

Charlotte County District School Board members and the Superintendent of Schools who served during the 2006-07 fiscal year are shown in the following tabulation:

	<i><u>District</u></i> <i><u>No.</u></i>
<i>Lee Swift, Vice-Chair from 11-21-06</i>	<i>1</i>
<i>Alleen Miller</i>	<i>2</i>
<i>Andrea Messina, Vice-Chair to 11-20-06, Chair from 11-21-06</i>	<i>3</i>
<i>Sue Sifrit, Chair to 11-20-06</i>	<i>4</i>
<i>Barbara Rendell</i>	<i>5</i>

Dr. David E. Gayler, Superintendent

AUDITOR GENERAL

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

CHARLOTTE COUNTY DISTRICT SCHOOL BOARD

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MARCH

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2007. We obtained an understanding of internal control and assessed control risk necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, administrative rules, regulations, contracts, and grant agreements.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget *Circular A-133*.

This audit was conducted by Richard T. Lockhart, CPA, and supervised by Cathi M. Davis, CPA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, via e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site <http://www.myflorida.com/audgen/>; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

FINDINGS AND RECOMMENDATIONS

Additional Matters

Finding No. 1: Information Technology – User Account Management

Access to information technology resources, such as the Bi-Tech (finance, employee management, purchasing, and inventory), SASI (student system), First Class (e-mail), and Novell (system log-on) applications, should be limited to active employees who require such access in the performance of their duties. To provide management with the assurance that proper access controls to information technology resources for terminated employees are maintained, policies and procedures are needed to ensure the timely removal of terminated or extended leave employees from computer access. Effective controls include maintaining records within the computer system or by other means of documentation to demonstrate when the employee was terminated and when the employee's access was removed from the computer system.

District records indicated that 441 employees terminated employment during the 2006-07 fiscal year. Our test of ten employees who had terminated employment disclosed eight who continued, as of June 30, 2007, to have update capability to District records although their termination dates were one to seven months prior to June 30, 2007. The untimely removal of terminated or inactive employees from District computer access results in an increased risk that unauthorized or improper use of computer resources may occur. District records indicate that, as of September 2007, the District has implemented a new computer program which automatically removes a terminated employee's computer access from some of the system and applications software, such as the Bi-Tech, SASI, First Class, and Novell applications.

Recommendation: The District should continue its efforts to ensure the timely removal of access privileges for terminated employees in order to minimize the risk of compromising the District's data and information resources.

Finding No. 2: Fingerprinting and Background Checks

Section 1012.465(1), Florida Statutes, requires that noninstructional school district employees undergo a background screening, including a requirement that such individuals file a complete set of fingerprints. Further, Section 1012.465(2), Florida Statutes, provides, in part, that every 5 years following employment, these individuals must meet level 2 screening requirements. In a memorandum dated June 25, 2004, the Florida Department of Education (FDOE) recommended that, due to the large number of affected employees, districts obtain background screenings for approximately 20 percent of the noninstructional employees each year in order to have all background screenings for such staff completed by July 1, 2009.

The District did not establish an adequate process during the 2006-07 fiscal year for performing the required

informed by District personnel that the District began fingerprinting the confidential, managerial, and administrative employees in June 2007. The estimated date the District will begin fingerprinting the school support employees is August 1, 2007. A similar finding was noted in our audit report No. 2007-153.

Recommendation: The District should continue its efforts to ensure that required fingerprinting and background checks are performed for noninstructional staff on a timely basis.

Auditor's Clarification:

The District indicates in its response that it intends to meet the statutory requirements for background screenings by July 1, 2009, notwithstanding that its plan to fingerprint noninstructional staff does not follow the directives provided by the Florida Department of Education (FDOE) and, as disclosed in our comment, that only 5 percent of its noninstructional staff had background screenings during the 2006-07 fiscal year. The point of our finding is that when background screenings are performed the risk is decreased that an employee with an unacceptable background may be allowed contact with students.

PRIOR AUDIT FINDINGS

Except as discussed in the preceding paragraphs, the District corrected the deficiencies and exceptions cited in our report No. 2007-153.

