entered into financing arrangements, characterized as lease-purchase agreements, with the Alachua School Board Leasing Corporation whereby the District secured financing of various educational facilities and equipment. The financing was accomplished through the issuance of certificates of participation by the Corporation to third-party investors, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangements, the District has given ground leases on District property to the Alachua School Board Leasing Corporation, with rental fees of \$1 per year, except for the 2001-QZAB (Qualified Zone Academy Bonds) and the 2005-QZAB, which are secured by computer equipment. The initial terms of the leases end on the earlier of the maturity date, or the date on which the certificates are paid in full; however, if lease obligations remain outstanding, the ground leases may be renewed for additional terms of five years. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the properties included under the ground lease agreements for the benefit of the securers of the certificates as specified by the arrangements. The lease payments, which are used to make debt service payments on the certificates, are payable from funds appropriated annually by the District for such purpose from the local capital outlay tax levy or other funds legally available. The District properties included in the ground leases under these arrangements include land on which the projects have been constructed.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**5. CERTIFICATES OF PARTICIPATION (*Continued*)**

The projects related to the ground leases are as follows:

Series 2004

Horizon Center New Classrooms and Support Facilities  
Hawthorne Middle/High School Classroom Remodeling  
Rawlings Elementary School Food Service/Multi-Purpose Building  
Lofton High School/Horizon Center New Gymnasium/Multi-Purpose Building and Food Service Improvements  
Hidden Oak Elementary School New 10-Classroom Building  
Norton Elementary New 4-Classroom Building  
Talbot Elementary School New 10-Classroom Building  
Wiles Elementary School New 10-Classroom Building  
Newberry Elementary School New 4-Classroom Building

Series 2005 Refunding

Certificates of Participation, Series 1997, maturing in the years 2008 to 2018, and the underlying projects.  
Certificates of Participation, Series 1998, maturing in the years 2009 to 2018, and the underlying projects.

Series 2010-A Qualified School Construction Bonds

Santa Fe High School Classroom Addition  
New Elementary School "H"

Series 2010-B Build America Bonds

New Elementary School "H"

Series 2010-C Refunding

Certain Certificates of Participation, Series 2001, maturing in the years 2011 to 2021, and the underlying projects.

Series 2011 Refunding

Certain Certificates of Participation, Series 2001, maturing in the years 2011 to 2021, and the underlying projects.

The lease under the Series 2001-QZAB and the Series 2005-QZAB issues includes computer equipment purchased throughout the District.

Lease payments, with the exception of the Series 2001-QZAB and the Series 2005-QZAB issues, are payable by the District, semiannually, on July 1 and January 1.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,390,860.06	\$ 3,691,625.00	\$ 2,699,235.06
2013	6,393,023.02	3,810,005.00	2,583,018.02
2014	6,395,647.59	3,931,775.00	2,463,872.59
2015	6,442,993.37	4,102,143.00	2,340,850.37
2016	11,593,231.05	9,433,418.00	2,159,813.05
2017-2021	34,001,854.24	25,973,421.00	8,028,433.24
2022-2026	18,545,845.34	13,975,627.00	4,570,218.34
2027-2029	21,755,284.71	20,770,386.00	984,898.71
Total Minimum Lease Payments	<u>\$ 111,518,739.38</u>	<u>\$ 85,688,400.00</u>	<u>\$ 25,830,339.38</u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**5. CERTIFICATES OF PARTICIPATION (*Concluded*)**

The Series 2001-QZAB Certificates of Participation were issued under a special program whereby the certificates, bearing an original issue date of October 25, 2001, will mature on October 25, 2015, for the original \$5,147,000 issue amount. There is no interest cost for borrowing monies under this program. Mandatory lease payment account deposits of \$596,350 for five consecutive years beginning on October 25, 2002 were established. It is anticipated that these deposits, along with accrued interest, will be sufficient to redeem the Certificates at maturity. The Series 2005-QZAB Certificates of Participation were issued under a special program whereby the certificates, bearing an original issue date of December 22, 2005, will mature on December 22, 2020, for the original \$1,794,000 issue amount. There is no interest cost for borrowing monies under this program. Mandatory lease payment account deposits of \$235,240 for five consecutive years beginning on December 22, 2006, were established. It is anticipated that these deposits, along with accrued interest, will be sufficient to redeem the Certificates at maturity.

**6. BONDS PAYABLE**

Bonds payable at June 30, 2011, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 2005A	\$ 3,205,000	4.75 - 5.00	2016
Series 2005B, Refunding	875,000	5.00 - 5.25	2018
Series 2009A, Refunding	225,000	2.00 - 5.00	2019
District General Obligation Bonds:			
Series 2003, Refunding	<u>4,735,000</u>	3.10 - 5.00	2012
Total Bonds Payable	<u>\$ 9,040,000</u>		

The various bonds were issued to finance capital outlay projects of the District or to refund prior bonds. The following is a description of the bonded debt issues:

➤ **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.

