

SARASOTA COUNTY DISTRICT SCHOOL BOARD

Financial and Federal Single Audit

For the Fiscal Year Ended
June 30, 2009



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Sarasota County District School Board members and the Superintendent who served during the 2008-09 fiscal year are listed below:

	<u>District No.</u>
Dr. Carol Todd	1
Caroline Zucker, Vice Chair to 11-17-08	
Chair from 11-18-08	2
Frank H. Kovach	3
Shirley Brown, Vice Chair from 11-18-08	4
Dr. Kathy Kleinlein, Chair to 11-17-08	5

Lori White, Superintendent

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Becky D. Grode, CPA, and the audit was supervised by Karen J. Collington, CPA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other reports prepared by the Auditor General can be obtained on our Web site at 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.

**SARASOTA COUNTY DISTRICT SCHOOL BOARD
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the District's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

We noted a certain matter involving the District's internal control over financial reporting and its operations that we consider to be a significant deficiency as summarized below. However, the significant deficiency is not considered to be a material weakness.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

SIGNIFICANT DEFICIENCY

Finding No. 1: Improvements are needed in District procedures to ensure that transactions are properly reported on the financial statements.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster, Student Financial Assistance Cluster, and Improving Teacher Quality programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested.

Audit Objectives and Scope

Our audit objectives were to determine whether the Sarasota County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

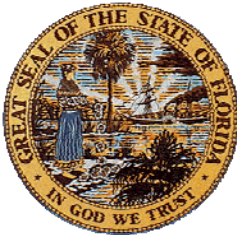
- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal controls over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs.

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, 2009. We obtained an understanding of the District's environment, including its internal control and assessed the risk of material misstatement 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, rules, regulations, contracts, and grant agreements. The results of our operational audit of the District are included in our report No. 2010-044.

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*.

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Sarasota County District School Board, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 16 percent of the assets and 32 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the aggregate discretely presented component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Sarasota County District School Board as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows and the respective budgetary comparison for the General Fund 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 Sarasota County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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 WITH *GOVERNMENT AUDITING STANDARDS***. 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 should be considered in assessing the results of our audit.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** (pages 3 through 14) and the **SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN** (page 62) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



David W. Martin, CPA
December 9, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2008-09 fiscal year are as follows:

- The District's financial position improved during the fiscal year ended June 30, 2009. In total, net assets increased by \$35,398,589, or 5 percent over the course of the year.
- General revenues totaled \$503,523,289, or 94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions totaled \$33,456,764, or 6 percent. Total revenues decreased from \$611,611,878 in fiscal year 2007-08 to \$536,980,053 in fiscal year 2008-09. The change is primarily attributed to a decrease in funding for Classrooms for Kids and a decrease in property tax revenues.
- Expenses totaled \$501,581,464; only \$33,456,764 of these expenses was offset by program specific charges, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$35,398,589. Total expenses decreased \$16,111,331 or 3 percent, from \$517,692,795 in fiscal year 2007-08. This change is attributed to the elimination of the 30-hour professional development requirement for teachers, deletion of 23 technology coordinators and the completion of Suncoast Polytechnical High School and Woodland Middle School in the prior year.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$52,325,727 at June 30, 2009 or 13 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis.

Government-wide Financial Statements

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

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 ten separate legal entities in this report. 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. Nine of these organizations are charter schools. Financial information for these component units is reported separately from the financial information presented for the primary government. The Financing Corporation for the School Board of Sarasota County (Corporation), although also legally separate, was formed to facilitate financing for the acquisition of facilities and equipment. Due to the substantive economic relationship between the School Board and the Corporation, the Corporation is included as an integral part of the primary government. Please refer to Note 1 to the financial statements for more information on the District's component units.

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. State law establishes certain funds, 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:

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. 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. Consequently, 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.

Proprietary Funds. Proprietary funds may be established to account for activities in which a fee is charged for services. The District maintains one type of proprietary fund, the internal service fund to account for the District's self-insurance programs. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses agency funds to account for resources held for student activities and groups.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position and provides a perspective of the District as a whole. The following is a summary of the District's net assets as of June 30, 2009, compared to net assets as of June 30, 2008:

	Net Assets, End of Year		Increase (Decrease)	Percentage Change
	Governmental Activities 6/30/2009	6/30/2008		
Current and other assets	\$ 278,923,443	\$ 250,666,656	\$ 28,256,787	
Capital assets, net	770,129,384	702,449,801	67,679,583	
Total assets	1,049,052,827	953,116,457	95,936,370	10%
Other liabilities	40,358,082	50,618,833	(10,260,751)	
Long-term liabilities, current	35,603,688	30,320,615	5,283,073	
Long-term liabilities, noncurrent	159,782,047	94,266,588	65,515,459	
Total liabilities	235,743,817	175,206,036	60,537,781	35%
Net assets				
Invested in capital assets, net of related debt	683,452,772	629,612,938	53,839,834	
Restricted	101,262,108	117,008,881	(15,746,773)	
Unrestricted	28,594,130	31,288,602	(2,694,472)	
Total net assets	\$ 813,309,010	\$ 777,910,421	\$ 35,398,589	5%

The largest portion of the District's net assets (84 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.

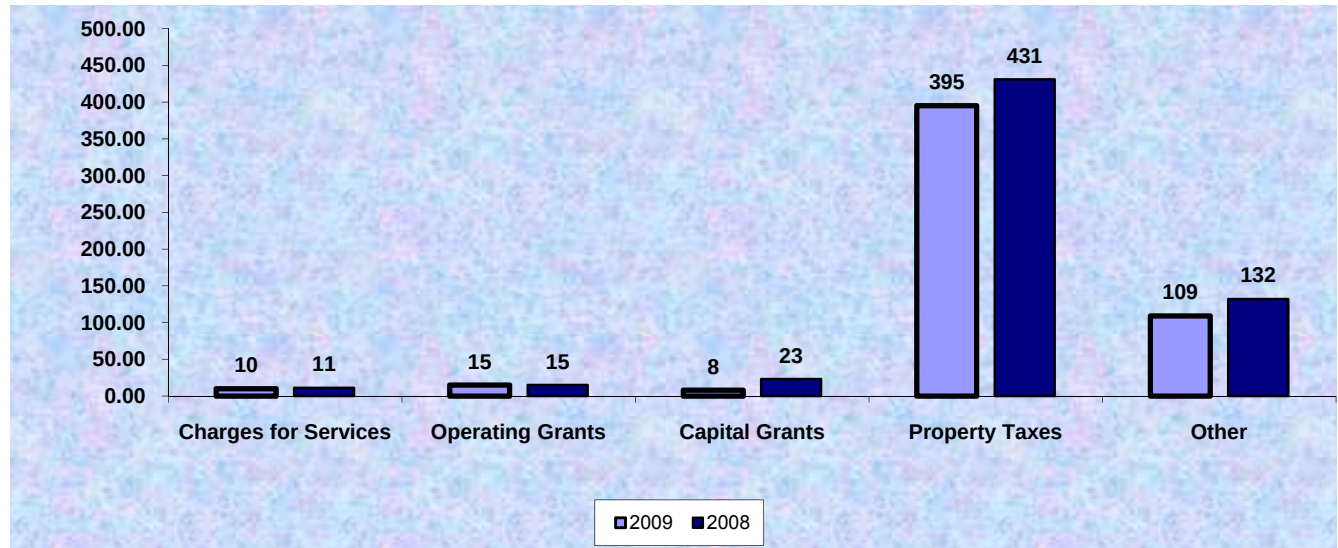
The restricted portion of the District's net assets (12 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (4 percent) may be used to meet the government's ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District's net assets for the fiscal years ended June 30, 2009 and June 30, 2008, are shown in the following table and graphs:

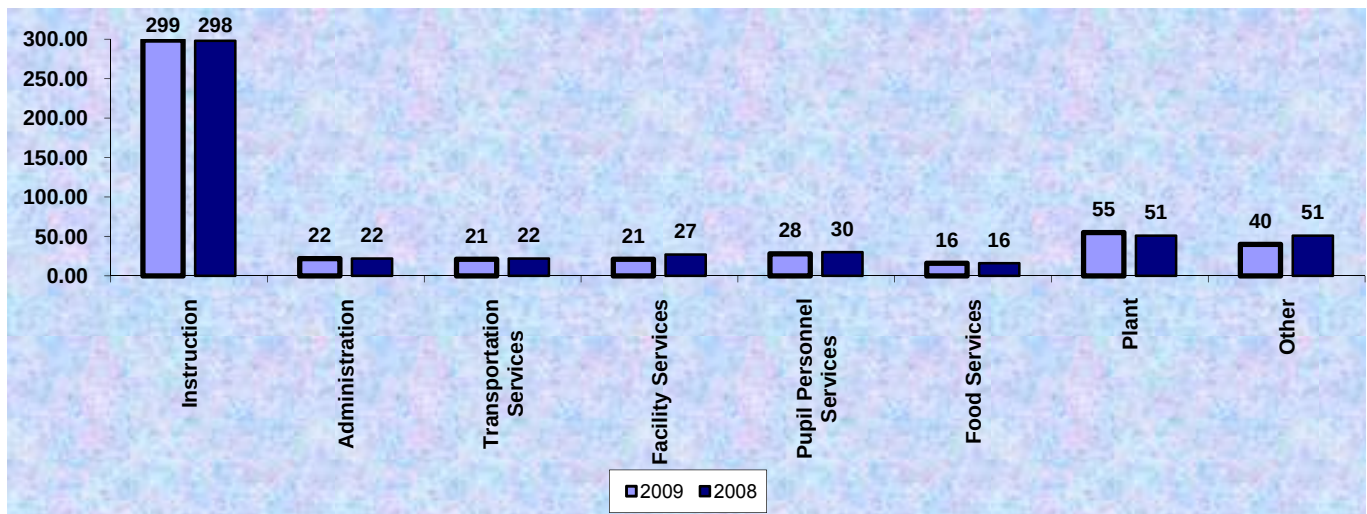
Changes in Net Assets from Operating Results