MANAGEMENT RESPONSE

In accordance with the provisions of Section 11.45(4)(d), Florida Statutes, a list of audit findings and recommendations was submitted to members of the Charlotte County District School Board and the Superintendent. The Superintendent's written response to the audit findings and recommendations is included in the Management Response Section of this report beginning on page 62.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS***MANAGEMENT'S DISCUSSION AND ANALYSIS******BASIC FINANCIAL STATEMENTS***

EXHIBIT - A Statement of Net Assets.

EXHIBIT - B Statement of Activities.

EXHIBIT - C Balance Sheet – Governmental Funds.

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

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

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

EXHIBIT - G Statement of Net Assets – Proprietary Funds.

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

EXHIBIT - I Statement of Cash Flows – Proprietary Funds.

EXHIBIT - J Statement of Fiduciary Assets and Liabilities – Fiduciary Funds.

EXHIBIT - K Notes to Financial Statements.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT - L Budgetary Comparison Schedule – General and Major Special Revenue Funds.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Charlotte County District School Board as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, 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 a report on our consideration of the Charlotte County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters included under the heading ***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE***

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Charlotte County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2007. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 15 through 48.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2006-07 fiscal year are as follows:

- Ø In total, net assets increased \$68,083,008.65, which represents a 26 percent increase from the 2005-06 fiscal year.
- Ø General revenues total \$214,638,142.95, or 92 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$19,552,517.89, or 8 percent.
- Ø The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals \$13,512,904.93 at June 30, 2007, or 10 percent of total General Fund expenditures.
- Ø During the current year, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,915,489.87. This m6(urre) <MCID 3s-48 0 rcespb()Smparntfrom the 0Board, to

- Ø Governmental activities – This represents most of the District’s services including its educational programs: basic, vocational, and 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.
- Ø Component units – The District presents two separate legal entities in this report which are the Charlotte School Board Leasing Corporation and the Charlotte Local Education Foundation, Inc. These entities meet the criteria for inclusion provided by generally accepted accounting principles.

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

Fund Financial Statements

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 three broad categories as discussed below.

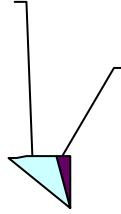
Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement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

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

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

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





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 2006-07 fiscal year, unreserved fund balance is \$13,512,904.93, while the total fund balance is \$15,388,474.97. The unreserved fund balance increased by \$2,014,281.35, while the total fund balance increased by \$1,915,489.87 during the fiscal year. Key factors in this are as follows:

- Ø A decrease in the local property tax rate coupled with increased property values increased tax revenues by \$10,803,308.82.
- Ø Total expenditures increased by \$11,801,869.85, or 10 percent, due mainly to across-the-board pay increase and an increase in required contributions to the Florida Retirement System.

The Special Revenue – Miscellaneous Fund has a total fund balance of \$42,517,264.01 all of which is restricted for the reconstruction of capital assets and extra expenses associated with hurricane damage.344 5(c)o3(e)1(tire)-4(men)- 3 -20

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	\$ 120,636.65	\$ 126,309.00
Investments	121,350,729.98	
Accounts Receivable	20,398.58	5,035.00
Cash with Fiscal Agent	16,162.37	
Deferred Charges	30,706.43	
Due from Other Agencies	3,591,068.94	
Inventories	1,411,431.35	1,800.00
Capital Assets:		
Land	12,813,413.30	
Construction in Progress	59,140,390.68	
Improvements Other Than Buildings, Net	1,296,437.16	
Buildings and Fixed Equipment, Net	155,443,688.84	
Furniture, Fixtures, and Equipment, Net	7,937,498.70	155.00
Motor Vehicles, Net	4,215,311.20	
Audio Visual Materials and Computer Software, Net	24,739.73	
TOTAL ASSETS	\$ 367,412,613.91	\$ 133,299.00
LIABILITIES		
Salaries and Benefits Payable	\$ 1,046,647.49	\$
Payroll Deductions and Withholdings	780,287.75	
Accounts Payable	6,659,132.01	330.00
Construction Contracts Payable - Retainage	5,376,803.70	
Accrued Interest Payable	146,208.16	
Deposits Payable	91,881.66	
Deferred Revenue	2,567,227.00	
Accrued Expense		