➤ **District General Obligation Bonds**

General Obligation Refunding Bonds, Series 2003, are authorized by Section 12, Article VII, of the State Constitution and secured by a pledge of property taxes levied, pursuant to Chapters 1010 and 1011, Florida Statutes.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**6. BONDS PAYABLE (Concluded)**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2011, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
<hr/>			
State School Bonds:			
2012	\$ 904,750.00	\$ 690,000.00	\$ 214,750.00
2013	910,500.00	730,000.00	180,500.00
2014	909,250.00	765,000.00	144,250.00
2015	921,000.00	815,000.00	106,000.00
2016-2019	<u>1,405,000.00</u>	<u>1,305,000.00</u>	<u>100,000.00</u>
Total State School Bonds	<u>5,050,500.00</u>	<u>4,305,000.00</u>	<u>745,500.00</u>
General Obligation Bonds:			
2012	<u>4,919,665.00</u>	<u>4,735,000.00</u>	<u>184,665.00</u>
Total General Obligation Bonds	<u>4,919,665.00</u>	<u>4,735,000.00</u>	<u>184,665.00</u>
Total	<u><u>\$ 9,970,165.00</u></u>	<u><u>\$ 9,040,000.00</u></u>	<u><u>\$ 930,165.00</u></u>

**7. DEFEASED DEBT**

The Florida Department of Education issued Capital Outlay Refunding Bonds, Series 2005B, dated July 1, 2005, with an average interest rate of 4.99 percent, to advance-refund callable portions of the District's State School Bonds, Series 1998A. The Refunding Bonds have been issued to advance-refund the \$1,295,000 principal amount of the District's State School Bonds, Series 1998A, that mature on or after January 1, 2009. The District's pro rata share of net proceeds totaling \$1,339,632.26 (after deduction of \$4,608.98 by the Florida Department of Education for the District's pro rata share of underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for future debt service payments. As a result, \$1,295,000 of the State School Bonds, Series 1998A are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Series 2005B bonds were issued to reduce the total debt service payments over the next 13 years by approximately \$94,712 and to obtain an economic gain of \$72,726.

On May 1, 2009, the Board issued \$5,315,000 in Refunding Certificates of Participation (COPs), Series 2009A, with an interest rate of 2.770 percent, to advance-refund a portion of the District's COPs, Series 1997A. The refunding COPs are being issued to advance-refund the \$5,225,000 principal amount of the COPs, Series 1997A, that mature on or after July 1, 2009. The net proceeds of \$5,279,496 (after payment of \$35,504 underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to provide for a portion of future debt service payment on the Series 1997A COPs. As a result, \$5,225,000 of the Series 1997A COPs are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**7. DEFEASED DEBT (Concluded)**

The Series 1997A COPs were refunded to reduce its total debt service payments over the next 6 years by approximately \$317,198.42 and to obtain an economic gain (difference between the present value of the debt service payments on the new and old debt) of \$290,825.15.

The Series 2001 COPs were refunded to reduce its total debt service payments over the next 10 years by approximately \$2,802,883.14 and to obtain an economic gain (difference between the present value of the debt service payments on the new and old debt) of \$2,252,144.13.

**8. CHANGES IN LONG-TERM LIABILITIES**

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

Description	Balance 7-1-10	Additions	Deductions	Balance 6-30-11	Due in One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 14,270,000.00		\$ 5,230,000.00	\$ 9,040,000.00	\$ 5,470,000.00
Certificates of Participation Payable	70,116,000.00	\$ 37,877,400.00	22,305,000.00	85,688,400.00	3,691,625.00
Compensated Absences Payable	21,061,751.02	2,190,747.41	2,898,013.67	20,354,484.76	1,715,887.77
Other Post-employment Benefit	2,138,000.00	516,000.00		2,654,000.00	
Total Governmental Activities	\$ 107,585,751.02	\$ 40,584,147.41	\$ 30,433,013.67	\$ 117,736,884.76	\$ 10,877,512.77

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund.

**9. FUND BALANCE REPORTING**

The District implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Types Definitions, for the fiscal year ending June 30, 2011. The objective of the statement is to improve the usefulness and understanding of fund balance information for users of the financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. The District reports its governmental fund balances in the following categories:

**Non-spendable** - The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories as non-spendable.

**Restricted** - The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**9. FUND BALANCE REPORTING (Concluded)**

**Committed** - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the district school board). These amounts cannot be used for any other purpose unless the district school board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2011.

**Assigned** - The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as non-spendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Chief Financial Officer and not included in other categories.

**Unassigned** - The portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

The following is a schedule of fund balances by category at June 30, 2011.

	General	Major Funds Local Capital Improvement	Capital Outlay - Other	Non-Major Funds	Total
Non-Spendable					
Inventory	\$ 1,297,643.32			\$ 609,986.42	\$ 1,907,629.74
Total Non-Spendable	1,297,643.32			609,986.42	1,907,629.74
Spendable					
Restricted					
Categorical	5,646,062.33				5,646,062.33
Voter Approved Millage	3,595,257.86				3,595,257.86
Adult Education Program	3,235,964.12				3,235,964.12
Food Service				2,371,166.92	2,371,166.92
Debt Service				6,415,990.39	6,415,990.39
Capital Outlay		13,130,253.83	21,883,953.00	815,588.50	35,829,795.33
Other	330,463.72				330,463.72
Total Restricted	12,807,748.03	13,130,253.83	21,883,953.00	9,602,745.81	57,424,700.67
Assigned					
Terminal Pay	1,326,936.21				1,326,936.21
Encumbrances	1,277,630.18				1,277,630.18
Extended Day Enrichment	1,073,715.70				1,073,715.70
Other State and Local Grants	1,225,060.51				1,225,060.51
Total Assigned	4,903,342.60				4,903,342.60
Unassigned	22,798,948.84				22,798,948.84
Total Spendable	40,510,039.47	13,130,253.83	21,883,953.00	9,602,745.81	85,126,992.11
Total Fund Balance	\$ 41,807,682.79	\$ 13,130,253.83	\$ 21,883,953.00	\$ 10,212,732.23	\$ 87,034,621.85