	Governmental Activities			percentage Change
	6/30/2009	6/30/2008	Increase P (Decrease)	
Revenues:				
Program revenues				
Charges for services	\$ 10,496,452	\$ 10,601,040	\$ (104,588)	-1%
Operating grants and contributions	15,321,080	15,283,133	37,947	0%
Capital grants and contributions	7,639,232	23,384,964	(15,745,732)	-67%
General revenues				
Property taxes - general	286,459,398	309,870,020	(23,410,622)	-8%
Property taxes - capital projects	94,721,430	120,956,816	(26,235,386)	-22%
Local sales taxes	13,422,199	14,850,716	(1,428,517)	-10%
Grants and contributions not restricted to specific programs	99,090,763	100,984,457	(1,893,694)	-2%
Miscellaneous	9,205,352	6,967,194	2,238,158	32%
Unrestricted investment earnings	624,147	8,713,538	(8,089,391)	-93%
Total revenues	\$ 536,980,053	\$ 611,611,878	\$ (74,631,825)	-12%
Expenses:				
Instruction	\$ 298,584,873	\$ 297,901,222	\$ 683,651	0%
Pupil personnel services	28,222,953	30,325,345	(2,102,392)	-7%
Instructional media services	6,137,851	5,905,210	232,641	4%
Instruction and curriculum development services	5,258,883	6,187,932	(929,049)	-15%
Instructional staff training services	7,366,429	13,498,341	(6,131,912)	-45%
Instruction related technology	2,891,781	8,129,129	(5,237,348)	-64%
Board of education	1,201,716	1,350,453	(148,737)	-11%
General administration	3,397,495	3,146,996	250,499	8%
School administration	18,352,757	18,772,984	(420,227)	-2%
Facility services - non-capitalized	20,860,191	27,421,208	(6,561,017)	-24%
Fiscal services	2,225,376	2,308,943	(83,567)	-4%
Food services	16,059,192	15,918,869	140,323	1%
Central services	6,841,163	7,380,444	(539,281)	-7%
Pupil transportation services	21,089,902	22,371,308	(1,281,406)	-6%
Operation of plant	36,378,916	35,228,040	1,150,876	3%
Maintenance of plant	18,436,686	16,031,105	2,405,581	15%
Administrative technology services	2,064,623	2,150,968	(86,345)	-4%
Community services	1,536,844	1,494,913	41,931	3%
Interest on long-term debt	4,673,833	2,169,385	2,504,448	115%
Total expenses	501,581,464	517,692,795	(16,111,331)	-3%
Increase in net assets	35,398,589	93,919,083	(58,520,494)	-62%
Beginning net assets	777,910,421	683,991,338	93,919,083	
Ending net assets	\$ 813,309,010	\$ 777,910,421	\$ 35,398,589	

Revenues by Source – Governmental Activities – in Millions of Dollars



Expenses – Governmental Activities – in Millions of Dollars



Overall total revenues decreased by 12 percent from the fiscal year ended June 30, 2008. Revenue decreases are primarily due to decreases in capital grants and contributions, decreased investment earnings and decreases in property taxes. Decreases for capital grants and contributions are due to the State not appropriating money for Classrooms for Kids in 2008-09. Decreases in property taxes relates to the decreases in property values and a decrease in the millage levied.

Total expenses decreased by \$16,111,331, or 3 percent from the fiscal year ended June 30, 2008. This decrease is attributed to the elimination of the 30-hour required professional development for teachers and the completion of Suncoast Polytechnical High School and Woodland Middle School in the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$216,140,057, an increase of \$38,292,358 over last year's ending fund balance of \$177,847,699. The increase is mostly due to the issuance of Certificates of Participation in the current year.

Major Governmental Funds

General Fund

The General Fund is the primary operating fund for the District. Presented below is an overall analysis of the General Fund as compared to the prior year:

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Revenue	\$ 380,054,471	\$ 406,090,223	\$ (26,035,752)	-6%
Other financing sources	20,825,172	16,429,904	4,395,268	27%
Beginning fund balance	61,954,051	59,151,249	2,802,802	5%
Increase (decrease) in inventory reserve	(41)	2,184	(2,225)	102%
Total	<u>\$ 462,833,653</u>	<u>\$ 481,673,560</u>	<u>\$ (18,839,907)</u>	-4%
Expenditures	403,073,992	419,008,163	(15,934,171)	-4%
Other financing uses	728,786	711,346	17,440	2%
Ending fund balance	<u>59,030,875</u>	<u>61,954,051</u>	<u>(2,923,176)</u>	-5%
Total	<u>\$ 462,833,653</u>	<u>\$ 481,673,560</u>	<u>\$ (18,839,907)</u>	-4%

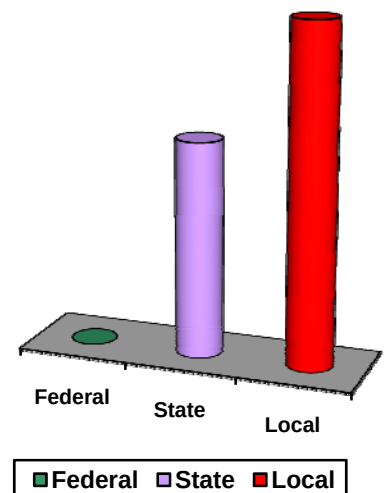
The District's ending fund balance decreased by \$2,923,176 or 5 percent. This decrease is primarily due to the decrease in revenue from property taxes.

Revenues – Overall revenues decreased by \$26,035,752 or 6 percent as follows:

Revenues By Source - General Fund

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Federal	\$ 1,467,839	\$ 1,522,275	\$ (54,436)	-4%
State 81	,912,524	84,427,436	(2,514,912)	-3%
Local	296,674,108	320,140,512	(23,466,404)	-7%
Total	<u>\$ 380,054,471</u>	<u>\$ 406,090,223</u>	<u>\$ (26,035,752)</u>	-6%

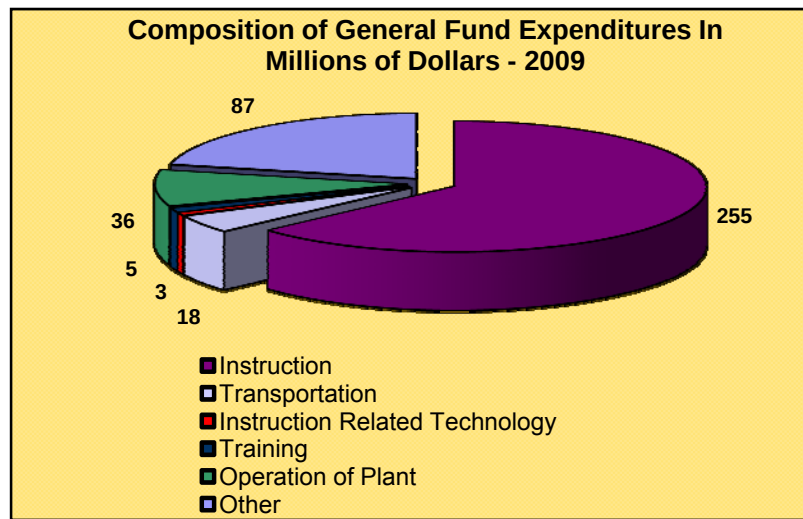
Composition of Revenues
In Millions of Dollars -
2009



State sources decreased by \$2,514,912, or 3 percent, mainly attributed to decreases in the State categorical funding.

Local sources decreased by \$23,466,404, or 7 percent, mainly as a result of a decrease in property tax revenues of \$23,410,622.

Expenditures - Total General Fund expenditures decreased from \$419,008,163 to \$403,073,992 for the fiscal year ended June 30, 2009. The major decreases are reflected in Instructional Staff Training and Instruction Related Technology. Instructional Staff Training decreased due to the elimination of the 30-hour professional development requirement for teachers. Instruction Related Technology decreased due to the elimination of 23 technology coordinators.



Expenditures By Function - General Fund

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Instruction	\$ 255,123,460	\$ 258,194,488	\$ (3,071,028)	-1%
Instructional staff training services	4,610,035	10,566,878	(5,956,843)	-56%
Pupil transportation services	17,733,266	19,165,444	(1,432,178)	-7%
Operation of plant	36,207,987	34,868,202	1,339,785	4%
Instruction related technology	2,856,419	6,766,334	(3,909,915)	-58%
Other	86,542,825	89,446,817	(2,903,992)	-3%
Total	<u>\$ 403,073,992</u>	<u>\$ 419,008,163</u>	<u>\$ (15,934,171)</u>	-4%

Debt Service – Other Debt Service Fund

An overall analysis of the District's Other Debt Service Fund is presented below:

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Revenue	\$ 37,986	\$ 55,394	\$ (17,408)	-31%
Other financing sources	17,125,008	15,778,383	1,346,625	9%
Beginning fund balance	814,316	782,457	31,859	4%
Total	<u>\$ 17,977,310</u>	<u>\$ 16,616,234</u>	<u>\$ 1,361,076</u>	8%
Expenditures	\$ 17,134,901	\$ 15,801,918	\$ 1,332,983	8%
Ending fund balance	842,409	814,316	28,093	3%
Total	<u>\$ 17,977,310</u>	<u>\$ 16,616,234</u>	<u>\$ 1,361,076</u>	8%

Capital Projects – Local Capital Improvement Tax Fund

An overall analysis of the District's Capital Projects – Local Capital Improvement Tax Fund is presented below:

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Revenue	\$ 95,778,421	\$ 125,490,642	\$ (29,712,221)	-24%
Other financing sources	13,409,336	-	13,409,336	100%
Beginning fund balance	72,954,855	70,219,843	2,735,012	4%
Total	<u>\$ 182,142,612</u>	<u>\$ 195,710,485</u>	<u>\$ (13,567,873)</u>	-7%
Expenditures	\$ 90,923,826	\$ 98,481,992	\$ (7,558,166)	-8%
Other financing uses	33,318,483	24,273,638	9,044,845	37%
Ending fund balance	57,900,303	72,954,855	(15,054,552)	-21%
Total	<u>\$ 182,142,612</u>	<u>\$ 195,710,485</u>	<u>\$ (13,567,873)</u>	-7%

During the fiscal year 2009, expenditures in the Capital Projects – Local Capital Improvement Tax Fund decreased by \$7,558,166, or 8 percent. Completion of Suncoast Polytechnical High School and Woodland Middle School were the major reasons for the decrease in expenditures. Other financing sources increased primarily due to the inception of a capital lease.

Capital Projects - Other Capital Projects Fund

The District's other capital projects fund is primarily used to report revenues and expenditures from sales tax collections and expenditures from the District's 2004 and 2009 Certificates of Participation issuance. An overall analysis of this fund is presented below:

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Revenue	\$ 16,355,423	\$ 30,185,392	\$ (13,829,969)	-46%
Other financing sources	75,771,496	46,646	75,724,850	162339%
Beginning fund balance	38,739,922	54,504,745	(15,764,823)	-29%
Total	<u>\$ 130,866,841</u>	<u>\$ 84,736,783</u>	<u>\$ 46,130,058</u>	54%
Expenditures	\$ 29,210,824	\$ 41,998,586	\$ (12,787,762)	-30%
Other financing uses	5,129,070	3,998,275	1,130,795	28%
Ending fund balance	96,526,947	38,739,922	57,787,025	149%
Total	<u>\$ 130,866,841</u>	<u>\$ 84,736,783</u>	<u>\$ 46,130,058</u>	54%

Revenue decreased \$13,829,969 or 46 percent. Decreases in revenues are attributable to elimination of the Classrooms for Kids appropriation from the State and reductions in the amount received from impact fees of \$1,009,619. Other financing sources increased by \$75,724,850 due to the issuance of the 2009 Certificates of Participation. Expenditures decreased by \$12,787,762, or 30 percent due primarily to the completion of Suncoast Polytechnical High School and Woodland Middle School.

GENERAL FUND BUDGETARY HIGHLIGHTS

Most District operations are funded in the General Fund. Total General Fund revenues during 2008-09 were \$9,451,905 less than originally budgeted. Amendments of \$5,549,906 were made to increase property tax revenues to adjust for increases in actual collections for property taxes beyond the 95 percent original budgeted amounts. Amendments of \$3,549,906 were also made to local revenue for decreases in sales tax received. Amendments of \$11,063,550 were made to State revenues to adjust for state holdbacks.

Budget amendments for expenditures in instruction of \$7,830,994 were made due to declining enrollment during last school year. Actual expenditures were \$11,918,584 less than final budget primarily due to several cost cutting measures the District has taken in order to preserve fund balance during the current recession.