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 77,704,176.86	\$ 697,685.01		\$
Pupil Personnel Services	8,671,800.07			
Instructional Media Services	2,258,270.37			
Instruction and Curriculum Development Services	6,036,271.63			
Instructional Staff Training Services	1,799,841.77			

Primary Government Governmental Activities	Component Unit
\$ (77,006,491.85)	\$
(8,671,800.07)	
(2,258,270.37)	
(6,036,271.63)	
(1,799,841.77)	
(426,416.37)	
(660,575.99)	
(575,399.33)	
(8,179,409.30)	
838,818.81	
(949,295.29)	
403,561.59	
(14,454,589.84)	
(2,172,829.72)	
(11,888,349.12)	
(2,611,442.23)	
(1,185,206.22)	
(898,450.91)	
(198,785.54)	
(7,824,089.15)	
(146,555,134.30)	
	(254,694.00)
92,943,405.63	
3,283,920.41	
46,297,074.07	
1,100,000.00	
47,838,047.28	233,845.00
6,952,986.93	436.00
3,071,087.82	32,500.00
6,065,070.61	
7,086,550.20	
214,638,142.95	266,781.00

Other Governmental Funds	Total Governmental Funds
\$ 4,150.00	\$ 120,336.65
10,470,651.24	119,118,931.52
5,908.26	19,547.58
	252,117.74
3,175,517.41	3,591,068.94
405,160.41	1,411,431.35
\$ 14,061,387.32	\$ 124,513,433.78
\$ 139,667.56	\$ 1,039,421.66
192,535.99	771,798.61
119,632.14	6,653,406.22
	5,376,803.70
252,117.74	252,117.74
53,397.39	53,397.39
2,567,027.00	2,567,227.00
3,324,377.82G4	

Total Fund Balances - Governmental Funds \$ 107,799,261.46

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

Debt issuance costs and underwriters' discounts are not expensed in the government-wide financial statements, but are recorded as deferred charges and amortized over the life of the debt. 30,706.43

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. 240,871,479.61

Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due. This amount is the amount of accrued interest payable at year end. (146,208.16)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 2,189,186.80

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:

Qualified Zone Academy Bond Payable	\$ 5,000,000.00	
Bonds Payable	8,079,706.43	
Compensated Absences Payable	10,498,712.38	(23,578,418.81)

Total Net Assets - Gnet A4daiTt Z-1.415 0a010

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EXHIBIT - E
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2007

	General Fund	Special Revenue - Miscellaneous Fund	Capital Projects - Local Capital Improvement Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 150,331.78	\$	\$
Federal Through State	499,542.16	2,951,330.33	2,420,060.00
State	33,064,621.11	213,962.78	
Local	97,881,748.45	2,952,091.48	49,982,801.30
Total Revenues	<u>131,596,243.50</u>	<u>6,117,384.59</u>	<u>52,402,861.30</u>
Expenditures			
Current - Education:			
Instruction	79,337,075.76	5,998.87	
Pupil Personnel Services	8,494,761.03	58.02	
Instructional Media Services	2,203,373.40	42,172.55	
Instruction and Curriculum Development Services	3,739,664.25		
Instructional Staff Training Services	1,011,548.44		
Instruction Related Technology	436,329.21		
Board of Education	688,738.54		
General Administration	327,348.66		
School Administration	8,292,095.81	147.58	
Facilities Acquisition and Construction		6,797,796.78	5,496,493.16
Fiscal Services	1,009,815.38	467,609.62	
Food Services			
Central Services	3,306,642.74	299,193.98	
Pupil Transportation Services	6,879,420.33		
Operation of Plant	12,477,665.35	41.18	
Maintenance of Plant	3,850,168.02	38,127.95	
Administrative Technology Services	1,260,060.22		
Community Services	917,740.99		
Fixed Capital Outlay:			
Facilities Acquisition and Construction		47,907,968.64	23,592,818.46
Other Capital Outlay			2,956,438.48
Debt Service:			
Principal			
Interest and Fiscal Charges			
Total Expenditures	<u>134,232,448.13</u>	<u>55,559,115.17</u>	<u>32,045,750.10</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,636,204.63)</u>	<u>(49,441,730.58)</u>	<u>20,357,111.20</u>
Other Financing Sources (Uses)			
Transfers In	4,531,623.68	18,270,727.57	498,701.33
Qualified Zone Academy Bonds Issued			
Proceeds from Sale of Capital Assets			
Insurance Loss Recoveries	21,788.21		
Transfers Out	(1,717.39)		(18,546,644.09)
Total Other Financing Sources (Uses)	<u>4,551,694.50</u>	<u>18,270,727.57</u>	<u>(18,047,942.76)</u>
Extraordinary Items			
Loss Recoveries		22,000,000.00	
Net Change in Fund Balances	1,915,489.87	(9,171,003.01)	2,309,168.44
Fund Balances, July 1, 2006	13,472,985.10	51,688,267.02	36,847,344.54
Fund Balances, June 30, 2007	<u>\$ 15,388,474.97</u>	<u>\$ 42,517,264.01</u>	<u>\$ 39,156,512.98</u>