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General	\$3,855,572.62	\$ 260,145.12
Special Revenue:		
Other Federal Programs	145.12	478,540.52
ARRA Stimulus Funds		841,732.29
Capital Projects:		
Local Capital Improvement		152,126.96
Other Capital Projects		1,970,005.12
Nonmajor Governmental Funds		79,545.50
Fiduciary Funds		73,622.23
Total	<u>\$3,855,717.74</u>	<u>\$3,855,717.74</u>

Interfund balances generally arise due to expenditures being adjusted between funds to cover negative cash balances, departmental costs and utilities. All balances are expected to be repaid in less than one year.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$4,682,124.00	\$ 63,338.97
Capital Projects:		
Local Capital Improvement	20,665.06	2,070,836.65
Other Capital Projects	450,000.00	712,983.74
Nonmajor Governmental Funds	298,578.62	2,604,208.32
Total	<u>\$5,451,367.68</u>	<u>\$5,451,367.68</u>

The principal purpose of the interfund transfers were to provide for expenditures originally paid out of other funds (e.g., portable rentals and maintenance were paid out of the General Fund but with Capital Projects Funds moneys).

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**11. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the District's State revenue for the 2010-11 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 54,974,345.00
Transportation	4,977,948.00
Instruction Materials	2,145,963.00
Categorical Educational Programs:	
Class Size Reduction Operating Funds	28,513,672.00
Discretionary Lottery Funds	99,271.00
Other	2,254,193.55
Public Education Capital Outlay	2,160,590.00
Workforce Development Program	1,274,481.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	891,060.40
Food Service Supplement	174,349.00
Mobile Home License Tax	79,709.96
Miscellaneous	1,364,092.46
Total	<u>\$ 98,909,675.37</u>

Accounting policies relating to certain State revenue sources are described in Note 1.

**12. PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2010 tax roll for the 2010-11 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>GENERAL FUND</u>		
Nonvoted School Tax:		
Required Local Effort	5.484	\$ 72,320,093
Basic Discretionary Local Effort	0.748	9,864,229
Critical Needs Operating	0.250	3,296,868
Voted School Tax:		
Additional Operating One Mill	1.000	13,187,471
<u>DEBT SERVICE FUNDS</u>		
Voted Tax:		
District General Obligation Bonds:		
Series 2003, Refunding	0.375	4,945,302
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	1.250	16,484,339
Total	<u>9.107</u>	<u>\$ 120,098,302</u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**13. FLORIDA RETIREMENT PROGRAM**

**Defined Benefit Plan** - All regular employees of the District are covered by the Florida Retirement System. The Florida Retirement System (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 Plan vest at six years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

**Funding Policy** - The contribution rates for members are established, and may be amended, by the State of Florida. During the 2010-11 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	10.77
Florida Retirement System, Elected County Officers	0.00	18.64
Florida Retirement System, Senior Management Service	0.00	14.57
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	12.25
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The District's liability for participation 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, 2009, June 30, 2010, and June 30, 2011, totaled \$12,475,720.29, \$12,523,111.85, and \$13,834,401.25, respectively, which were equal to the required contributions for each fiscal year.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**13. FLORIDA RETIREMENT PROGRAM (*Concluded*)**

**Defined Contribution Plan** - Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Required employer contributions made to the program for the fiscal year ending June 30, 2011, totaled \$1,866,420.74.

**Pension Reporting** - The financial statements and other supplemental information of the 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 the FRS, which includes its financial statements, required supplemental information, actuarial report, and other relevant information, may be obtained from the Florida Department of Management Services, Division of Retirement.

**14. EARLY RETIREMENT PROGRAM**

**Plan Description** - As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (Plan) effective January 1, 1984. The Plan is a single-employer defined benefit pension plan. The purpose of the Plan is to provide District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described in Note 14, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age. The Board administers Plan assets in a Pension Trust Fund and is responsible for their investment. The Board acts as the administrative agent for the Plan.

As of June 30, 2011, employee membership data related to the Plan were as follows:

Retirees and Beneficiaries Currently Receiving Benefits	<u>160</u>
Active Plan Participants:	
Vested	591
Nonvested	<u>3,437</u>
Total Active Plan Participants	<u>4,028</u>
Total	<u><u>4,188</u></u>

A summary of eligibility and benefits follows:

- **Eligibility** - A member of the Plan is eligible upon attainment of age 55 to 61, completion of 25 or more years of creditable service, and having applied for retirement under the Florida Retirement System.

Provided, however, for those retiring during the period from July 1, 2008 (August 1, 2008 for Teachers), through June 30, 2009, at least 20 years of creditable service must represent employment by the School Board of Alachua County and the employee must have at least 20 years experience in the Florida Retirement System.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**14. EARLY RETIREMENT PROGRAM (*Continued*)**

For those retiring during the period from July 1, 2009, through June 30, 2013, the 15 years immediately preceding retirement must be as an employee of the School Board of Alachua County.