CAPITAL ASSETS AND LONG-TERM DEBT

At June 30, 2009, the District had \$770,129,384 invested in a broad range of capital assets, including land, buildings and improvements, and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$67,679,583 or 10 percent, from last fiscal year due, in part, to the completion of Suncoast Polytechnical High School and Woodland Middle School.

Governmental Activities					Percentage
	6/30/09	6/30/08	Change	Change	
Capital assets not being depreciated:					
Land	\$ 28,504,624	\$ 27,756,311	\$ 748,313	3%	
Land improvements	49,452,855	42,012,322	7,440,533	18%	
Construction in progress	129,854,428	115,894,794	13,959,634	12%	
Capital assets being depreciated:					
Improvements other than buildings	41,428,735	39,657,014	1,771,721	4%	
Buildings and fixed equipment	666,167,050	622,494,407	43,672,643	7%	
Furniture, fixtures and equipment and Audio visual materials	71,323,566	70,862,621	460,945	1%	
Motor vehicles	27,197,414	24,151,441	3,045,973	13%	
Property under capital leases	10,562,139	832,737	9,729,402	1168%	
Computer software	2,718,812	7,532,758	(4,813,946)	-64%	
Total Capital Assets	1,027,209,623	951,194,405	76,015,218	8%	
Less accumulated depreciation	(257,080,239)	(248,744,604)	(8,335,635)	3%	
Total Capital Assets, net	\$ 770,129,384	\$ 702,449,801	\$ 67,679,583	10%	

Detailed information regarding the District's capital asset balances and activity for the fiscal year ended June 30, 2009, is provided in Notes 5 and 18 to the basic financial statements.

Long-Term Debt

At June 30, 2009, the District had \$144,497,346 in bonds payable, obligations under capital leases, and certificates of participation versus \$73,990,086 last fiscal year, an increase of 95 percent. A summary of the long-term debt obligations are listed in the following table:

	6/30/2009	6/30/2008	Increase (Decrease)	Percentage Change
Obligations under capital leases	\$ 10,156,505	\$ 144,897	\$ 10,011,608	6909%
State school bonds	13,963,484	14,913,099	(949,615)	-6%
Race track revenue bonds	1,504,029	1,873,433	(369,404)	-20%
Qualified academy zone bonds	1,299,696	1,299,696	-	0%
Certificates of participation	117,573,632	55,758,961	61,814,671	111%
Total	\$ 144,497,346	\$ 73,990,086	\$ 70,507,260	95%

The District's increase in debt was primarily the result of the issuance of the 2009 Certificates of Participation and the lease of Hewlett Packard computers.

The District has been given the following ratings for the 2009 Certificates of Participation:

Certificates of Participation

Standard & Poor's	AA-
Moody's	Aa3
Fitch IBCA	AA-

For more details concerning long-term debt, refer to Notes 7 through 10 in the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mitsi Corcoran, Chief Financial Officer, 1960 Landings Boulevard, Sarasota, Florida 34231.

FINANCIAL STATEMENTS

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA Statement of Net Assets June 30, 2009

	Primary Government	Component Units
	Governmental Activities	Charter Schools
Assets		
Cash and cash equivalents	\$ 266,685,477	\$ 3,244,261
Investments	5,152,906	-
Accounts receivable	462,997	238,503
Deposits receivable	75,000	-
Due from other governmental agencies	1,715,336	96,254
Inventories	1,691,569	-
Prepaid items	2,837,218	366,423
Deferred charges	302,940	398,084
Capital assets:		
Nondepreciable	207,811,907	1,515,222
Depreciable, net	562,317,477	15,158,134
Total assets	1,049,052,827	21,016,881
Liabilities		
Accounts payable and other current liabilities	17,937,818	1,429,063
Due to other governmental agencies	4,312,929	-
Matured debt payable	13,699,000	-
Matured interest payable	1,969,835	-
Accrued interest payable	451,018	-
Unearned revenue	1,987,482	-
Portion due within one year:		
Notes payable	-	268,927
Bonds payable	1,365,000	303,695
Obligations under capital leases	1,976,712	147,408
Certificates of participation payable	17,795,000	-
Liability for compensated absences	10,737,713	-
Estimated insurance claims payable	3,175,290	-
Early retirement incentive payable	553,973	-
Portion due in more than one year:		
Notes payable	-	3,044,927
Bonds payable	15,402,209	9,186,920
Obligations under capital leases	8,179,793	300,454
Certificates of participation payable	99,778,632	-
Liability for compensated absences	25,549,174	55,960
Estimated insurance claims payable	4,476,568	-
Early retirement incentive payable	2,101,846	-
Postemployment healthcare benefits payable	4,293,825	-
Total liabilities	235,743,817	14,737,354
Net assets		
Invested in capital assets, net of related debt	683,452,772	4,994,176
Restricted for:		
Capital projects	96,909,459	-
Debt service	1,379,426	-
Food service	851,488	-
State categorical programs	2,121,735	-
Unrestricted	28,594,130	1,285,351
Total net assets	\$ 813,309,010	\$ 6,279,527

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Activities
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Instruction	\$ 298,584,873	\$ 2,598,848	\$ -	\$ -
Pupil personnel services	28,222,953	-	-	-
Instructional media services	6,137,851	-	-	-
Instruction and curriculum development services	5,258,883	-	-	-
Instructional staff training services	7,366,429	-	-	-
Instruction related technology	2,891,781	-	-	-
Board of education	1,201,716	-	-	-
General administration	3,397,495	-	-	-
School administration	18,352,757	-	-	-
Facility services - non-capitalized	20,860,191	-	-	5,672,415
Fiscal services	2,225,376	-	-	-
Food services	16,059,192	7,372,093	8,557,859	-
Central services	6,841,163	-	-	-
Pupil transportation services	21,089,902	525,511	6,763,221	-
Operation of plant	36,378,916	-	-	-
Maintenance of plant	18,436,686	-	-	-
Administrative technology services	2,064,623	-	-	-
Community services	1,536,844	-	-	-
Interest on long-term debt	4,673,833	-	-	1,966,817
Total primary government	<u>\$ 501,581,464</u>	<u>\$ 10,496,452</u>	<u>\$ 15,321,080</u>	<u>\$ 7,639,232</u>
Component units:				
Charter schools	\$ 25,770,586	\$ 116,726	\$ 1,498,467	\$ 706,978
Total component units	<u>\$ 25,770,586</u>	<u>\$ 116,726</u>	<u>\$ 1,498,467</u>	<u>\$ 706,978</u>

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for capital projects
- Local sales taxes
- Grants and contributions not restricted to specific programs
- Miscellaneous
- Unrestricted investment earnings
- Total general revenues

Change in net assets

Total net assets, beginning of year
 Adjustment to restate beginning net assets
 Total net assets, beginning of year, restated
 Total net assets, end of year

The accompanying notes are an integral part of the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component Units
Governmental Activities	Charter Schools
\$ (295,986,025)	\$ -
(28,222,953)	-
(6,137,851)	-
(5,258,883)	-
(7,366,429)	-
(2,891,781)	-
(1,201,716)	-
(3,397,495)	-
(18,352,757)	-
(15,187,776)	-
(2,225,376)	-
(129,240)	-
(6,841,163)	-
(13,801,170)	-
(36,378,916)	-
(18,436,686)	-
(2,064,623)	-
(1,536,844)	-
(2,707,016)	-
(468,124,700)	-
-	(23,448,415)
-	(23,448,415)
286,459,398	-
94,721,430	-
13,422,199	-
99,090,763	25,348,253
9,205,352	(313,410)
624,147	-
503,523,289	25,034,843
35,398,589	1,586,428
777,910,421	4,788,979
-	(95,880)
-	4,693,099
\$ 813,309,010	\$ 6,279,527

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2009

			Capital Projects Funds	
	General Fund	Debt Service - Other Debt Service	Local Capital Improvement Tax	Other Capital Projects
Assets				
Cash and cash equivalents	\$ 60,898,386	\$ 15,628,935	\$ 67,058,287	\$ 98,090,309
Investments	1,175,486	839,436	1,513,086	809,772
Accounts receivable	130,068	-	-	285,145
Due from other funds	802,606	341,586	750	26,300
Due from other governmental agencies	911,233	-	135,736	68,408
Prepaid items	2,825,337	-	-	-
Inventories	1,061,335	-	-	-
Total assets	\$ 67,804,451	\$ 16,809,957	\$ 68,707,859	\$ 99,279,934
Liabilities and fund balances				
Liabilities:				
Salaries and wages payable	\$ 1,195,907	\$ -	\$ -	\$ -
Payroll deductions and withholdings payable	1,150,463	-	-	-
Accounts payable	2,017,246	347,586	2,047,493	616,391
Construction contracts payable	-	-	7,859,468	2,108,386
Deposits payable	21,300	-	-	-
Due to other funds	98,138	-	900,595	28,210
Due to other governmental agencies	4,290,268	-	-	-
Matured debt payable	-	13,680,000	-	-
Matured interest payable	-	1,939,962	-	-
Deferred revenue	254	-	-	-
Total liabilities	8,773,576	15,967,548	10,807,556	2,752,987
Fund balances:				
Reserved for:				
Debt service	-	842,409	-	-
Encumbrances	1,571,694	-	31,028,347	43,043,124
Inventories	186,382	-	-	-
State categorical programs	2,121,735	-	-	-
Prepaid items	2,825,337	-	-	-
Unreserved, reported in:				
General fund	52,325,727	-	-	-
Capital projects funds	-	-	26,871,956	53,483,823
Special revenue funds	-	-	-	-
Total fund balances	59,030,875	842,409	57,900,303	96,526,947
Total liabilities and fund balances	\$ 67,804,451	\$ 16,809,957	\$ 68,707,859	\$ 99,279,934

The accompanying notes are an integral part of the basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,773,385	\$ 244,449,302
404,959	4,742,739
47,784	462,997
133,757	1,304,999
599,959	1,715,336
-	2,825,337
630,234	1,691,569
<u>\$ 4,590,078</u>	<u>\$ 257,192,279</u>

\$ 149,895	\$ 1,345,802
-	1,150,463
264,753	5,293,469
-	9,967,854
-	21,300
299,806	1,326,749
-	4,290,268
19,000	13,699,000
29,873	1,969,835
1,987,228	1,987,482
<u>2,750,555</u>	<u>41,052,222</u>

988,035	1,830,444
-	75,643,165
630,234	816,616
-	2,121,735
-	2,825,337
-	52,325,727
-	80,355,779
221,254	221,254
<u>1,839,523</u>	<u>216,140,057</u>
<u>\$ 4,590,078</u>	<u>\$ 257,192,279</u>

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2009

Total fund balances - governmental funds **\$ 216,140,057**

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 governmental funds. 770,129,384

Debt issuance costs and underwriter's discounts are not expensed in the government-wide statements, but are reported as deferred charges, and amortized over the life of the debt in the statement of activities. 302,940

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. (451,018)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds. Long-term liabilities at year-end consist of:

Bonds payable	(16,767,209)
Obligations under capital leases	(10,156,505)
Certificates of participation payable	(117,573,632)
Liability for compensated absences (net of \$129,493 related to the internal service funds)	(36,157,394)
Early retirement incentive payable	(2,655,819)
Postemployment healthcare benefits payable	(4,293,825)

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

14,792,031

Total net assets of governmental activities **\$ 813,309,010**

The accompanying notes are an integral part of the basic financial statements.