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

EXHIBIT - E

Other Governmental Funds	Total Governmental Funds
\$ 4,330,415.89	\$ 4,480,747.67
11,832,835.96	17,703,768.45
2,535,993.05	35,814,576.94
<u>7,271,118.24</u>	<u>158,087,759.47</u>
<u>25,970,363.14</u>	216,086,852.53
4,724,427.16	84,067,501.79
801,981.93	9,296,800.98
24,784.66	2,270,330.61
2,683,052.06	6,422,716.31
835,046.49	1,846,594.93
	436,329.21
	688,738.54
253,744.12	581,092.78
434,168.24	8,726,411.63
3,167.00	12,297,456.94
24,731.66	1,502,156.66
7,998,568.44	7,998,568.44
1,717.09	3,607,553.81
6,888.35	6,886,308.68
32,498.05	12,510,204.58
	3,888,295.97
	1,260,060.22
	917,740.99
37,687.88	71,538,474.98
	2,956,438.48
3,325,000.00	3,325,000.00
<u>740,235.31</u>	<u>740,235.31</u>
21,927,698.44	243,765,011.84
4,042,664.70	(27,678,159.31)
4,751,717.39	28,052,769.97
5,000,000.00	5,000,000.00
1,983,340.80	1,983,340.80
	21,788.21
(9,504,408.49)	(28,052,769.97)
2,230,649.70	7,005,129.01
	22,000,000.00
6,273,314.40	1,326,969.70
4,463,695.10	106,472,291.76
\$ 10,737,009.50	\$ 107,799,261.46

Net Change in Fund Balances - Governmental Funds

\$ 1,326,969.70

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

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

69,216,976.08

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EXHIBIT - G
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
June 30, 2007

		Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	16,462.37
Investments		2,231,798.46
Other Receivables		851.00
		851.00
TOTAL ASSETS	\$	2,249,111.83
LIABILITIES		
Current Liabilities:		
Salaries and Benefits Payable	\$	7,225.83
Payroll Deductions and Withholdings Payable		8,489.14
Accounts Payable		5,725.79
Deposits Payable		38,484.27
		38,484.27
Total Liabilities		59,925.03
NET ASSETS		
Unrestricted		2,189,186.80
TOTAL LIABILITIES AND NET ASSETS	\$	2,249,111.83

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

EXHIBIT - H
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2007

		Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$	381,055.00
Charges for Sales		22,427.29
Premium Revenues		16,117,895.87
		16,521,378.16
Total Operating Revenues		16,521,378.16
OPERATING EXPENSES		
Salaries		304,796.05
Employee Benefits		105,321.64
Purchased Services		16,022,771.93
Energy Services		9,381.12
Materials and Supplies		32,701.53
Capital Outlay		13,806.67
Other Expenses		944.48
		16,489,723.42
Total Operating Expenses		16,489,723.42
Operating Income		31,654.74
NONOPERATING REVENUE		
Interest		71,123.24
		71,123.24
Change in Net Assets		102,777.98
Total Net Assets, July 1, 2006		2,086,408.82
Total Net Assets, June 30, 2007	\$	2,189,186.80

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

EXHIBIT - J
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 2,342,688.60</u>
LIABILITIES	
Internal Accounts Payable	<u>\$ 2,342,688.60</u>

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

EXHIBIT - K
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

1.

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is reported as unallocated.