The Early Retirement Plan will be closed to new enrollees on or after July 1, 2013.

- Benefits - Amount of the reduction in monthly benefits from the Florida Retirement System as a consequence of early retirement.

**Summary of Significant Accounting Policies** - Significant accounting policies related to basis of accounting and the method of asset valuation are disclosed in Note 1. There are no interfund loans outstanding between the Pension Trust Fund and other funds.

**Contributions and Reserves** - The District's Early Retirement program was established by the Board and became effective on January 1, 1984. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan.

Periodic employer contributions to the Plan are determined on an actuarial basis using the "Aggregate Actuarial Cost Method." Annual pension cost is funded on a current basis. Significant actuarial assumptions used to compute annual required contributions are the same as those used to determine the actuarial accrued liability.

Contributions to the Plan in 2011 totaled to \$732,610.00, all of which was paid by the Board, and were made in accordance with actuarially determined contribution requirements determined through an actuarial update performed at July 1, 2010.

The computation of the annual required contributions for 2011 was based on the same (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

All of the assets in the District's Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose.

Costs of administering the plan are financed through the Plan's resources (employer contributions and investment earnings).

**Concentrations**

The Plans investments at June 30, 2011, consist of the following:

	<u>Balance June 30, 2011</u>	<u>Percent of Plan Net Assets</u>
Florida Prime - Surplus Trust Funds Investment Pool A	\$ 822,731.06	24.78
Dreyfus Money Market	88,892.72	2.68
STIFEL NICOLAUS-U S Government Securities	927,944.25	27.95
STIFEL NICOLAUS-Stocks	<u>1,480,502.66</u>	<u>44.59</u>
Total	<u><u>\$ 3,320,070.69</u></u>	<u><u>100.00</u></u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**14. EARLY RETIREMENT PROGRAM (Concluded)**

**Trend Information**

An analysis of funding progress is presented below:

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Board Contribution	Percentage Contributed
2009	\$ 741,494	\$ 741,856	100
2010	789,193	789,193	100
2011	732,610	732,610	100

Additional information as of the latest actuarial valuation is as follows:

Valuation Date	7/1/2010.
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market
Actuarial Assumptions	
Investment Rate of Return	7.5 percent, includes inflation and cost-of-living adjustments at 3 percent.
Projected salary increases	4.5 percent per year

The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liability.

The funded status of the plan as of the most recent actuarial valuation date is as follows:

(1) Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as Percentage of Payroll (4)/(6)
7/1/11	\$3,352,827	\$7,455,497	\$4,102,670	44.97%	\$130,414,767	3.15%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

The District uses the aggregate actuarial cost method and therefore the information on the funded status and the funding progress of the plan have been prepared using the entry age actual cost method and is intended to serve as a surrogate for the funded status and the funding progress of the plan.

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**15. POSTEMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description** - The Postemployment Health Care 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 are eligible to participate in the District's self-insured health and hospitalization plan for medical and prescription drug coverages. 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. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

**Funding Policy** - For the Postemployment Health Care Benefits Plan, contribution requirements of the District are established by action from the Board. The District has not advance-funded or established a funding methodology for the annual Other Post Employment Benefit (OPEB) costs or the net OPEB obligation. As of the most recent actuarial valuation, 740 retirees received postemployment health care benefits. The District provided required contributions of \$137,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums, and net of retiree contributions totaling \$ 4,208,000.

**Annual OPEB Cost and Net OPEB Obligation** - The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The following table shows the District's annual OPEB cost for the 2010-11 fiscal year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for Postemployment Health Care Benefits:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 817,000
Amortization of Unfunded Actuarial Accrued Liability	807,000
Interest on Normal Cost and Amortization	<u>32,000</u>
Annual Required Contribution	1,656,000
Interest on Net OPEB Obligation	86,000
Adjustment to Annual Required Contribution	<u>(89,000)</u>
Annual OPEB Cost (Expense)	1,653,000
Contribution Toward the OPEB Cost	<u>(1,137,000)</u>
Increase in Net OPEB Obligation	516,000
Net OPEB Obligation, Beginning of Year	<u>2,138,000</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,654,000</u></u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**15. POSTEMPLOYMENT HEALTH CARE BENEFITS (*Concluded*)**

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, 2011, was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008-09	\$ 1,598,000	55.4%	\$ 1,486,000
2009-10	1,595,000	59.1%	2,138,000
2010-11	1,653,000	68.8%	2,654,000

**Funded Status and Funding Progress** - As of June 30, 2010, the actuarial accrued liability for benefits was \$19,138,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$19,138,000. The covered payroll (annual payroll of active participating employees) was \$113,417,000 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 16.9 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**Actuarial Methods and Assumptions** - 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 the 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. 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 March 1, 2010, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2010, and the District's 2009-10 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 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 7 percent initially for the 2009-10 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5.5 percent. 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, 2010, was 30 years.