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SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General Fund	Debt Service - Other Debt Service	Capital Projects Funds	
			Local Capital Improvement Tax	Other Capital Projects
Revenues				
Federal direct	\$ 280,849	\$ -	\$ -	\$ -
Federal through state	1,186,990	-	-	-
State sources	81,912,524	-	186,207	1,572,403
Local sources:				
Property taxes levied for operational purposes	286,459,398	-	-	-
Property taxes levied for capital projects	-	-	94,721,430	-
Sales tax collections	-	-	-	13,422,199
Charges for services	3,124,359	-	-	-
Impact fee collections	-	-	-	1,006,172
Other local revenue	7,090,351	37,986	870,784	354,649
Total revenues	380,054,471	37,986	95,778,421	16,355,423
Expenditures				
Current:				
Instruction	255,123,460	-	-	-
Pupil personnel services	25,060,203	-	-	-
Instructional media services	6,055,988	-	-	-
Instruction and curriculum development services	3,752,399	-	-	-
Instructional staff training services	4,610,035	-	-	-
Instruction related technology	2,856,419	-	-	-
Board of education	1,181,284	-	-	-
General administration	1,968,980	-	-	-
School administration	18,340,541	-	-	-
Facility services - non-capitalized	10,922	-	17,254,736	2,984,457
Fiscal services	2,199,020	-	-	-
Food services	68,826	-	-	-
Central services	6,313,951	-	-	-
Pupil transportation services	17,733,266	-	-	-
Operation of plant	36,207,987	-	-	-
Maintenance of plant	17,756,455	-	-	-
Administrative technology services	2,020,762	-	-	-
Community services	1,128,779	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	50,652,693	23,158,871
Other capital outlay	684,715	-	23,016,397	2,336,530
Debt service:				
Principal	-	14,170,158	-	-
Interest -	-	2,959,643	-	-
Dues and fees	-	5,100	-	730,966
Total expenditures	403,073,992	17,134,901	90,923,826	29,210,824
Excess (deficiency) of revenues over (under) expenditures	(23,019,521)	(17,096,915)	4,854,595	(12,855,401)
Other financing sources (uses)				
Issuance of certificates of participation	-	-	-	75,625,000
Premium on sale of certificates of participation	-	-	-	119,854
Inception of capital leases	-	-	10,562,139	-
Sale of capital assets	-	-	-	13,043
Insurance loss recoveries	38,204	-	-	-
Transfers in	20,786,968	17,125,008	2,847,197	13,599
Transfers out	(728,786)	-	(33,318,483)	(5,129,070)
Total other financing sources (uses)	20,096,386	17,125,008	(19,909,147)	70,642,426
Net change in fund balances	(2,923,135)	28,093	(15,054,552)	57,787,025
Fund balance - beginning	61,954,051	814,316	72,954,855	38,739,922
Decrease in inventory reserve	(41)	-	-	-
Fund balance - ending	\$ 59,030,875	\$ 842,409	\$ 57,900,303	\$ 96,526,947

The accompanying notes are an integral part of the basic financial statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	1,108,291	\$	1,389,140
	29,164,307		30,351,297
	5,633,332		89,304,466
	-		286,459,398
	-		94,721,430
	-		13,422,199
	7,372,093		10,496,452
	-		1,006,172
	1,101,260		9,455,030
	44,379,283		536,605,584
	13,301,760		268,425,220
	3,012,805		28,073,008
	76,980		6,132,968
	1,435,922		5,188,321
	2,698,564		7,308,599
	-		2,856,419
	-		1,181,284
	1,118,819		3,087,799
	22,000		18,362,541
	103,102		20,353,217
	-		2,199,020
	15,889,753		15,958,579
	12,000		6,325,951
	299,227		18,032,493
	142		36,208,129
	-		17,756,455
	-		2,020,762
	376,863		1,505,642
	2,978,896		76,790,460
	434,329		26,471,971
	1,300,000		15,470,158
	727,616		3,687,259
	2,080		738,146
	43,790,858		584,134,401
	588,425		(47,528,817)
	-		75,625,000
	-		119,854
	-		10,562,139
	-		13,043
	4,146		42,350
	-		40,772,772
	(2,137,603)		(41,313,942)
	(2,133,457)		85,821,216
	(1,545,032)		38,292,399
	3,384,555		177,847,699
	-		(41)
\$	1,839,523	\$	216,140,057

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2009

Net change in fund balances - total governmental funds	\$ 38,292,399
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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 by which capital outlays exceed depreciation expense in the current period.

Capital Outlay	\$ 103,262,430	
Less, Depreciation Expense	(28,586,142)	
		74,676,288

The loss on disposal of capital assets during the current period is reported in the statement of activities. In the government funds, the costs of these assets was recognized as an expenditure in the year purchased. Thus the change in net assets differs from the change in fund balances by the undepreciated cost of the disposed assets.

(6,996,703)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Certificates of Participation	\$ 75,625,000	
Capital Leases	10,562,139	
		(86,187,139)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments.

Certificates of Participation	\$ 13,680,000	
State School Bonds	935,000	
Racetrack Bonds	365,000	
Capital Leases	550,531	
		15,530,531

Issuance costs and premiums on new debt issues are reported when issued as expenditures and other financing sources in the governmental funds, but are deferred and amortized as expenses over the life of the debt in the statement of activities.

Deferred Charges:		
Current Year	\$ 302,940	
Less, Prior Year	461,678	
Net Increase in Expenses from Deferred Charges		(158,738)
Unamortized Difference Between Old and New Debt:		
Current Year	\$ 433,644	
Less, Prior Year	519,673	
Net Increase in Revenue from Difference Between Old and New Debt		(86,029)
Unamortized Premiums:		
Prior Year	\$ 1,820,167	
Less, Current Year	1,584,789	
Net Reduction in Expenses from Unamortized Premiums		235,378

The net change in the liability for early retirement benefits is reported in the government-wide statements but not in the governmental funds until due.

1,750,918

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrues in the statement of activities.

Prior Year	\$ 386,983	
Less, Current Year	451,018	
Net Increase in Expenses from Accrued Interest Payable		(64,035)

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 leave used. This is the net amount of vacation and sick leave earned in excess of the amount used in the current period, net of the amount recorded in the internal service funds.

(544,401)

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

687,945

Certain expenses are recognized in the government-wide statements that are not recognized in the governmental funds until due.

21,307

The net change in the liability for postemployment healthcare benefits is reported in the government-wide statements, but not in the governmental fund statements.

(1,759,132)

Change in net assets of governmental activities	\$ 35,398,589
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The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal direct	\$ 1,525,430	\$ 338,440	\$ 280,849	\$ (57,591)
Federal through state	-	1,186,990	1,186,990	-
State sources	93,752,100	82,688,550	81,912,524	(776,026)
Local sources:				
Property taxes levied for operational purposes	280,909,492	286,459,398	286,459,398	-
Charges for services	-	-	3,124,359	3,124,359
Other local revenue	13,319,354	9,769,448	7,090,351	(2,679,097)
Total revenues	<u>389,506,376</u>	<u>380,442,826</u>	<u>380,054,471</u>	<u>(388,355)</u>
Expenditures				
Current:				
Instruction	265,738,563	257,907,569	255,123,460	2,784,109
Pupil personnel services	27,906,354	25,905,385	25,060,203	845,182
Instructional media services	5,731,182	6,216,104	6,055,988	160,116
Instruction and curriculum development services	4,480,019	3,980,019	3,752,399	227,620
Instructional staff training services	5,646,517	7,146,517	4,610,035	2,536,482
Instruction related technology	6,913,592	3,913,592	2,856,419	1,057,173
Board of education	1,345,324	1,344,034	1,181,284	162,750
General administration	2,284,558	2,284,558	1,968,980	315,578
School administration	18,900,685	18,869,523	18,340,541	528,982
Facility services - non-capitalized	35,264	35,264	10,922	24,342
Fiscal services	2,307,968	2,307,968	2,199,020	108,948
Food services	70,079	70,079	68,826	1,253
Central services	6,880,987	7,075,765	6,313,951	761,814
Pupil transportation services	19,318,413	19,418,413	17,733,266	1,685,147
Operation of plant	35,832,533	36,532,533	36,207,987	324,546
Maintenance of plant	15,450,918	17,950,918	17,756,455	194,463
Administrative technology services	2,154,169	2,154,169	2,020,762	133,407
Community services	1,195,451	1,195,451	1,128,779	66,672
Capital outlay:				
Other capital outlay	-	684,715	684,715	-
Total expenditures	<u>422,192,576</u>	<u>414,992,576</u>	<u>403,073,992</u>	<u>11,918,584</u>
Deficiency of revenues under expenditures	<u>(32,686,200)</u>	<u>(34,549,750)</u>	<u>(23,019,521)</u>	<u>11,530,229</u>
Other financing sources (uses)				
Insurance loss recoveries	-	-	38,204	38,204
Transfers in	15,288,001	22,778,806	20,786,968	(1,991,838)
Transfers out	(690,414)	(728,786)	(728,786)	-
Total other financing sources (uses)	<u>14,597,587</u>	<u>22,050,020</u>	<u>20,096,386</u>	<u>(1,953,634)</u>
Net change in fund balance	<u>\$ (18,088,613)</u>	<u>\$ (12,499,730)</u>	<u>(2,923,135)</u>	<u>\$ 9,576,595</u>
Fund balance - beginning			61,954,051	
Decrease in inventory reserve			(41)	
Fund balance - ending			<u>\$ 59,030,875</u>	

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Fund Net Assets
Proprietary Funds
June 30, 2009

	Governmental Activities - Internal Service Funds
Assets	
Current assets	
Cash and cash equivalents	\$ 22,236,175
Investments	410,167
Deposits receivable	75,000
Due from other funds	21,750
Prepaid items	11,881
Total current assets	<u>22,754,973</u>
Total assets	<u><u>\$ 22,754,973</u></u>
Liabilities and net assets	
Current liabilities	
Accounts payable	\$ 158,930
Due to other governmental agencies	22,661
Estimated insurance claims payable	3,175,290
Total current liabilities	<u>3,356,881</u>
Long-term liabilities	
Liability for compensated absences	129,493
Estimated insurance claims payable	4,476,568
Total long-term liabilities	<u>4,606,061</u>
Total liabilities	<u>7,962,942</u>
Net assets	
Unrestricted	14,792,031
Total net assets	<u>14,792,031</u>
Total liabilities and net assets	<u><u>\$ 22,754,973</u></u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Governmental Activities Internal Service Funds
Operating revenues	
Charges for services	\$ 5,166,136
Total operating revenues	<u>5,166,136</u>
Operating expenses	
Salaries	330,782
Employee benefits	84,046
Purchased services	753,644
Materials and supplies	520
Insurance claims	3,814,214
Total operating expenses	<u>4,983,206</u>
Operating income	182,930
Nonoperating revenues	
Investment income	<u>(36,155)</u>
Income before transfers	146,775
Transfer in	<u>541,170</u>
Change in net assets	687,945
Total net assets - beginning	<u>14,104,086</u>
Total net assets - ending	<u><u>\$ 14,792,031</u></u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Governmental Activities Internal Service Funds
Operating activities	
Cash receipts from interfund services provided	\$ 5,144,456
Cash payments to suppliers	(716,568)
Cash payments to employees	(382,476)
Cash payments for insurance claims	(4,100,910)
Net cash (used) by operating activities	(55,498)
Noncapital financing activities	
Transfer from other funds	541,170
Net cash provided by noncapital financing activities	541,170
Investing activities	
Proceeds from the sale and maturities of investments	514,024
Investment income received	(36,155)
Net cash provided by investing activities	477,869
Net increase in cash	963,541
Cash and cash equivalents - Beginning of year, restated, see Note 23 of the basic financial statements	21,272,634
Cash and cash equivalents - End of year	\$ 22,236,175
Reconciliation of operating income to net cash (used) by operating activities	
Operating income	\$ 182,930
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other funds	(21,680)
Increase in liability for compensated absences	25,354
Increase in accounts payable	37,596
Increase in due to other governmental agencies	6,998
Decrease in estimated insurance claims payable	(286,696)
Total adjustments	(238,428)
Net cash (used) by operating activities	\$ (55,498)

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Agency Funds School Internal Accounts
Assets	
Cash and cash equivalents	\$ 4,804,973
Accounts receivable, net of allowance of \$70,166	88,880
Inventories	149,265
Total assets	\$ 5,043,118
Liabilities	
Accounts payable	\$ 77,869
Internal accounts payable	4,965,249
Total liabilities	\$ 5,043,118

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

The School Board of Sarasota County, Florida, has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Sarasota County School District is considered part of the Florida system of public education. The governing body of the school district is the Sarasota County District School Board (Board) that 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 Sarasota County.