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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The effects of interfund 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, proprietary, 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. Nonmajor 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 – Miscellaneous Fund – to account for the financial resources generated by insurance proceeds, Disaster Grants, and State reimbursements as a result of the damage caused by Hurricane Charley in August 2004 to be used for recovering damaged materials, supplies, equipment, and buildings.

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 new construction and renovation and remodeling projects.

Additionally, the District reports the following proprietary and fiduciary fund types:

Internal Service Fund – to account for the District's employee benefits program and the financing of the Special Projects Center Consortium for which the District is the fiscal agent.

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.

Ø **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 proprietary funds and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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.

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

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

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

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EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
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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 debt for the current year are reported in a subsequent note.

Ø **State Revenue Sources**

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

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

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 Charlotte County Tax Collector at fiscal year-end but not yet remitted to the District.

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

Ø **Federal Revenue Sources**

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	Maturities	Fair Value
Columbia Treasury Reserve Money Market Fund	27 Day Average	\$ 16,324,768.49
State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool	26 Day Average	104,888,069.70
State Board of Administration Debt Service Accounts	6 Months	137,891.79
Total Investments		121,350,729.9

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

5. QUALIFIED ZONE ACADEMY BOND

On November 27, 2006, the District entered into a financing arrangement, which arrangement was characterized as a lease-purchase agreement, with the Charlotte School Board Leasing Corporation, whereby the District secured financing under the Qualified Zone Academy Bonds (QZAB) Program in the amount of \$5,000,000. The financing proceeds were designated for technology upgrades/replacements, computers – laptops, and instructional equipment/materials, at the following schools: The Academy of Charlotte Tech Center, Charlotte Harbour Center School., Neil Armstrong Elementary School, Port Charlotte Middle School, and Port Charlotte High School.

The QZAB Program provides no interest cost financing to purchase certain goods or services for schools located in eligible District areas (zones). The District received financing of \$5,000,000 from a local bank on November 30, 2006. Interest on the debt is paid by the United States Government through the issuance of Federal income tax credits to the holder of the QZAB debt (the bank). The rate of return to the bank was established by the United States Government at the time of sale.

Repayment of the original \$5,000,000 financing proceeds is due in full on November 27, 2022. In connection with the financing, the District entered into a forward delivery agreement date November 27, 2006, requiring annual deposits of \$242,708.40 (beginning November 27, 2007) into a sinking fund. The forward delivery agreement provides for a guaranteed return of 3.25 percent per annum whereby the required deposits, along with accrued interest, will be sufficient to repay the debt at maturity. The invested assets accumulated pursuant to the forward delivery agreement are held under a custodial agreement until the debt matures. As of June 30, 2007, the paying agent held no deposits.

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

6. BONDS PAYABLE

Bonds payable at June 30, 2007, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 1998A	\$ 305,000.00	4.5	2008
Series 1999A	440,000.00	4.00 - 4.75	2019
Series 2005B, Refunding	4,160,000.00	5.0	2018
District General Obligation Bonds:			
Series 2003, Refunding	<u>3,055,000.00</u>	2.0 - 2.5	2008
Subtotal	7,960,000.00		
Add: Unamortized Premium on Debt	361,351.00		
Less: Unamortized Difference between the Reacquisition Price and Net Carrying Amount of Old Debt	<u>(241,644.57)</u>		
Total Bonds Payable	<u>\$ 8,079,706.43</u>		

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

Ø **State School Bonds**

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

Ø **District General Obligation Bonds**

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2007, are as follows:

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2008	\$ 596,500.00	\$ 355,000.00	\$ 241,500.00
2009	590,775.00	365,000.00	225,775.00
2010	587,919.00	380,000.00	207,919.00
2011	584,200.00	395,000.00	189,200.00
2012	584,650.00	415,000.00	169,650.00
2013-2017	2,927,550.00	2,410,000.00	517,550.00
2018-2020	615,312.50	585,000.00	30,312.50
Subtotal	6,486,906.50	4,905,000.00	1,581,906.50
Add: Unamortized Premium on Debt	352,629.59	352,629.59	
Less: Unamortized Difference between the Reacquisition Price and Net Carrying Amount of Old Debt	(195,999.57)	(195,999.57)	
Total State School Bonds	6,643,536.52	5,061,630.02	1,581,906.50
General Obligation Bonds:			
2008	3,131,375.00	3,055,000.00	76,375.00
Add: Unamortized Premium on Debt	8,721.41	8,721.41	
Less: Unamortized Difference between the Reacquisition Price and Net Carrying Amount of Old Debt	(45,645.00)	(45,645.00)	
Total General Obligation Bonds	3,094,451.41	3,018,076.41	76,375.00
Total	\$ 9,737,987.93	\$ 8,079,706.43	\$ 1,658,281.50