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**16. CONSTRUCTION CONTRACT COMMITMENTS**

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

<b>Project</b>	<b>Contract Amount</b>	<b>Completed to Date</b>	<b>Balance Committed</b>
<b>New Elementary School H</b>			
Architect	\$ 689,824.75	\$ 421,181.43	\$ 268,643.32
Engineer	286,729.53	269,953.36	16,776.17
Contractor	16,295,415.01	264,749.04	16,030,665.97
<b>Santa Fe High School Classroom Bldg. Add.</b>			
Architect	105,925.68	95,063.29	10,862.39
Contractor	1,828,641.09	1,157,861.38	670,779.71
<b>Mebane Food Service Add/Renovation</b>			
Architect	239,489.71	225,060.71	14,429.00
Contractor	1,842,695.92	1,165,615.88	677,080.04
<b>Buchholz Water Distribution System</b>			
Architect	10,000.00	4,052.66	5,947.34
Contractor	108,190.00	43,000.00	65,190.00
<b>Finley Bldg. 2 &amp; 4 Roof Replacement</b>			
Architect	23,145.00	14,433.50	8,711.50
Contractor	190,000.00	-	190,000.00
<b>Eastside High School Energy Efficiency Upgrade</b>			
Engineer	74,127.00	56,179.00	17,948.00
Contractor	398,527.00	-	398,527.00
<b>Total</b>	<b>\$ 22,092,710.69</b>	<b>\$ 3,717,150.25</b>	<b>\$ 18,375,560.44</b>

**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 Alachua County District School Board is a member of the Florida School Board Insurance Trust (FSBIT), a protected self-insurance fund for Florida school boards. The FSBIT was established for the purpose of pooling property, casualty, and workers' compensation exposure; purchasing and procuring insurance coverage of various types or providing self-insurance; and providing risk management services for the Florida school boards.

Health and hospitalization insurance coverage is provided to District employees through purchased commercial insurance.

Insurance coverage for fiduciary, petroleum tanks, student accident, student nurse malpractice, and sports injury are provided by commercial insurance.

Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

**18. LITIGATION**

The District is involved in several pending and threatened legal actions. In the opinion of District management, the range of potential loss from all such claims and actions should not materially affect the financial condition of the District.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Federal Direct	\$ 135,000.00	\$ 135,000.00	\$ 205,285.18	\$ 70,285.18
Federal Through State	800,000.00	800,000.00	827,538.86	27,538.86
State Sources	96,829,071.00	95,636,474.12	94,653,755.34	(982,718.78)
<i>Local Sources:</i>				
Property Taxes Levied for Operational Purposes	94,721,918.00	94,721,918.00	94,577,588.27	(144,329.73)
Other Local Revenue	6,278,274.00	7,370,886.22	7,871,860.80	500,974.58
Total Local Sources	101,000,192.00	102,092,804.22	102,449,449.07	356,644.85
<b>Total Revenues</b>	198,764,263.00	198,664,278.34	198,136,028.45	(528,249.89)
<b>EXPENDITURES</b>				
<i>Current:</i>				
Instruction	112,200,000.54	113,134,531.45	104,903,474.46	8,231,056.99
Pupil Personnel Services	10,610,448.47	10,610,493.80	10,319,275.87	291,217.93
Instructional Media Services	4,567,422.76	4,607,400.72	4,510,473.69	96,927.03
Instruction and Curriculum Development Services	6,411,886.29	6,986,899.45	6,480,797.09	506,102.36
Instructional Staff Training Services	1,040,696.36	2,370,288.47	1,294,943.92	1,075,344.55
Instruction Related Technology	2,757,502.79	2,907,504.88	2,638,019.96	269,484.92
School Board	635,747.92	1,323,842.16	1,180,814.67	143,027.49
General Administration	814,918.02	846,669.53	833,759.54	12,909.99
School Administration	12,678,065.95	13,404,178.00	13,299,074.68	105,103.32
Facilities Acquisition and Construction	758,030.00	910,248.31	174,954.06	735,294.25
Fiscal Services	1,544,797.88	1,675,699.20	1,503,758.54	171,940.66
Central Services	3,268,950.46	3,593,301.77	3,197,006.21	396,295.56
Pupil Transportation	11,554,630.85	11,814,518.94	10,746,526.68	1,067,992.26
Operation of Plant	22,148,241.52	22,741,354.59	21,913,280.69	828,073.90
Maintenance of Plant	5,542,587.88	5,760,938.45	5,072,518.08	688,420.37
Administrative Technology Services	1,079,142.75	1,319,549.25	1,275,677.65	43,871.60
Community Services	4,072,164.75	4,158,504.45	3,363,493.72	795,010.73
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	0.00	84,801.44	84,801.44	0.00
Other Capital Outlay	0.00	1,072,308.30	1,072,308.30	0.00
<b>Total Expenditures</b>	201,685,235.19	209,323,033.16	193,864,959.25	15,458,073.91
<b>Excess of Revenues Over Expenditures</b>	(2,920,972.19)	(10,658,754.82)	4,271,069.20	14,929,824.02
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss Recoveries	0.00	65,000.00	101,669.03	36,669.03
Transfers in	3,966,644.00	3,966,644.00	4,682,124.00	715,480.00
Transfers (out)	0.00	(63,338.97)	(63,338.97)	0.00
<b>Total Other Financing Sources (Uses)</b>	3,966,644.00	3,968,305.03	4,720,454.06	752,149.03
<b>Net Change in Fund Balances</b>	1,045,671.81	(6,690,449.79)	8,991,523.26	15,681,973.05
Fund Balances, July 1, 2010	32,816,159.53	32,898,375.61	32,816,159.53	(82,216.08)
Fund Balances, June 30, 2011	\$ 33,861,831.34	\$ 26,207,925.82	\$ 41,807,682.79	\$ 15,599,756.97