Criteria for determining if other entities are potential component units that 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 the application of these criteria, the following component units are included within the District School Board's reporting entity:

- Blended Component Unit The Financing Corporation for the School Board of Sarasota County (Corporation), was founded to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 8. Due to the substantive economic relationship between the Sarasota County District School Board and the Corporation, the financial activities of the Corporation are included in the accompanying basic financial statements. Separate financial statements for the Corporation are not published.
- Discretely Presented Component Units The component units columns in the government-wide financial statements include the financial data of the District's other component units. For financial reporting purposes, nine charter schools are included in the financial statements of the District as discretely presented component units. These schools operate under a charter approved by their sponsor, the Board, and are considered to be component units of the District since they are fiscally dependent on the District to levy taxes for them. The component units are as follows:

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Island Village Montessori North, Inc., Island Village Montessori Charter School, Inc., Island Village Middle School, Inc., Sarasota Suncoast Academy, Inc., Student Leadership Academy of Venice, Inc., Sarasota Military Academy, Inc., Sarasota School of Arts and Sciences, Inc., and Suncoast School for Innovative Studies, Inc. (charter schools) are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, and Section 1002.33, Florida Statutes. Imagine School at Sarasota, LLC, doing business as Imagine School at North Port (charter school) is organized as a limited liability company pursuant to Chapter 608, Florida Statutes, and Section 1002.33, Florida Statutes. The Board is responsible for the prudent use of the public funds received for providing an appropriate educational program for its targeted enrollment. Audits of the charter schools for the fiscal year ended June 30, 2009, were conducted by independent certified public accountants and are filed at the District's administrative office at 1960 Landings Boulevard, Sarasota, FL 34231.

As a result of the ceasing of operations of Goodwill Manasota Academy, Inc., District's management has excluded this charter school, which was reported as a component unit during prior years. As a result of this change in reporting, the net assets of the component units as a whole have been adjusted as follows:

Net Assets - Beginning of year, as previously reported	\$ 4,788,979
Adjustments for Effect of Change in Reporting Entity	(95,880)
Net Assets - Beginning of year, restated	<u>\$ 4,693,099</u>

➤ **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 District as a whole. These statements include the nonfiduciary 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 are allocated to functions/programs of the primary government. 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

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

exceptions. 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 activities have been eliminated from the government-wide financial statements. Interfund transactions, consisting of transactions involving the internal service funds, were eliminated by allocating the change in net assets of internal service funds in direct proportion as they were charged as expenses to the various functions.

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.
- Debt Service – Other Debt Service Fund – to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs on the long-term certificates of participation.
- Capital Projects – Local Capital Improvement Tax 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.
- Capital Projects – Other Capital Projects Fund – to account for the financial resources such as sales tax proceeds, impact fees, and certificates of participation, which are used for capital outlay needs.

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

- Internal Service Funds - to account for the District's individual self-insurance programs.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Agency Funds - to account for resources of the school internal funds, which are used to administer monies collected at the District's 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 proprietary funds and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. 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, early retirement incentive payments, postemployment healthcare benefits, 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.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal operating revenues of the District's internal service funds are charges for workers' compensation and employee dental insurance. Operating expenses include insurance claims, excess coverage premiums, employee compensation and purchased 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 charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

➤ **Deposits and Investments**

Cash balances from the majority of funds are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pools are managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts, and therefore all balances representing participants' equity in the investment pools are classified as cash equivalents for purposes of these statements. For investments which are held separately from the pools, those which are highly liquid (including restricted assets) with an original maturity of 90 days or less are considered to be cash equivalents. The amounts reported as cash and cash equivalents consist of cash in demand deposits; amounts placed with the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund Investment Pool (LGIP), which, effective July 1, 2009, is known as Florida PRIME; and amounts placed in the Wells Fargo Advantage 100% Treasury Money Market Fund and the Wells Fargo Advantage Government Money Market Fund.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by the Federal Depositary Insurance Corporation and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash and cash equivalents as those accounts used as demand deposit accounts and all highly liquid investments with an original maturity of 90 days or less.

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

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District's investments in LGIP, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2009, are similar to money market funds in which shares are owned in the fund rather than 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 0.51370946 at June 30, 2009. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within LGIP.

Investments made locally consist of money market mutual funds and obligations of United States Agencies and Instrumentalities 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 and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on a weighted average basis, except that 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 at the time individual inventory items are requisitioned for consumption, except for transportation parts. The inventory balance for transportation parts is offset on the balance sheet by a fund balance reserve account, which indicates that it does not constitute "available expendable resources" even though it is a component of the current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

➤ **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 historical 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 \$750. 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. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extends the assets lives are not capitalized. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	5 – 40 years
Buildings and Fixed Equipment	10 – 50 years
Furniture, Fixtures and Equipment and Audio Visual Materials	3 – 15 years
Motor Vehicles	5 – 10 years
Computer Software	4 - 5 years

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

➤ **Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable that they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and State law.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as accrued salaries and benefits to the extent that the amounts would normally be liquidated with expendable available financial resources, but the balance of the liability is not recorded. The liability at year-end includes salary related payments such as Social Security, Medicare and Florida Retirement System contributions.

Changes in compensated absence liability for the current year are reported in a subsequent note.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

➤ **Long-Term Debt**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets. Bond and certificates of participation premiums and discounts, differences between the reacquisition price and net carrying amount of the old debt, and issuance costs, are deferred and amortized over the life of the bonds and certificates of participation using the effective interest method. Bonds and certificates of participation payable are reported net of the applicable premium or discount and differences between the reacquisition price and the net carrying amount of the old debt.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond and certificates of participation premiums and discounts, as well as bond and certificates of participation issuance costs, during the current period. The face amount of debt issued is 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.

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

➤ **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 funds financial statements for the unencumbered balance of categorical educational program resources.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Sarasota County Property Appraiser, and property taxes are collected by the Sarasota County Tax Collector.

The School Board adopted the 2008 tax levy on September 16, 2008. 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 a lien on the property on January 1, and are 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 Sarasota 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.

➤ **School Capital Outlay Surtax (Local Sales Tax)**

The citizens of Sarasota County on November 4, 1997, approved a one-cent sales tax authorized under Section 212.055(6), Florida Statutes. The School Board receives one-fourth of the one-cent sales tax. The surtax levy commenced on September 1, 1999, and shall remain in effect for a period of 10 years through 2009. The voters of Sarasota County approved the continuation of this tax on September 1, 2009, which remains in effect for a period of 15 years through 2024.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

➤ **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 function level within fund (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, except that no budget appropriation is made for capital leases in the year of inception.
- 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.
- The reported budgetary data consists of the original budget as well as the final appropriated budget after amendments approved by the Board.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

3. INVESTMENTS

Investments at June 30, 2009, are shown below:

Investments	Maturities	Fair Value
State Board of Administration:		
Local Government Surplus Funds Trust		
Fund Investment Pool (LGIP)	46 Day Average ⁽¹⁾	\$ 191,796,655
Fund B Surplus Funds Trust Fund (Fund B)	6.87 Year Average	3,942,041
Debt Service Accounts	6 Months	371,429
Wells Fargo Advantage 100% Treasury Money Market Fund	55 Day Average ⁽¹⁾	690,492
Wells Fargo Advantage Government Money Market Fund	28 Day Average ⁽¹⁾	9,261,238
Obligations of United States Agencies and		
Instrumentalities - FNMA Discount Note	11/16/2009 ⁽²⁾	839,436
Total Investments		<u>\$ 206,901,291</u>

⁽¹⁾ Investments are reported as cash equivalents.

⁽²⁾ This investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bonds financing arrangement (See Note 9).

Interest Rate Risk

- Section 218.415, 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, but the policy does state that securities should be invested to provide sufficient liquidity to pay obligations as they come due.
- The maturity of the State Board of Administration (SBA) Fund B Surplus Funds Trust Fund (Fund B) is based on the weighted average life (WAL). A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates as of June 30, 2009. LGIP had a weighted average days to maturity (WAM) of 46 days at June 30, 2009. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

Credit Risk

- Section 218.415(16), 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; SBA LGIP, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; and investments in interest-bearing time deposits to qualified public depositaries, as defined in Section 280.02, Florida Statutes.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

3. INVESTMENTS (continued)

➤ The District's investment policy authorizes the following investments:

- Savings accounts.
- Certificates of deposits.
- Time deposits.
- Securities of the United States Government including obligations of the United States Treasury.
- Investment pools managed and directed by an approved agency of the state.

The District's investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by SBA for managing credit risk on this account.

As of June 30, 2009, the District's investments in the SBA LGIP is rated AAAM by Standard & Poor's. Fund B is unrated.

The District's investment in the Wells Fargo Advantage 100% Treasury Money Market Fund is rated AAAM-G by Standard & Poor's. The Wells Fargo Advantage Government Money Market Fund is rated AAAM by Standard & Poor's.

- The District's investment in Obligations of United States Agencies and Instrumentalities is authorized under a forward delivery agreement with the Qualified Zone Academy Bonds paying agent. The forward delivery agreement authorizes the investment of the sinking fund amounts in certain eligible securities, including, without limitation, the Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation. The eligible securities must have a maturity date that is on or before November 16, 2021. The District's investment in the FNMA discount note is unrated.

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

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

3. INVESTMENTS (continued)

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.

The District's \$839,436 investment in a FNMA discount note was held in a custody account by the paying agent.

4. RECEIVABLES

The majority of receivables are due from other governmental agencies. These receivables and the remaining accounts receivable are considered to be fully collectible. As such, no allowance for uncollectible amounts is accrued.