7. DEFEASED DEBT

In prior years, the District's State School Bonds, Series 1998A, were defeased in substance by placing a portion of the proceeds of new State School Bonds, Series 2005B, in an irrevocable trust to provide for all future debt service payments on the old State School Bond. Accordingly, the trust account assets and the liability for the in-substance defeased State School Bond are not included in the District's financial statements. On June 30, 2007, State School Bond, Series 1998A, totaling \$4,345,000 outstanding are considered defeased in substance.

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

8. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-06	Additions	Deductions	Balance 6-30-07	Due in One Year
GOVERNMENTAL ACTIVITIES					
Qualified Zone Academy Bond	\$	\$5,000,000.00	\$	\$ 5,000,000.00	\$
Bonds Payable	11,361,369.45		3,281,663.02	8,079,706.43	3,410,000.00
Compensated Absences Payable	<u>9,652,638.93</u>	<u>1,930,181.80</u>	<u>1,084,108.35</u>	<u>10,498,712.38</u>	<u>1,243,291.50</u>
Total Governmental Activities	<u>\$21,014,008.38</u>	<u>\$6,930,181.80</u>	<u>\$4,365,771.37</u>	<u>\$23,578,418.81</u>	<u>\$4,653,291.50</u>

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

9. RESERVE FOR ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

in the fund providing the advancement. The moneys loaned by the General Fund to the nonmajor governmental funds will be repaid in the 2007-08 fiscal year.

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

Funds	Transfers In	Transfers Out
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EXHIBIT - K (Continued)
CHARLOTTE COUNTY

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
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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 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 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 2006-07 fiscal year, contribution rates were as follows:

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

Notes: (A) Employer rates include 1.11 percent for the postemployment 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 retirement class or plan in which reemployed.

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
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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 ended June 30, 2005, June 30, 2006, and June 30, 2007, totaled \$5,682,053.96, \$6,741,417.85, and \$7,466,317.07 respectively, which were equal to the required contributions for each fiscal year.

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 FRS defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Elected County Officers Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were 416 District participants in PEORP during the 2006-07 fiscal year. Required employer contributions made to the program for the fiscal year ending June 30, 2007, totaled \$1,687,302.60.

Pension Reporting. The financial statements and other supplementary information of the FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained from

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
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Project	Contract Amount	Completed to Date	Balance Committed
Lemon Bay High School:			
Architect	\$ 760,500.00	\$ 184,075.00	\$ 576,425.00
Charlotte High School :			
Contractor	5,989,593.25	3,175,111.78	2,814,481.47
Direct Purchases / Other	385,060.00	385,060.00	
Charlotte Technical Center:			
Architect	518,900.00	38,623.00	480,277.00
Contractor	4,881,795.00	1,086,181.87	3,795,613.13
Baker Center:			
Architect	978,332.00	882,952.32	95,379.68
Contractor	13,826,993.80	9,327,112.01	4,499,881.79
Direct Purchases / Other	2,298,307.00	2,298,307.00	
Charlotte High School:			
Architect	2,682,908.00	583,540.00	2,099,368.00
Contractor	7,355,069.00		7,355,069.00
Direct Purchases / Other	2,976,632.00	2,976,632.00	
East Elementary School:			
Architect	650,000.00	455,000.00	195,000.00
Contractor	21,335,742.00	150,000.00	21,185,742.00
Neil Armstrong Elementary School:			
Architect	500,000.00	443,750.00	56,250.00
Contractor	19,474,703.80	6,943,073.10	12,531,630.70
Direct Purchases / Other	4,884,874.90	4,884,874.90	
Peace River Elementary School:			
Architect	575,000.00	509,713.00	65,287.00
Contractor	21,067,549.00	6,007,371.00	15,060,178.00
Direct Purchases / Other	4,111,045.00	4,111,045.00	
Punta Gorda Middle School:			
Architect	1,192,032.00	1,020,965.61	171,066.39
Contractor	33,021,407.73	9,256,183.07	23,765,224.66
Direct Purchases / Other	3,087,975.00	3,087,975.00	
	<u>\$ 152,554,419.48</u>	<u>\$ 57,807,545.66</u>	<u>\$ 94,746,873.82</u>