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR SPECIAL REVENUE - OTHER FEDERAL PROGRAMS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Federal Direct	\$ 3,746,308.99	\$ 5,061,605.96	\$ 5,041,024.88	\$ (20,581.08)
Federal Through State	15,805,579.00	24,628,715.25	20,200,675.53	(4,428,039.72)
<i>Local Sources:</i>				
Other Local Revenue	0.00	22,000.00	22,000.00	0.00
Total Local Sources	0.00	22,000.00	22,000.00	0.00
<b>Total Revenues</b>	<b>19,551,887.99</b>	<b>29,712,321.21</b>	<b>25,263,700.41</b>	<b>(4,448,620.80)</b>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Instruction	12,073,706.52	15,180,329.90	13,585,494.26	1,594,835.64
Pupil Personnel Services	2,343,347.52	3,673,081.89	3,343,635.95	329,445.94
Instruction and Curriculum Development Services	3,054,571.83	4,799,341.92	4,241,425.53	557,916.39
Instructional Staff Training Services	905,572.00	3,295,123.44	1,858,251.83	1,436,871.61
Instruction Related Technology	65,845.24	80,027.24	67,646.50	12,380.74
General Administration	501,875.00	1,036,171.98	838,158.69	198,013.29
School Administration	3,112.00	7,138.66	3,280.09	3,858.57
Facilities Acquisition and Construction	0.00	18,695.74	18,695.74	0.00
Central Services	57,295.00	214,640.87	131,536.15	83,104.72
Pupil Transportation	442,691.94	556,382.44	336,865.97	219,516.47
Operation of Plant	100,384.94	376,171.23	373,004.16	3,167.07
Community Services	3,486.00	12,776.27	3,265.91	9,510.36
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	0.00	20,558.67	20,558.67	0.00
Other Capital Outlay	0.00	441,880.96	441,880.96	0.00
<b>(Total Expenditures)</b>	<b>19,551,887.99</b>	<b>29,712,321.21</b>	<b>25,263,700.41</b>	<b>4,448,620.80</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0.00	0.00	0.00	0.00
Transfers (out)	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Change in Fund Balances</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Fund Balances, July 1, 2010	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2011	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR SPECIAL REVENUE - FEDERAL ECONOMIC STIMULUS PROGRAMS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>REVENUES</b>				
Federal Direct	\$ 241,598.57	\$ 168,522.04	\$ 168,522.04	\$ 0.00
Federal Through State	12,065,078.84	23,230,650.54	21,325,688.79	(1,904,961.75)
<b>Total Revenues</b>	<u>12,306,677.41</u>	<u>23,399,172.58</u>	<u>21,494,210.83</u>	<u>(1,904,961.75)</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Instruction	10,407,871.70	17,307,467.27	16,325,788.01	981,679.26
Pupil Personnel Services	813,098.65	1,731,128.13	1,632,957.50	98,170.63
Instructional Media Services	34,736.59	165,730.80	165,730.80	0.00
Instruction and Curriculum Development Services	835,344.36	1,879,320.47	1,622,681.78	256,638.69
Instructional Staff Training Services	0.00	758,732.03	422,213.76	336,518.27
Instruction Related Technology	0.00	177,294.47	146,369.74	30,924.73
General Administration	215,626.11	681,265.12	608,672.14	72,592.98
Facilities Acquisition and Construction	0.00	59,625.54	57,875.46	1,750.08
Central Services	0.00	22,351.58	9,044.63	13,306.95
Pupil Transportation	0.00	312,647.67	199,267.51	113,380.16
Operation of Plant	0.00	8,674.81	8,674.81	0.00
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	0.00	53,002.79	53,002.79	0.00
Other Capital Outlay	0.00	241,931.90	241,931.90	0.00
<b>(Total Expenditures)</b>	<u>12,306,677.41</u>	<u>23,399,172.58</u>	<u>21,494,210.83</u>	<u>1,904,961.75</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0.00	0.00	0.00	0.00
Transfers (out)	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Change in Fund Balances</b>	0.00	0.00	0.00	0.00
Fund Balances, July 1, 2010	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2011	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
EARLY RETIREMENT PLAN  
JUNE 30, 2011**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contribution</b>
2006	\$ 579,561	100%
2007	527,925	100%
2008	518,104	100%
2009	741,494	100%
2010	789,193	100%
2011	732,610	100%