Due from other governmental agencies at June 30, 2009, are shown below:

Sarasota County Tax Collector	\$ 519,040
United States Department of Education	403,404
Medicaid	258,064
US Department of Agriculture	139,255
Other Sarasota County Offices	136,040
Sarasota County Sheriff	83,434
FEMA	57,300
State of Florida	45,489
Florida Department of Education	35,873
US Department of Defense	23,019
Sarasota County Fire Department	8,308
City of Sarasota	4,064
City of Venice	2,032
Florida Department of Health	14
	<u><u>\$ 1,715,336</u></u>

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance 7-1-08	Additions	Balance Deletions	Balance 6-30-09
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 27,756,311	\$ 749,065	\$ 752	\$ 28,504,624
Land Improvements	42,012,322	7,465,577	25,044	49,452,855
Construction in Progress	115,894,794	77,710,563	63,750,929	129,854,428
Total Capital Assets Not Being Depreciated	185,663,427	85,925,205	63,776,725	207,811,907
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	39,657,014	3,275,107	1,503,386	41,428,735
Buildings and Fixed Equipment	622,494,407	58,371,846	14,699,203	666,167,050
Furniture, Fixtures and Equipment and Audio Visual Materials	70,744,091	5,131,723	4,552,248	71,323,566
Motor Vehicles	24,269,971	3,496,739	569,296	27,197,414
Property Under Capital Leases	832,737	10,562,139	832,737	10,562,139
Computer Software	7,532,758	250,600	5,064,546	2,718,812
Total Capital Assets Being Depreciated	765,530,978	81,088,154	27,221,416	819,397,716
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(21,204,473)	(1,617,781)	1,370,194	(21,452,060)
Buildings and Fixed Equipment	(163,285,594)	(14,168,729)	10,100,155	(167,354,168)
Furniture, Fixtures and Equipment and Audio Visual Materials	(42,316,198)	(9,608,496)	4,434,902	(47,489,792)
Motor Vehicles	(16,299,862)	(2,295,716)	450,416	(18,145,162)
Property Under Capital Leases	(594,817)	(548,367)	594,817	(548,367)
Computer Software	(5,043,660)	(347,053)	3,300,023	(2,090,690)
Total Accumulated Depreciation	(248,744,604)	(28,586,142)	20,250,507	(257,080,239)
Total Capital Assets Being Depreciated, Net	516,786,374	52,502,012	6,970,909	562,317,477
Governmental Activities Capital Assets, Net	\$ 702,449,801	\$ 138,427,217	\$ 70,747,634	\$ 770,129,384

The class of property under capital leases is presented in Note 7.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

5. CHANGES IN CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 24,130,842
Pupil Personnel Services	31,176
Instructional Media Services	67,983
Instruction and Curriculum Development Services	69,447
Instructional Staff Training	18,470
Instruction Related Technology	19,108
Board of Education	12,248
General Administration	299,228
School Administration	15,182
Facility Services - Non-Capitalized	397,257
Fiscal Services	11,072
Food Services	47,561
Central Services	488,488
Pupil Transportation Services	2,363,785
Operation of Plant	51,372
Maintenance of Plant	503,172
Administrative Technology Services	33,890
Community Services	25,861
Total Depreciation Expense - Governmental Activities	<u>\$ 28,586,142</u>

6. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities at June 30, 2009, are shown below:

Construction Contracts Payable	\$ 9,967,854
Accounts Payable	5,452,399
Salary and Wages Payable	1,345,802
Payroll Deductions and Withholdings Payable	1,150,463
Deposits Payable	21,300
	<u>\$ 17,937,818</u>

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

7. OBLIGATIONS UNDER CAPITAL LEASES

The class and amount of property being acquired under capital leases are as follows:

	<u>Asset Balance</u>
Copiers	\$ 945,428
Computers	<u>9,616,711</u>
	<u><u>\$10,562,139</u></u>

Future minimum capital lease obligations and the present value of the minimum lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>
2010	\$ 2,221,897
2011	2,221,897
2012	2,221,897
2013	2,221,897
2014	1,880,312
2015	<u>71,826</u>
Total minimum lease payments	10,839,726
Less interest	<u>(683,221)</u>
Present value of minimum payments	<u><u>\$ 10,156,505</u></u>

The imputed interest rates range from 2.616 to 3.0 percent.

8. CERTIFICATES OF PARTICIPATION PAYABLE

The District entered into a financing arrangement on June 1, 2003, which arrangement was characterized as a lease-purchase agreement, with the Financing Corporation for the School Board of Sarasota County, Florida (Corporation) whereby the District secured refinancing of various educational facilities in the total amount of \$59,865,000. The refinancing was accomplished through the issuance of Refunding Certificates of Participation, Series 2003, to be repaid from the proceeds of rents paid by the District.

The District also entered into a financing arrangement on September 15, 2004. This arrangement was characterized as a lease-purchase agreement, with the Corporation whereby the District secured financing of various educational facilities in the amount of \$50,000,000. The financing was accomplished through the issuance of Certificates of Participation, Series 2004, to be repaid from the proceeds of rents paid by the District.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

8. CERTIFICATES OF PARTICIPATION PAYABLE (continued)

The District also entered into a financing arrangement on March 25, 2009. This arrangement was characterized as a lease-purchase agreement, with the Corporation whereby the District secured financing of various educational facilities in the amount of \$75,625,000. The financing was accomplished through the issuance of Certificates of Participation, Series 2009, to be repaid from the proceeds of rents paid by the District.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Corporation with a rental fee of \$10 per year. The 2003, 2004 and 2009 leases have an original term extending to the date that the Certificates of Participation are paid, or prior to July 1, 2015, for the 2003 and 2004 certificates and prior to July 1, 2024, for the 2009 certificates. If the District fails to provide for the rent payment through to term, the District may be required to surrender the sites and financed improvements to the Corporation.

The District properties included in the ground lease under this arrangement include:

Series 2003 Certificates of Participation

Booker Middle School	Pine View School
Purchasing and Transportation Complex	Laurel Middle School
North County School Bus Depot	Sarasota Middle School
North Port Toledo Blade Elementary School	Venice High Media Center
Oak Park School	

Series 2004 Certificates of Participation

Phillippi Shores Elementary School
 Venice Elementary School
 Wilkinson Elementary School

Series 2009 Certificates of Participation

Atwater Elementary School
 Sarasota County Technical Institute Replacement – Phases IA & II

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

8. CERTIFICATES OF PARTICIPATION PAYABLE (continued)

The lease payments are payable by the District semiannually, on July 1 and January 1, with interest rates ranging from 3.00 to 5.50 percent. The following is a schedule by years of future minimum lease payments as of June 30:

Fiscal Year Ending June 30:	Series 2003 Lease	Series 2004 Lease	Series 2009 Lease	Total
2010	\$ 9,566,112	\$ 6,082,349	\$ 7,272,469	\$ 22,920,930
2011	-	6,081,355	7,272,219	13,353,574
2012	-	6,085,425	7,275,819	13,361,244
2013	-	6,081,750	7,275,619	13,357,369
2014	-	6,082,550	7,272,869	13,355,419
2015-2019	-	6,084,750	36,364,119	42,448,869
2020-2024	-	-	36,372,487	36,372,487
Total Minimum Lease Payments	9,566,112	36,498,179	109,105,601	155,169,892
Add: Unamortized Premium on Debt	167,083	684,839	111,863	963,785
Less: Difference between the Reacquisition Price and Net Carrying Amount of Old Debt	(75,153)	-	-	(75,153)
Less Interest	(301,113)	(4,703,179)	(33,480,600)	(38,484,892)
Total Certificates of Participation	\$ 9,356,929	\$ 32,479,839	\$ 75,736,864	\$ 117,573,632

9. BONDS PAYABLE

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

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 1999-A	\$ 1,960,000	4.375-4.750	2019
Series 2000-A	155,000	5.125	2010
Series 2003-A	775,000	3.00-4.25	2023
Series 2004-A	990,000	3.350-4.625	2024
Series 2005-B	7,335,000	5.00	2020
Series 2006-A	1,365,000	4.000-4.625	2026
Series 2008-A	1,135,000	3.25-5.00	2028
District Revenue Bonds:			
Race Track Revenue, Series 2003	1,490,000	3.10-3.60	2013
Qualified Academy Zone Bonds	1,299,696		2021
Subtotal	16,504,696		
Add: Unamortized Premium on Debt	621,004		
Less: Difference between the Reacquisition Price and Net Carrying Amount of Old Debt	(358,491)		
Total Bonds Payable	\$ 16,767,209		

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

9. BONDS PAYABLE (continued)

The various bonds were issued to finance capital outlay projects of the District.

The following is a description of the bonded debt issues:

➤ **State School Bonds**

These bonds were 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. Additionally, 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 Revenue Bonds**

Race Track Revenue Refunding Bonds - These bonds were issued by the District and are authorized by Chapter 83-250, Laws of Florida, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Sarasota County from the State's Pari-mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d) 7.a., Florida Statutes). The annual distribution is remitted by the Department of Financial Services to the District. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

➤ **Qualified Zone Academy Bonds**

The District entered into a purchase contract dated November 1, 2005, under the Qualified Zone Academy Bonds (QZAB) Program. 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 \$1,299,696 from a local bank on November 16, 2005. 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 the sale.

Repayment of the original \$1,299,696 financing proceeds is due in full on November 16, 2021. In connection with the financing, the District entered into a forward delivery agreement dated November 16, 2005, requiring a single deposit of \$726,519 into a sinking fund. The forward delivery agreement provides for a guaranteed investment return of 3.67 percent per annum whereby the required deposit, along with accrued interest, will be sufficient to repay the debt at maturity. The invested assets accumulated

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

9. BONDS PAYABLE (continued)

pursuant to the forward delivery agreement are held under a custodial agreement until the debt matures. There is \$839,436 in this sinking fund at June 30, 2009.

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

Fiscal Year Ending June 30: State School Bonds	Total	Principal	Interest
2010	\$ 1,628,962	\$ 980,000	\$ 648,962
2011	1,623,081	1,020,000	603,081
2012	1,625,499	1,070,000	555,499
2013	1,630,349	1,125,000	505,349
2014	1,637,243	1,185,000	452,243
2015-2019	7,306,110	5,950,000	1,356,110
2020-2024	2,100,271	1,715,000	385,271
2025-2028	739,219	670,000	69,219
Total State School Bonds	<u>\$ 18,290,734</u>	<u>\$ 13,715,000</u>	<u>\$ 4,575,734</u>

Fiscal Year Ending June 30: Race Track Revenue Bonds	Total	Principal	Interest
2010	\$ 435,105	\$ 385,000	\$ 50,105
2011	438,170	400,000	38,170
2012	434,970	410,000	24,970
2013	305,620	295,000	10,620
Total Race Track Revenue Bonds	<u>\$ 1,613,865</u>	<u>\$ 1,490,000</u>	<u>\$ 123,865</u>

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

10. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-08	Additions	Deductions	Balance 6-30-09	Due in One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 18,086,228	\$ -	\$ 1,319,019	\$ 16,767,209	\$ 1,365,000
Obligations Under Capital Leases	144,897	10,562,139	550,531	10,156,505	1,976,712
Certificates of Participation Payable	55,758,961	75,744,854	13,930,183	117,573,632	17,795,000
Liability for Compensated Absences	35,717,133	11,694,404	11,124,650	36,286,887	10,737,713
Estimated Insurance Claims Payable	7,938,554	3,814,214	4,100,910	7,651,858	3,175,290
Early Retirement Incentive Payable	4,406,737	-	1,750,918	2,655,819	553,973
Postemployment Healthcare Benefits Payable	2,534,693	2,571,502	812,370	4,293,825	-
Total Governmental Activities	<u>\$ 124,587,203</u>	<u>\$ 104,387,113</u>	<u>\$ 33,588,581</u>	<u>\$ 195,385,735</u>	<u>\$ 35,603,688</u>

For the governmental activities, compensated absences, early retirement incentive, and postemployment healthcare benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with resources of the internal service funds as discussed in Note 19.