15. CONSORTIUMS

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

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

16. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Charlotte County District School Board is a member of the South Central Risk Management Consortium (SCERMP) under which several

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of SCERMP. Section 1001.42(10)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. SCERMP is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for SCERMP is composed of superintendents of all participating districts. Employer's Mutual, Inc., serves as fiscal agent for SCERMP.

The property and casualty group under SCERMP is a public entity risk pool which was organized to develop, implement, and administer a multidistrict cooperative property and casualty risk management program for the member school boards in which risk of loss is transferred to the group. The School Board makes an annual contribution to the group for its property and casualty coverage. The interlocal agreement and bylaws of the property and casualty group provide that the group will be self-sustaining through member contributions. However, member school boards are subject to supplemental contributions in the event of a

EXHIBIT – K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

17. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the Internal Service Funds for the 2006-07 fiscal year:

	Total	Employee Benefit Program	Special Projects Center
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 2,249,111.83	\$ 2,096,321.67	\$ 152,790.16
Liabilities and Net Assets:			
Accounts Payable	\$ 5,725.79	\$ 5,046.87	\$ 678.92
Salaries and Benefits Payable	7,225.83	2,161.29	5,064.54
Payroll Deductions and Withholdings Payable	8,489.14	2,649.28	5,839.86
Deposits Payable	38,484.27	38,484.27	
Unrestricted Net Assets	<u>2,189,186.80</u>	<u>2,047,979.96</u>	<u>141,206.84</u>
Total Liabilities and Net Assets	<u>\$ 2,249,111.83</u>	<u>\$ 2,096,321.67</u>	<u>\$ 152,790.16</u>
Revenues:			
Premium Contributions	\$ 16,117,895.87	\$ 16,117,895.87	\$
Charges for Services	381,055.00		381,055.00
Charges for Sales	22,427.29		22,427.29
Interest Income	<u>71,123.24</u>	<u>54,322.17</u>	<u>16,801.07</u>
Total Revenues	16,592,501.40	16,172,218.04	420,283.36
Total Expenses	<u>(16,489,723.42)</u>	<u>(16,105,702.14)</u>	<u>(384,021.28)</u>
Change in Net Assets	<u>\$ 102,777.98</u>	<u>\$ 66,515.90</u>	<u>\$ 36,262.08</u>

EXHIBIT - K (Continued)
CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

19. SPECIAL ITEMS

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	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	\$ 145,000.00	\$ 150,332.00	\$ 150,331.78	\$ (0.22)
Federal Through State	518,000.00	519,675.00	499,542.16	(20,132.84)
State	34,477,814.00	33,985,030.00	33,064,621.11	(920,408.89)
Local	96,188,356.00	97,854,710.00	97,881,748.45	27,038.45
Total Revenues	131,329,170.00	132,509,747.00	131,596,243.50	(913,503.50)
Expenditures				
Current - Education:				
Instruction	81,957,296.00	81,193,418.00	79,337,075.76	1,856,342.24
Pupil Personnel Services	8,139,525.00	8,645,056.00	8,494,761.03	150,294.97
Instructional Media Services	2,241,408.00	2,227,018.00	2,203,373.40	23,644.60
Instruction and Curriculum Development Services	3,594,873.00	3,760,172.00	3,739,664.25	20,507.75
Instructional Staff Training Services	1,063,005.00	1,324,986.00	1,011,548.44	313,437.56
Instruction Related Technology	395,277.00	445,743.00	436,329.21	9,413.79
Board of Education	543,071.00	690,824.00	688,738.54	2,085.46
General Administration	306,597.00	336,387.00	327,348.66	9,038.34
School Administration	8,299,833.00	8,370,208.00	8,292,095.81	78,112.19
Facilities Acquisition and Construction				
Fiscal Services	990,195.00			

Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 17,500,000.00	\$ 14,285,000.00	\$ 2,951,330.33	\$ (11,333,669.67)
	765,000.00	213,962.78	(551,037.22)
	2,572,000.00	2,952,091.48	380,091.48
17,500,000.00	17,622,000.00	6,117,384.59	(11,504,615.41)
	6,057.00	5,998.87	58.13
	100.00	58.02	41.98
12,000.00	45,315.00	42,172.55	3,142.45
	200.00	147.58	52.42
107,847,000.00	75,563,404.36	6,797,796.78	68,765,607.58
33,000.00	469,011.00	467,609.62	1,401.38
	1,600.00		1,600.00
200,000.00	376,000.00	299,193.98	76,806.02
	50.00	41.18	8.82
	38,129.00	38,127.95	1.05
	47,907,968.64	47,907,968.64	
108,092,000.00	124,407,835.00	55,559,115.17	68,848,719.83
(90,592,000.00)	(106,785,835.00)	(49,441,730.58)	57,344,104.42
20,450,000.00	22,950,000.00	18,270,727.57	(4,679,272.43)
20,450,000.00	22,950,000.00	18,270,727.57	(4,679,272.43)
40,000,000.00	37,378,000.00	22,000,000.00	(15,378,000.00)
(30,13,7(0.T4d.)-7(00)-470Td[(30)-1-7(950.)-7(000.)38.17.913 -113 0 Td[(76.)-74507,835.02)			

FEDERAL REPORTS AND SCHEDULES

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS



DAVID W. MARTIN,

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
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Fax: 488-6975/SC 278-6975

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

Compliance and Other Matters

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

We noted certain additional matters which are discussed in the ***FINDINGS AND RECOMMENDATIONS*** and in the ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS*** sections of this audit report.

The District's response to the findings identified in our audit is described in the accompanying ***MANAGEMENT RESPONSE***. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Respectfully submitted,



David W. Martin, CPA
March 17, 2008

MARCH

In our opinion the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB *Circular A-133* and which is described in the accompanying ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS*** as Federal Awards Finding No. 1.

Internal Control Over Compliance

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

Respectfully submitted,



David W. Martin, CPA
March 17, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Florida Department of Agriculture and Consumer Services: Food Donation	10.550(2)	None	\$ 372,057.58
Florida Department of Education: Child Nutrition Cluster:			
School Breakfast Program	10.553	321	678,571.20
National School Lunch Program	10.555	300	2,818,702.71
Summer Food Service Program for Children	10.559	323	88,287.94
Total Child Nutrition Cluster			3,585,561.85
Total United States Department of Agriculture			3,957,619.43
Federal Mediation & Conciliation Service:			
Direct:			
Labor Management Cooperation	34.002	N/A	17,173.89
United States Environmental Protection Agency:			
Direct:			
Environmental Education Grants	66.951	N/A	7,790.89
United States Department of Education:			
Direct:			
Student Financial Assistance Programs Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	8,105.00
Federal Pell Grant Program	84.063	N/A	170,157.00
Total Student Financial Assistance Cluster			178,262.00

Department of Education:
Enrollment Statistics Report

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

SUMMARY OF AUDITOR'S RESULTS

As required by United States Office of Management and Budget *Circular A-133*, Section __.505, the following is a summary of the results of the audit of the Charlotte County District School Board for the fiscal year ended June 30, 2007:

- Ø An unqualified opinion was issued on the financial statements.
- Ø No matters involving the internal control and its operation were considered to be significant deficiencies.
- Ø No noncompliance was reported which is material to the financial statements.
- Ø No significant deficiencies in internal control over major Federal programs were reported.
- Ø An unqualified opinion was issued on major program compliance.
- Ø An audit finding on Federal programs is listed below under the subheading ***FINDINGS AND RECOMMENDATIONS***.
- Ø Major Federal programs included: Special Education Cluster [Special Education – Grants to States (CFDA No. 84.027) and Special Education – Preschool Grants (CFDA No. 84.173)] and Head Start (CFDA No. 93.600).
- Ø The dollar threshold used to distinguish between Type A and Type B Federal programs was \$656,345.45.
- Ø The low risk entity threshold was applied.

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD**

**CHARLOTTE COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2007**

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

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
2007-153		No prior Federal audit findings.		

MANAGEMENT RESPONSE SECTION