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
EARLY RETIREMENT PLAN  
JUNE 30, 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percent of Covered Payroll [(b-a)/c]</b>
07/01/04	\$ 3,225,711.00	\$ 3,225,711.00	\$ 0.00	100.00%	\$ 119,852,403.00	0.00%
07/01/05	3,501,031.00	3,501,031.00	0.00	100.00%	127,850,369.00	0.00%
07/01/06	3,693,492.00	3,693,492.00	0.00	100.00%	131,487,257.00	0.00%
07/01/07	3,866,001.00	3,866,001.00	0.00	100.00%	133,694,225.00	0.00%
07/01/08	3,350,259.00	3,350,259.00	0.00	100.00%	134,352,096.00	0.00%
07/01/09	2,662,525.00	2,662,525.00	0.00	100.00%	129,623,633.00	0.00%
07/01/10	3,086,288.00	7,110,641.00	4,024,353.00	43.40%	126,794,672.00	3.17%
07/01/11	3,352,827.00	7,455,497.00	4,102,670.00	44.97%	130,414,767.00	3.15%

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
JUNE 30, 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percent of Covered Payroll [(b-a)/c]</b>
03/01/08	\$ 0	\$ 17,815,000.00	\$ 17,815,000.00	0%	\$ 132,969,000.00	12.90%
03/01/10	0	19,138,000.00	19,138,000.00	0%	113,417,000.00	16.90%



**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
DISTRICT SCHOOL BOARD  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2011**

**1. SCHEDULE OF FUNDING PROGRESS – EARLY RETIREMENT PLAN**

An analysis of funding progress is presented below:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Board Contribution</u>	<u>Percentage Contributed</u>
2006	579,561	579,561	100
2007	527,925	527,925	100
2008	518,104	518,104	100
2009	741,494	741,856	100
2010	789,193	789,193	100
2011	730,261	730,261	100

**Contributions and Reserves** - The District’s Early Retirement program was established by the Board and became effective on January 1, 1984. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan.

Periodic employer contributions to the Plan are determined on an actuarial basis using the “Aggregate Actuarial Cost Method.” Annual pension cost is funded on a current basis. Significant actuarial assumptions used to compute annual required contributions are the same as those used to determine the actuarial accrued liability.

Contributions to the Plan in 2011 totaled to \$730,261, all of which was paid by the Board, and were made in accordance with actuarially determined contribution requirements determined through an actuarial update performed at July 1, 2010.

The computation of the annual required contributions for 2011 was based on the same (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

All of the assets in the District’s Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose.

Cost of administering the Plan are financed through the Plan’s resources (employer contributions and investment earnings).

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED  
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT  
AND BUDGET (OMB) CIRCULAR A-133; AND *RULES OF THE  
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Pass Through Grantor Number</b>	<b>Amount of Expenditures (1)</b>	<b>Amount Provided to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555 (2)	N/A	\$ 550,070.33	\$
Florida Department of Education:				
Cash Assistance:				
National School Lunch Program	10.555	300	5,066,004.42	
Subtotal Expenditures - 10.555			5,616,074.75	
School Breakfast Program	10.553	321	1,761,640.34	
Summer Food Service Program for Children	10.559	323	159,099.13	
Total Child Nutrition Cluster			7,536,814.22	0.00
Child and Adult Care Food Program	10.558	302	335,757.44	
Team Nutrition Grants	10.574	301	280.00	
ARRA - Child Nutrition Discretionary Grants	10.579	371	17,982.95	
Fresh Fruit and Vegetable Program	10.582	N/A	144,982.15	
<b>Total U.S. Department of Agriculture</b>			<b>8,035,816.76</b>	<b>0.00</b>
<b>U.S. Department of Defense</b>				
Direct:				
Navy Junior Reserve Officers Training Corps	12.XXX	N/A	136,994.36	
Air Force Junior Reserve Officers Training Corps	12.XXX	N/A	68,290.82	
<b>Total U.S. Department of Defense</b>			<b>205,285.18</b>	<b>0.00</b>
<b>National Science Foundation</b>				
Indirect:				
University of Florida:				
Education and Human Resources	47.076	N/A	60,200.02	
<b>Total National Science Foundation</b>			<b>60,200.02</b>	<b>0.00</b>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Continued)*

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Pass Through Grantor Number</b>	<b>Amount of Expenditures (1)</b>	<b>Amount Provided to Subrecipients</b>
<b>U.S. Department of Education</b>				
Indirect:				
Florida Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	262,263	\$ 7,668,091.30	\$
Special Education - Preschool Grants	84.173	267	208,204.62	
ARRA - Special Education - Grants to States	84.391	263	2,817,691.35	
ARRA - Special Education - Preschool Grants	84.392	267	78,034.37	
Total Special Education Cluster			10,772,021.64	0.00
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	7,261,017.83	
ARRA - Title I Grants to Local Educational Agencies	84.389	212,223,226	2,541,821.81	
Total Title I, Part A Cluster			9,802,839.64	0.00
Education for Homeless Children and Youth Cluster:				
Education for Homeless Children and Youth	84.196	127	65,542.03	
ARRA - Education for Homeless Children and Youth	84.387	127	13,893.33	
Total Education for Homeless Children and Youth Cluster			79,435.36	0.00
Education Technology State Grants Cluster:				
Education Technology State Grants	84.318	121, 122	147,934.48	
ARRA - Education Technology State Grants	84.386	121	94,177.38	
Total Education Technology State Grants Cluster			242,111.86	0.00
School Improvements Grants Cluster:				
School Improvements Grants	84.377	126	237,665.57	
ARRA - School Improvements Grants	84.388	126	1,108,278.16	
Total School Improvement Grants Cluster			1,345,943.73	0.00
State Fiscal Stabilization Fund Cluster:				
ARRA - Education State Grants	84.394	591	8,450,685.00	
ARRA - Government Services	84.397	592	191,402.00	
Total State Fiscal Stabilization Fund Cluster			8,642,087.00	0.00
Migrant Education - Basic State Grant Program	84.011	217	1,109,568.16	
Vocational Education - Basic Grants to States	84.048	161	338,569.66	
Safe and Drug-Free Schools and Communities State Grants	84.186	103	62,986.92	
Charter Schools	84.282	298	248,839.29	248,839.29
Twenty-First Century Community Learning Centers	84.287	244	1,330,586.57	
Title III No Child Left Behind LEP/Immigrant	84.365	102	89,134.51	
Improving Teacher Quality State Grants	84.367	224	1,393,147.97	
ARRA - Race to the Top Incentive	84.395	RL1	515,042.27	
Education Jobs Fund	84.410	541	5,497,254.00	
<b>Total U.S. Department of Education</b>			41,469,568.58	248,839.29