11. RESERVE FOR ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2009-10 fiscal year budget as a result of purchase orders outstanding at June 30, 2009.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

12. 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	\$ 802,606	\$ 98,138
Debt Service:		
Other Debt Service	341,586	-
Capital Projects:		
Local Capital Improvement Tax	750	900,595
Other Capital Projects	26,300	28,210
Nonmajor Governmental Funds	133,757	299,806
Internal Service Funds	21,750	-
Total	<u>\$ 1,326,749</u>	<u>\$ 1,326,749</u>

Interfund receivables and payables are temporary loans of cash between funds allowable under Section 1011.09(2), Florida Statutes, for a period of less than 13 months. The temporary loans do not restrict, impede, or limit implementation or fulfillment of the original purposes for which the monies were received in the fund providing the advancement. All amounts will be repaid within the 2009-10 fiscal year.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$ 20,786,968	\$ 728,786
Debt Service:		
Other Debt Service	17,125,008	-
Capital Projects:		
Local Capital Improvement Tax	2,847,197	33,318,483
Other Capital Projects	13,599	5,129,070
Nonmajor Governmental Funds	-	2,137,603
Internal Service Funds	541,170	-
Total	<u>\$ 41,313,942</u>	<u>\$ 41,313,942</u>

Interfund transfers of money represent permanent transfers of monies between funds. The transfer from the General Fund to the Internal Service Funds was to reimburse the general liability and auto liability self-insurance funds. Transfers from the Local Capital Improvement Tax Fund were for the purpose of funding maintenance and equipment expenditures and payment of premiums for property and casualty insurance in the General Fund and for

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

paying debt service expenditures in the Other Debt Service Fund. Transfers from Other Capital Projects were to pay debt service and capital outlay to charter schools, and reimburse the Local Capital Improvement Tax Fund for certain capital outlay expenditures. The transfers from the Nonmajor Governmental Funds were for the purpose of reimbursing the General Fund for Public Education Capital Outlay maintenance expenditures.

13. SCHEDULE OF STATE REVENUE SOURCES

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

Source:	Amount
Categorical Educational Programs:	
Class size reduction - operating	\$ 43,172,329
Transportation	6,763,221
Instructional materials	3,948,013
School recognition	3,034,552
Excellent teaching	926,624
Other	780,701
Florida education finance program	10,604,605
Workforce development	10,173,413
Gross receipts tax (Public education capital outlay)	3,093,362
Motor vehicle license tax (CO&DS)	1,967,296
Charter school capital outlay	1,572,403
Discretionary lottery funds	1,036,236
Adults with disabilities	714,177
Mobile home license tax	272,899
Food service supplement	155,255
Micellaneous	1,089,380
Total	\$ 89,304,466

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

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

14. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2008 tax roll for the 2008-09 fiscal year:

Funds	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.717	\$ 203,680,095
Basic Discretionary Local Effort	0.498	27,288,859
Supplemental Discretionary Local Effort	0.080	4,383,752
Voted Tax:		
Operating	1.000	54,796,905
Capital Projects Funds		
Nonvoted Tax:		
Local Capital Improvements	1.750	<u>95,894,583</u>
Total	7.045	<u>\$ 386,044,194</u>

15. STATE RETIREMENT PROGRAMS

Florida Retirement System. The Florida Retirement System covers all regular employees of the District. The Florida Retirement System offers employees a defined benefit retirement plan and a defined contribution program. The District is required to make contributions in accordance with rates established by the Florida Legislature. Essentially all regular employees of participating employers are eligible and must enroll as members of the Florida Retirement System.

Defined Benefit Plan. Most employees working for the District are covered by a State-administered, cost-sharing, multiple-employer defined benefit retirement plan (Plan) under the Florida Retirement System (FRS). 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 Plan eligibility, contributions, and benefits are defined and described in detail. Employees in the Plan vest at six years of service. All vested 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, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. The Plan also includes an early retirement provision but there is a benefit reduction 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.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

15. STATE RETIREMENT PROGRAMS (continued)

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 a 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.

Defined Contribution Plan. Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). Employees in PEORP vest after one year of service. District employees participating in DROP are not eligible to participate in PEORP. This program is administered by FRS as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave FRS. 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, Special Risk Class, etc.). Contributions are directed to the individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were 653 District participants in PEORP during the 2008-09 fiscal year. Required employer contributions made to the program totaled \$2,433,351.

Funding Policy. The contribution rates for Plan members are established and may be amended by the State of Florida. During the 2008-09 fiscal year, contribution rates were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Elected County Officers	0.00	16.53
Florida Retirement System, Senior Management Service	0.00	13.12
Florida Retirement System, DROP	0.00	10.91
Florida Retirement System, Special Risk System	0.00	20.92
Florida Retirement System, Reemployed Retiree	(B)	(B)

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

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

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

15. STATE RETIREMENT PROGRAMS (continued)

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, 2007, June 30, 2008, and June 30, 2009, totaled \$23,724,441, \$24,333,012 and \$23,246,508, respectively, which were equal to the required contributions for each fiscal year.

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

16. SPECIAL TERMINATION BENEFITS

On May 18, 1993, the Board approved the establishment of a one-time early retirement incentive program for members of the instructional and classified collective bargaining unit and its administrative personnel who signed an agreement to participate in the program and agreed to retire from employment under the provisions of the Florida Retirement System as explained in Note 15. The early out program was offered only until August 15, 1993. Participating employees were required to select an option under the existing provisions of the Florida Retirement System which pays over the life of the employee the maximum retirement benefit payable, forfeiting an option which would pay decreased retirement benefits for the lifetime of both the employee and a joint annuitant (survivor). To compensate for the loss of these extended survivor benefits, the District, as part of the early out program, purchased on behalf of participating employees a flexible premium universal life insurance policy to be paid for over the life of the retiree, providing death benefits upon the qualified employee's death equaling the amount the survivor would have received, including a 3 percent annual cost of living adjustment (COLA), had the qualified employee selected the Florida Retirement System option which paid survivor benefits. Premiums are to be paid for over the life of the participating employee. The District reported a liability of \$2,655,820 in the Statement of Net Assets representing the present value of the estimated future payments for life insurance coverages for the remaining 133 employees who elected to retire during the 1992-93 and 1993-94 fiscal years and participate in the program.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description – The Postemployment Healthcare Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical and prescription drug and life insurance coverages. The District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are not required to enroll in the Federal Medicare program as soon as they are eligible. The Postemployment Healthcare Benefits Plan does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System of another entity.

Funding Policy – Contribution requirements of the District and plan members are established and may be amended through action from the Board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2008-09 fiscal year, 464 retirees and 65 eligible dependents received postemployment healthcare benefits. The District provided required contributions of \$812,370 toward the annual OPEB cost, comprised of payments made on behalf of retirees net of retiree contributions of \$2,384,456, which represents 0.9 percent of covered payroll. Required contributions are based on projected pay-as-you-go financing.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

17. POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation – The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Description	Amount
Normal Cost (service cost for one year)	\$ 1,600,209
Amortization of Unfunded Actuarial Accrued Liability	861,945
Interest on Normal Cost and Amortization	<u>98,486</u>
Annual Required Contribution	2,560,640
Interest on Net OPEB Obligation	101,388
Adjustment to Annual Required Contribution	<u>(90,526)</u>
Annual OPEB Cost (expense)	2,571,502
Contribution Toward the OPEB Cost	<u>(812,370)</u>
Increase in Net OPEB Obligation	1,759,132
Net OPEB Obligation, Beginning of Year	<u>2,534,693</u>
Net OPEB Obligation, End of Year	<u><u>\$ 4,293,825</u></u>

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

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2006-07	\$ 1,794,183	\$ 307,319	17.1%	\$ 1,486,864
2007-08	1,923,831	876,002	45.5%	2,534,693
2008-09	2,571,502	812,370	31.6%	4,293,825

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

17. POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)

Funded Status and Funding Progress – As of June 30, 2009, the most recent valuation date, the actuarial accrued liability for benefits was \$24,931,296, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$24,931,296 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$273,137,968 for the 2008-09 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.1 percent.

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

Actuarial Methods and Assumptions – 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 type 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 OPEB actuarial valuation as of June 30, 2009, used the entry age actuarial cost method to estimate both the unfunded actuarial liability as of June 30, 2009, and to estimate the District's 2008-09 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions include 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 include a payroll growth of 3.50 percent per year, and an annual healthcare cost trend rate of 10.50 percent for the 2008-09 fiscal year grading to 5.50 percent for fiscal year ending June 30, 2014. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll growth on a closed basis. The remaining amortization period at June 30, 2009, is 27 years.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

18. CONSTRUCTION CONTRACT COMMITMENTS

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

Project Name	Contract Amount	Completed To Date	Balance Committed
Atwater Elementary	\$ 15,656,944	\$ 14,866,808	\$ 790,136
Bay Haven Elementary	87,183	-	87,183
Brentwood Elementary	118,881	-	118,881
Fruitville Elementary	218,997	32,034	186,963
Glenallen Elementary	422,887	66,129	356,758
Lakeview Elementary	1,777,369	480,995	1,296,374
North Port High	1,009,263	518,720	490,543
Riverview High	82,771,766	66,900,566	15,871,200
Sarasota County Technical	37,907,779	3,807,529	34,100,250
Suncoast Polytechnical	2,041,851	1,507,786	534,065
Toledo Blade Elementary	5,503,572	769,567	4,734,005
Districtwide	548,199	432,477	115,722
Total	\$ 148,064,691	\$ 89,382,611	\$ 58,682,080

19. RISK MANAGEMENT PROGRAMS

The District has established a cafeteria plan under Section 125 of the Internal Revenue Code whereby the District will purchase various insurance products for the employee. In addition, an employee may purchase additional insurance, which qualifies for salary reduction under Internal Revenue Service guidelines. The cafeteria plan is accounted for as an Internal Service Fund.

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. Workers' compensation, automobile liability, and general liability coverage, and certain dental benefits contained within the District's cafeteria plan, are being provided on a self-insured basis up to specified limits.

The District has contracted with an insurance administrator to administer the workers' compensation and dental benefit self-insurance programs, including the processing, investigation, and payment of claims. The District has entered into an insurance agreement for their workers' compensation plan to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis and aggregate excess coverage up to \$25 million. For general liability coverage the District depends on the Florida Sovereign Immunity Act, Section 768.28, Florida Statutes, to limit its potential tort liability to \$100,000 per person or \$200,000 per occurrence.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past three fiscal years.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

19. RISK MANAGEMENT PROGRAMS (continued)

The District's health and hospitalization insurance program is administered by an insurance carrier under an agreement wherein the total premium is divided into equal monthly payments.