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
*(Concluded)*

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Pass Through Grantor Number</b>	<b>Amount of Expenditures (1)</b>	<b>Amount Provided to Subrecipients</b>
<b>U.S. Department of Health and Human Services</b>				
Direct:				
Head Start	93.600 (3)	N/A	\$ 5,041,931.48	\$
ARRA - Head Start	93.708	N/A	167,948.20	
<b>Total U.S. Department of Health and Human Services</b>			5,209,879.68	0.00
<b>Total Expenditures of Federal Awards</b>			<u>\$ 54,980,750.22</u>	<u>\$ 248,839.29</u>

**Notes:**

(1) **Basis of Presentation:** The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) **Noncash Assistance:** National School Lunch Program - Represents the amount of donated food used during the fiscal year. Commodities are valued at fair value as determined at the time of donation.

(3) **Head Start:** Expenditures include \$430,075.56 for grant number/program year 4CH4194/37 and \$4,589,855.92 for grant number/program year 04CH4194/38. In addition, a school bus was sold for \$22,000.00 and used for Head Start program needs.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Alachua County District School Board (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated, February 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Charter Schools and the Alachua County Public Schools Foundation, Inc., which comprise the discretely presented component units of the District, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Alachua County Public Schools Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(Concluded)**

**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, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State of Florida Auditor General, federal awarding agencies and pass-through entities, the Superintendent, Board Members of the District, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

February 13, 2012  
Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**Compliance**

We have audited Alachua County District School Board's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of the Charter Schools and the Alachua County Public Schools Foundation, Inc., which received federal awards which is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of Charter Schools and the Alachua County Public Schools Foundation, Inc. because such component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
(Concluded)**

**Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the 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 Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, 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.

This report is intended solely for the information and use of the State of Florida Auditor General, federal awarding agencies and pass-through entities, the Superintendent, Board Members of the District, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

February 13, 2012  
Gainesville, Florida

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

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

**Federal Awards**

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 Auditor’s Report 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 Circular A-133?	No
Identification of Major Programs:	<p>Title 1, Part A Cluster: (CFDA Nos. 84.010, 84.389-ARRA)</p> <p>Special Education Cluster: (CFDA Nos. 84.027, 84.391-ARRA, 84.173, 84.392-ARRA)</p> <p>State Fiscal Stabilization Fund Cluster: (CFDA Nos. 84.394-ARRA, 84.397-ARRA)</p> <p>Education Jobs Fund: (CFDA No. 84.410)</p> <p>School Improvement Grants Cluster: (CFDA Nos. 84.377, 84.388-ARRA)</p> <p>Race To The Top Fund: (CFDA No. 84.395)</p>

**DISTRICT SCHOOL BOARD OF ALACHUA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Concluded)**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS (Concluded)**

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$1,649,423
Auditee Qualified as Low-risk Auditee?	Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**STATUS OF PRIOR AUDIT FINDINGS**

No matters were reported.

**CORRECTIVE ACTION PLANNED FOR CURRENT YEAR AUDIT FINDINGS**

There are no current year audit findings included in the current year schedule of findings and questioned costs.

## MANAGEMENT LETTER

Alachua County District School Board  
and Superintendent  
Gainesville, Florida

We have audited the financial statements of the Alachua County District School Board, Florida (the District), as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated, February 13, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*, independent auditor's report on compliance with requirements that could have a direct and material effect on each major federal program and on internal control over compliance in accordance with OMB circular a-133, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated, February 13, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.800, *Rules of the Auditor General*, which governs the conduct of district school board audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.
- Section 10.804(1)(f)3., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.804(1)(f)5., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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Alachua County District School Board  
and Superintendent  
Gainesville, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.804(1)(f)6., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.804(1)(f)2., *Rules of the Auditor General*, requires a statement be included as to whether or not the District school board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.804(1)(f)7.a. and 10.805(6), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Sections 10.804(1)(f)8., *Rules of the Auditor General*, requires the auditor to state whether or not the district school board complied with transparency requirements. Section 2, Specific Appropriation 115A of Chapter 2010-152, Laws of Florida, provides that district school boards include a link on their Web Sites to the Transparency Florida Web Site.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the State of Florida Auditor General, federal awarding agencies and pass-through entities, the Superintendent, Board Members of the District, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

February 13, 2012  
Gainesville, Florida