A liability in the amount of \$7,533,468 for the workers' compensation, the general liability, the auto liability, and the dental liability funds was actuarially determined to cover estimated incurred but not reported insurance claims payable at June 30, 2009, and is net of excess insurance recoverable on unpaid claims. A liability in the amount of \$118,390 relates to the District's cafeteria plan fund. Nonincremental claims expense has been included as part of the liabilities.

The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance program:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2007-2008	\$ 8,094,175	\$ 3,480,614	\$ (3,636,235)	\$ 7,938,554
2008-2009	7,938,554	3,814,214	(4,100,910)	7,651,858

20. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the internal service funds for the 2008-09 fiscal year:

	Total	Workers' Compensation Insurance	General Liability Insurance	Cafeteria Plan Dental Insurance	Cafeteria	Automobile Liability Insurance
Total Assets	\$ 22,754,973	\$ 15,207,779	\$ 3,496,641	\$ 1,335,373	\$ 428,816	\$ 2,286,364
Liabilities and Net Assets:						
Accounts Payable	\$ 158,930	\$ 84,860	\$ 364	\$ 68,019	\$ -	\$ 5,687
Due to Other Governmental Agencies	22,661	7,980	4,898	-	4,885	4,898
Estimated Insurance Claims Payable	7,651,858	6,377,372	662,787	130,000	118,390	363,309
Liability for Compensated Absences	129,493	45,600	27,990	-	27,913	27,990
Net Assets:	-	-	-	-	-	-
Unrestricted Net Assets	14,792,031	8,691,967	2,800,602	1,137,354	277,628	1,884,480
Total Liabilities and Net Assets	\$ 22,754,973	\$ 15,207,779	\$ 3,496,641	\$ 1,335,373	\$ 428,816	\$ 2,286,364
Revenues:						
Charges for Services	\$ 5,166,136	\$ 2,754,846	\$ -	\$ 2,205,546	\$ 205,744	\$ -
Investment Income	(36,155)	(23,809)	(3,748)	(4,962)	(1,575)	(2,061)
Total Revenues	5,129,981	2,731,037	(3,748)	2,200,584	204,169	(2,061)
Total Expenses	(4,983,206)	(2,349,857)	(195,284)	(2,060,992)	(147,650)	(229,423)
Transfer In	541,170	-	306,000	-	-	235,170
Change in Net Assets	\$ 687,945	\$ 381,180	\$ 106,968	\$ 139,592	\$ 56,519	\$ 3,686

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Notes to the Basic Financial Statements (Continued)
June 30, 2009

21. LITIGATION

The District is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Management believes that any liability arising from such claims would be immaterial to the financial statements.

22. CONTINGENCY

The District receives grant funds from the Federal government. Certain expenditures of these funds are subject to audit by the grantor, and the reporting entity is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the District, no material refunds will be required as a result of expenditures disallowed by the grantors.

23. CHANGE IN ACCOUNTING POLICY

As a result of a change in accounting policy regarding cash equivalents, the beginning cash balance on the Statement of Cash Flows – Proprietary Funds has been restated. This change had the effect of increasing the District's cash and cash equivalents beginning balance at July 1, 2008, by \$21,073,059 from \$199,575 to \$21,272,634.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**Required Supplementary Information -****Schedule of Funding Progress****Other Postemployment Benefits Plan**

Actuarial (Valuation E Date)	Actuarial Value of Assets (a)	Actuarial Liability (AAL) ntry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2007	\$ 0	\$ 21,555,206	\$ 21,555,206	0%	\$ 273,581,362	9%
June 30, 2008	0	23,043,940	23,043,940	0.0%	281,603,174	8.2%
June 30, 2009	0	24,931,296	24,931,296	0.0%	273,137,968	9.1%

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

School Board of Sarasota County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

FEDERAL GRANTOR / PASS-THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE	Federal CFDA #	Pass - Through Grantor Number	Federal Expenditures ⁽¹⁾	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Florida Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	321	\$ 1,146,481	\$
National School Lunch Program	10.555	300	6,009,332	
Summer Food Service Program for Children	10.559	323	283,705	
Florida Department of Agriculture:				
National School Lunch Program	10.555 ⁽²⁾	None	823,426	
Total Child Nutrition Cluster			<u>8,262,944</u>	
Child and Adult Care Food Program	10.558	302	139,660	
Total United States Department of Agriculture			<u>8,402,604</u>	
United States Department of Education:				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	84,978	
Federal Pell Grant Program	84.063	N/A	288,338	
Total Student Financial Assistance Cluster			<u>373,316</u>	
Fund for the Improvement of Education	84.215	N/A	445,160	
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	289,815	
Total Direct			<u>1,108,291</u>	
Florida Department of Education:				
Indirect:				
Special Education Cluster:				
Special Education - Grants to States	84.027	262, 263	9,557,707	48,735
Special Education - Preschool Grants	84.173	266, 267	354,114	
Total Special Education Cluster			<u>9,911,821</u>	<u>48,735</u>
Adult Education - Basic Grants to States	84.002	191, 193	459,426	
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	5,826,392	
Migrant Education - State Grant Program	84.011	217	10,706	
Career and Technical Education - Basic Grants to States	84.048	151, 161	409,636	
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	129,659	
Education for Homeless Children and Youth	84.196	127	111,011	
Charter Schools	84.282	298	372,290	372,290
Twenty-First Century Community Learning Centers	84.287	244	1,179,368	
State Grants for Innovative Programs	84.298	113	13,123	
Education Technology State Grants	84.318	121	19,542	
Reading First State Grants	84.357	211	156,090	
English Language Acquisition Grants	84.365	102	670,067	
Improving Teacher Quality State Grants	84.367	224	1,359,866	
School Improvement Grants	84.377	126	48,554	
Total Indirect			<u>20,677,551</u>	<u>372,290</u>
Total United States Department of Education			<u>21,785,842</u>	<u>421,025</u>

School Board of Sarasota County, Florida
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2009

FEDERAL GRANTOR / PASS-THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE	Federal CFDA #	Pass - Through Grantor Number	Federal Expenditures	Amount Provided to Subrecipients
United States Department of Health and Human Services:				
Indirect:				
Florida Department of Health:				
Assistance Programs for Chronic Disease Prevention and Control	93.945 ⁽³⁾	None	\$ 57,122	\$
Total United States Department of Health and Human Services			57,122	
Corporation for National and Community Service:				
Indirect:				
Florida Department of Education:				
Learn and Serve America - School and Community Based Programs	94.004	234	7,301	
Total Corporation for National and Community Service			7,301	
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	177,078	
Marine Corps Junior Reserve Officers Training Corps	None	N/A	69,499	
Navy Junior Reserve Officers Training Corps	None	N/A	34,273	
Total United States Department of Defense			280,850	
Total Expenditure of Federal Awards			\$ 30,533,719	\$ 421,025

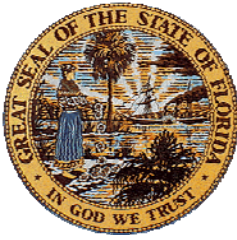
See accompanying notes to schedule of expenditures of Federal awards.

School Board of Sarasota County, Florida
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

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

Note 2 – Noncash Assistance – National School Lunch Program – Represents the amount of donated food received during the fiscal year. Commodities are valued at fair value as determined at the time of donation.

Note 3 – Assistance for Chronic Disease Prevention and Control – Expenditures paid under contracts FAH 39 and FAH 62.



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

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*

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 Sarasota County District School Board as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to 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. Other auditors audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the Sarasota County District School Board'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.

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 *control deficiency* 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 misstatements on a timely basis. 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. We consider Financial Statement Finding No. 1, which is described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report, to be a significant deficiency in internal control over financial reporting. In addition, we consider Finding No. 8 of our operational audit report No. 2010-044, to be a significant deficiency in internal control over financial reporting. In the operational finding, we noted that the District's management of information technology access privileges needed improvement.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report and Finding No. 8 of our operational audit report No. 2010-044 are not material weaknesses.

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, 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 matters that we reported to District management in our operational audit report No. 2010-044.

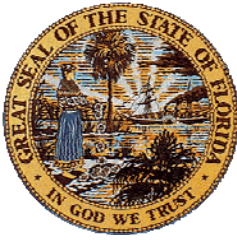
Management's response to the finding described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

Pursuant to Section 11.45(4), Florida Statutes, this report 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 report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
December 9, 2009



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

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*

Compliance

We have audited the Sarasota County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget's (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2009. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the District's major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 the OMB's *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 requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing

our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

Pursuant to Section 11.45(4), Florida Statutes, this report 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 report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
December 9, 2009

**SARASOTA COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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)? Yes

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 report the auditor issued on compliance for major programs: Unqualified for all major programs

Any audit findings disclosed that are required to be reported
in accordance with Section __.510(a) of OMB *Circular A-133*? No

Identification of major programs:

Child Nutrition Cluster (CFDA Nos.
10.553, 10.555, and 10.559); Student
Financial Assistance Cluster (CFDA Nos.
84.007 and 84.063); and Improving
Teacher Quality State Grants (CFDA No.
84.367)

Dollar threshold used to distinguish between
Type A and Type B programs: \$916,011

Auditee qualified as low-risk auditee? Yes

**SARASOTA COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

Finding No. 1: Financial Reporting

Our review of the District's 2008-09 fiscal year annual financial report, as presented for audit, indicated that enhancements in procedures could be made for reporting certain transactions on the financial statements. We noted that, due to an oversight, the District did not properly identify and report expenditures and other financing sources, totaling approximately \$10.6 million each, in the Capital Projects – Local Capital Improvement Tax Fund for obligations under capital leases entered into during the 2008-09 fiscal year. We extended our audit procedures to determine the adjustments necessary, and adjustments were accepted by the District to properly report the transactions.

Recommendation: To facilitate necessary financial reporting, the District should enhance procedures to ensure that transactions are properly reported on the financial statements.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*SARASOTA COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009*

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
Cherry, Bekaert and Holland 2007-2 2008-1	Student Financial Assistance Cluster (CFDA Nos. 84.007 and 84.063) - Eligibility	There was no review of the eligibility determinations for students or the subsequent award calculations that the financial aid officer performed at Sarasota County Technical Institute for students receiving grants under the Student Financial Assistance Cluster.	Corrected.	

EXHIBIT A
MANAGEMENT'S RESPONSE



THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
OFFICE OF THE SUPERINTENDENT
1960 Landings Boulevard Sarasota, Florida 34231
Telephone: (941) 927-9000 Fax: (941) 927-2539
Email: lori_white@sarasota.k12.fl.us

December 1, 2009

David W. Martin, CPA
Auditor General, State of Florida
G74 Claude Pepper Building
Tallahassee, Florida 32399-1450

Dear Mr. Martin,

Pursuant to Section 11.45(4)(d), Florida Statutes, enclosed please find the School Board of Sarasota County, Florida responses to your preliminary and tentative audit findings and recommendations which may be included in a report prepared on our financial and Federal audit for the fiscal year ended June 30, 2009.

If you have any questions or need further clarification, please do not hesitate to contact myself or Mitsi Corcoran, Chief Financial Officer at (941) 927-9000 ext. 31300.

Sincerely,

A handwritten signature in black ink that reads "Lori M. White". The signature is written in a cursive, flowing style.

Lori M. White
Superintendent

Finding No. 1: Financial Reporting

Response: The district concurs with this finding and will take appropriate steps to put procedures in place to properly record financial transactions related to capital lease agreements.